Annual Report
2011-12

Funding Foundation of the Future...

भारत संरचना वित्त कम्पनी लिमिटेड
(भारत सरकार का उद्यम)

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

IIFCL
ISO 9001:2008

Vision

"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."

From the
Chairman's Desk

Ladies & Gentlemen,

It gives me immense pleasure to welcome you to the Seventh Annual General Meeting of the India Infrastructure Finance Company Ltd. The audited annual accounts of the company for the year ended March 31, 2012 together with the Directors' Report are with you and with your permission, I take them as read.

The year 2011-12 was a relatively difficult year for the Indian economy reeling under the impact of continuation of slowdown in global demand, rising inflationary pressures, slowdown in investment activity and bank credit growth and uncertainties in international environment. To rein in inflation risks and maintain adequate liquidity in the market, Reserve Bank of India persisted with contractionary stance in monetary policy. Despite this, the Indian economy continued to be one of the fastest growing economies in the world clocking a growth rate of 6.5%. Government is expecting an improvement in current fiscal with recovery in growth momentum to achieve a GDP growth of 7.6% as estimated in Budget 2012-13. However, the pace of recovery depends on steps being taken for fiscal consolidation, addressing inflation risks and revival in investments.

Given the importance of infrastructure for continuing the momentum of GDP growth, infrastructure spending holds the key while fiscal consolidation is pursued. In the Union Budget 2012-13, over 28% of central plan outlay has been allocated for the development of major infrastructure sectors. Further, ₹ 60,000 crore through tax-free bonds is to be raised by various institutions including IIFCL (₹ 10,000 crore) for financing major infrastructure sectors including road, power, port and railways etc which would help in catalyzing private investment in the sector.

During the year 2011-12, Government took various measures to create an enabling environment for flow of investments towards infrastructure development in the country. A harmonized list of infrastructure sectors has been evolved which will help in bringing clarity on the definition of infrastructure for regulatory, fiscal and investment purposes. To create commercial viability and attract private investment, new sectors such as irrigation, common infrastructure in agriculture markets, capital investment in fertilizer, Oil and Gas/LNG storage facilities and pipelines, fixed network for telecommunication and telecommunication towers etc. have also been brought under the Viability Gap Funding (VGF) scheme.

Pursuant to the Union Budget 2012-13, the investment limits by Foreign Institutional Investors in long-term corporate bonds issued by the companies in the infrastructure sector has been raised from US$ 5 billion to US$ 25 billion. Further, Qualified Foreign Investors (QFIs) have been allowed to invest a total of US$ 10 billion in Mutual Fund equity schemes and US$ 3 billion in Mutual Fund debt schemes that invest in the infrastructure sector subject to total overall ceiling of US$ 25 billion. Moreover, External Commercial Borrowings (ECB) have been permitted for refinancing of rupee loans of infrastructure projects with the condition that at least 25% of such ECB shall be used for repayment of the said rupee loan and 75% shall be invested in new projects in the infrastructure sector. This would help in reduction in cost of finance for infrastructure sector and enable domestic banks to finance new projects. Moreover, the existing External Commercial Borrowings (ECB) limits under automatic route were enhanced from US$ 500 million to US$ 750 million for eligible borrowers thereby increasing the opportunities for infrastructure companies to access low cost funds from overseas.

Several other tax-saving measures have been proposed in the Budget 2012-13 to help catalyze investments in the infrastructure sector. The withholding tax rate on interest payments on ECBs is proposed to be reduced from 20% to 5% for next 3 years for sectors such as power, airlines, roads, ports and shipping. To extend the thrust for sectors such as cold chain facility, warehouses for storage of food grains, hospitals, fertilizers, and affordable housing, it has been proposed to provide 150% investment linked deduction of capital expenditure as against the current rate of 100%. It is also proposed to remove the cascading effect of Dividend Distribution Tax (DDT) in a multi-tier corporate structure wherein a holding company invests in various step-down subsidiaries which are involved in the actual execution of the infrastructure project. The removal of cascading effects on DDT would provide for better returns to equity investors and help attract investments into infrastructure sector.

Further, RBI has also issued guidelines for Credit Default Swaps which would enable development of corporate bond market in the country. During the year, detailed guidelines have been issued by RBI and SEBI for setting up of Infrastructure Debt Funds through NBFC route or Mutual fund route. Various IDFs are proposed to be set-up in the coming years which would help in attracting off-shore funds and help in meeting huge investment requirements during the 12th Plan period.

Brief review of Performance of Major Infrastructure Sectors

Roads

In the road sector, Ministry of Road Transport and Highways (MoRTH) has been able to accelerate the pace of award of projects. In FY 2011-12, 62 Projects worth about ₹ 68,000 crore for constructing 7957 km (including 6491 km by National Highways Authority of India (NHAI) and 1466 km by state agencies) were awarded recording growth of 54% over previous year 2010-11 in which projects with total length of 5166 km were awarded. Further, as against target of completing 2500 km, NHAI has completed 2247 km at construction rate of 6.16 km per day under National Highways Development Project. As per MoRTH, progress in implementation of road sector projects is mainly affected by delay in obtaining environmental clearances and railway approvals for rail over bridges (ROBs) / road under bridges (RUBs), delay in land acquisition, shifting of utilities, poor performance of some contractors and law & order problems in some states. In order to expedite the implementation pace, various measures have been taken by NHAI during the year. Regional Offices have been set up by NHAI for close monitoring of implementation of projects. To resolve bottlenecks relating to land acquisition and shifting of utilities, High Powered Committees under the Chairmanship of Chief Secretaries of State Governments have been set-up. Government have also undertaken various policy initiatives to address other areas of concern like transparency in award of works, improvement in tolling of highways, road safety etc.

During 2012-13, projects for total road length of 9500 km (8800 km by NHAI) are proposed to be awarded with total investment to be around ₹ 1 lakh crore. For the first time, it is proposed that projects with total road length of 4360 km will be awarded for maintenance under the OMT (Operate, Maintain, Transfer) system.

Power

In the power sector, as per Central Electricity Authority, at the end of 11th Plan, the total installed capacity of the country has reached 1,99,877 MW with a capacity addition of 67,548 MW, showing a significant growth over the 10th Plan period during which 27,283 MW was added. As per Working Group of Planning Commission on Power, during the 12th Plan period, total investment requirement has been projected at ₹ 13,72, 580 crore for capacity addition of 75,785 MW of which 17,957 MW is targeted to be added in 2012-13.

Around 45 thermal and hydro power sector projects are facing challenges due to delay in obtaining environment & forest clearances. Delay in obtaining allocation of coal blocks has been one of the primary reasons for delay in commission of several thermal power projects. To ensure adequate availability of coal to power utilities and implementation of the same, Government decided that Coal India Limited will sign Fuel Supply agreements (FSAs) for full quantity of coal as committed in Letters of Assurance to power companies who have entered into long-term Power Purchase Agreements (PPAs) with DISCOMs and have been commissioned or would get commissioned on or before 31st March 2015.

Several other measures have been initiated by the Government to accelerate the pace of power generation capacity addition such as augmentation of domestic manufacturing capacity, rigorous monitoring of projects including introduction of web-based monitoring system, improving utilization of capacity including renovation and modernization of old and inefficient plants, monitoring of coal supply to thermal power stations to avoid loss of generation, allotment of new coal blocks to Power Utilities for captive mining, etc.

Further, to reduce dependency on coal-based power projects and increasing share of power generation from renewable energy, the Government has taken several measures such as fiscal and financial incentives like capital / interest subsidies, accelerated depreciation, nil/concessional excise and customs duties etc. Government also initiated Jawaharlal Nehru National Solar Mission in January 2010 to enable large scale capital investment in solar energy applications. Out of total installed capacity of around 2 lakh MW in the country as at the end of March 2012, share of Renewable energy capacity has been 32%.

Ports

India's 95% of trade by volume and 70% by value takes place through Ports. Hence, development of adequate port infrastructure is essential to improve the efficiency at ports. As per Ministry of Shipping, traffic handled by major and minor ports together has increased by 5% to 930 MT in 2011-12 from 885 MT in 2010-11. Whereas capacity of the major and minor ports have increased by 62 MT i.e. 6% from 1111 MT at the end of March 2011 to 1173 MT in March 2012. Port efficiency has thus improved marginally with average turn-around time reducing to 4.44 days in 2011-12 from 4.67 in 2010-11.

One of the major challenges faced by the sector is securing of various approvals including security and environment clearances. During the year 2011-12, rapid movement has been seen in the sector with 3 PPP port projects being awarded to create an additional port capacity of 79 MTPA.

As per Working Group Report of Planning Commission for Ports, total traffic handled by major and minor ports is projected to increase from 930 MT presently to 1758 MT by the end of 12thPlan period. To meet the projected demand, capacity of ports is estimated to be 2687 MT which would require investments of ₹ 180,627 crore for various capacity augmentation schemes. During 2012-13, projects worth ₹ 35,000 crore are proposed to be awarded for total capacity addition of 360 MTPA.

Airports

In the last seven years, the air traffic in India has registered an average growth of 18.5 %. During 2011-12, domestic and international passenger traffic registered growth of 15.1% and 7.6% respectively over previous year. In terms of capacity addition significant infrastructure development has taken place such as upgradation of Kolkata and Chennai airports, upgradation of the existing cargo terminal and construction of a Greenfield cargo terminal at Delhi international airport. At Mumbai Airport, apart from the airport development project under way, upgradation of runway was completed. Government also gave 'in-principle' approval for setting up of a Greenfield airport at Karaikal in Puducherry and Shirdi in Maharashtra.

During the 12thPlan period, it is estimated that domestic and international passenger throughput would grow at an average annual rate of around 12% and 8% respectively. To cater to the increasing demands of the sector various initiatives are expected to be undertaken. By end-July 2012, additional PPP projects are expected to be finalised for 10-12 existing airports and for 10-12 greenfield airports. An Airline-Hub Policy is expected to be finalised and Hubs would be operationalised at Delhi and Chennai in 2012-13. Three new Greenfield Projects at Navi Mumbai, Goa and Kannur are expected to be awarded in the current year. New international airports are expected to come up at Lucknow, Varanasi, Coimbatore, Trichy and Gaya.

In order to address issues concerning viability of the civil aviation sector, particularly the airline industry, a Working Group was constituted in December 2011 under the chairmanship of the Secretary civil aviation. This Group has recommended that state governments rationalize the value added tax (VAT) on aviation turbine fuel (ATF), foreign airlines be permitted to invest in domestic airlines undertakings, and direct import of ATF by airlines for their own consumption be allowed. The Working Group also decided that airlines should be asked to prepare their turnaround plans, which would be examined by the concerned departments of the government separately for each airline. Another recommendation was that fare structure should be reviewed by airlines so as to cover the cost of their operations.

IIFCL's performance

With this brief background, I would now like to focus on the performance of the company during the year. The highlights of performance during 2011-12 are as under:

- During the year, gross sanctions amounted to ₹ 8,595 Crore in 53 projects, under direct lending.

- On cumulative basis, gross sanctions under direct lending as on 31st March 2012 were ₹ 40,373 Crore to 229 projects involving project cost of ₹ 3,52,047 Crore.
- At the end of March 2012, out of the 229 projects sanctioned under direct lending, 192 projects with project cost of ₹ 2,76,082 Crore had achieved financial closure.
- During the year, the company made disbursements of ₹ 5,052 Crore (including takeout finance and refinance)
- Cumulative disbursements till 31st March 2012 were ₹ 20,377 Crore in 171 projects including refinance of ₹ 4,168 Crore and takeout finance of ₹ 635 Crore.
- Total income during 2011-12, increased by 30% to ₹ 2,545 Crore from ₹ 1952 crore during last year, while total expenses grew by 8% from ₹ 1,506 Crore to ₹ 1,632 Crore during the same period.
- Net profit (available for distribution) was ₹ 455 Crore for the year ended on 31st March 2012 compared to ₹ 228 Crore during the previous year, representing a growth of 100%.
- Balance Sheet size increased by 16% to ₹ 27,927 Crore as at end of March 2012 from ₹ 24,107 Crore as at end of March 2011.

Takeout finance

To facilitate incremental lending to the infrastructure sector by addressing banks' exposure and asset-liability mismatch constraints that may arise out of extending long tenor loans to infrastructure projects IIFCL, in consultation with banks, has implemented the Takeout Finance Scheme. Based on feedback from various stakeholders the Modified Takeout Finance Scheme was implemented by the company during 2011-12. IIFCL has now introduced risk-based transparent and non-discretionary pricing mechanism for pricing of the taken out loans linked to IIFCL's base rate and risk premium. To incentivize lenders, a share of savings of the borrower due to difference in interest rates on the amount of loan taken out is passed on to them.

Credit Enhancement

To help the infrastructure projects in raising long-term funds at reasonable rates from untapped sources like insurance companies and pension funds and to help in development of corporate bond market in India, Government of India accorded in-principle approval to the Credit Enhancement Scheme of IIFCL for undertaking pilot transactions. Asian Development Bank (ADB) has also committed to support IIFCL in this initiative by providing backstop guarantee facility up to 50% of IIFCL's underlying project risk to cover 4-5 projects in the pilot phase. On 5th January 2012, Credit Enhancement Scheme of IIFCL for undertaking pilot transactions was launched and IIFCL gave in-principle approval to the first pilot transaction.

Resource Mobilization

During the year, Government of India infused equity of ₹ 500 crore in the company taking the total paid up capital to ₹ 2,500 crore.

The company continued to raise long term resources from the bilateral/multilateral institutions. Under the India Infrastructure Project Financing Facility of US$ 1200 million sanctioned by Asian Development Bank (ADB), the company has so far availed US$ 853 million for financing projects in road, airport, and power sectors. Out of line of credit of US$ 1195 million from World Bank, the company has so far availed US$ 22.93 million.

Risk management

In order to maintain high quality of IIFCL's assets and to de-risk the operations and adopt the best practices in credit, operational and market risk management, the company appointed a reputed consultant for devising Integrated Risk Management System for IIFCL under the World Bank assisted capacity building programme. Presently, all the project proposals are subjected to credit risk assessment using Risk Assessment Model (RAM) Software, which is the key component of Risk Management framework, prepared by CRISIL and adopted by IIFCL.

Pending registration with RBI, as per the decision of Union Cabinet taken in October 2011 to bring the Company under regulatory oversight of RBI by registering it as an Non-Banking Finance Company-Infrastructure Finance Company (NBFC-IFC), the Company has voluntarily adopted prudential norms prescribed by Reserve Bank of India (RBI) for income recognition, asset classification and provisioning, as applicable to NBFCs (Non Deposit Accepting or Holding), w.e.f. financial year ended 31st March 2012.

Off-shore subsidiary

IIFC (UK) Ltd which is the wholly-owned subsidiary of the company is supplementing financial resources for infrastructure development in India. As per approval of Reserve Bank of India, IIFC (UK) Ltd can borrow up to US$ 5 billion out of foreign currency reserves for on-lending to infrastructure projects in India. The subsidiary, till end March 2012, has sanctioned US$

3.9 billion in 36 proposals (net of cancellations) and disbursed US$ 423.48 million (excluding balance Letter of Comfort of US$ 317 million).

Other Key Initiatives by IIFCL during the year

- To provide cost effective, long term alternative source of finance to infrastructure projects in India, IIFCL has initiated the process of setting up an Infrastructure Debt Fund (IDF) through mutual fund route.
- IIFCL has set-up a wholly-owned subsidiary, IIFCL Projects Limited (IPL) for providing advisory services in infrastructure sector from the point of conceptualization of project to the point of operations, monitoring and supervision of the project across the spectrum of infrastructure sectors.
- In respect of Direct Lending, a consortium comprising State Bank of India, Punjab National Bank, Bank of Baroda, Bank of India, Canara Bank, Union Bank of India, IDBI Bank, LIC and IIFCL has been formed and Memorandum of Understanding between the institutions was signed on January 5, 2012 in the presence of Hon'ble Finance Minister. The financing mechanism created through MoU would enable developers to fast-track the achievement of financial closure and hence commence the construction of projects more quickly. This mechanism would provide a single window to the developers to approach multiple lending institutions which would save time & money on appraisal and sanction of projects.
- As advised by GoI, Department of Financial Services (DFS), IIFCL has also initiated steps to set up a cell within IIFCL for the development of debt markets in India.

Information Technology Initiatives

To automate the various business and support functions, IIFCL has initiated the implementation of a workflow based Document Management System and an "Integrated Software Solution of IIFCL". The redevelopment work of a new bilingual, GIGW (Guidelines for Indian Government Websites) compliant website of IIFCL is under process.

ISO 9001: 2008 Certified Company

IIFCL is an ISO 9001: 2008 (Quality Management System) Certified company which emphasizes the commitment of the company to strive for quality in all its services to various stakeholders.

IIFCL's Role

IIFCL continues to provide innovative financing solutions to the Indian infrastructure sector. Credit Enhancement, Modified Takeout Finance Scheme, setting up of a project development company, setting up of an infrastructure debt fund etc are initiatives towards the same. With Government's continuing thrust on developing world-class infrastructure in the country, IIFCL with the support of all stakeholders is determined to continue to play its role of addressing key institutional and market-related gaps and catalyzing long term funds to meet the financing requirements of the infrastructure sector.

Acknowledgements

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 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. Last but not the least; I place on record my appreciation for the staff for their continued dedication and enthusiasm which has helped the company achieve newer heights.

(S K Goel)
Chairman & Managing Director

Place : **New Delhi**
Date : **07.06.2012**

Board of Directors

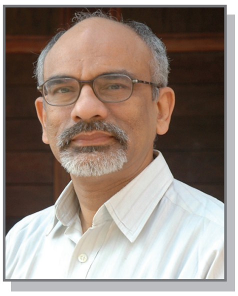
Shri S.K. Goel
Chairman & Managing Director

Smt. Sindhushree Khullar
Secretary, Planning Commission

Shri D.K. Mittal
Secretary, Financial Services,
Ministry of Finance

Shri Rajesh Khullar
Joint Secretary (Infrastructure)
Ministry of Finance

Shri K.R. Kamath
CMD, Punjab National Bank



Prof. G Raghuram
Professor
Indian Institute of Management
Ahmedabad

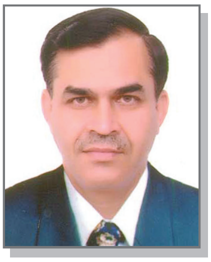
Shri H.S. Kumar
Ex. Addl. Controller
General of Defence Accounts
Defence Accounts Department

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

Chief General Managers

Sanjeev Ghai

Emandi Sankara Rao



Harsh Kumar Bhanwala

S. Krishnan

Contents

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REGISTERED OFFICE
HT House, 8th Floor
18 & 20 Kasturba Gandhi Marg, Delhi Delhi-110001
Phone: +91 -11 - 23730270, 23708263
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BANKERS:
Dena Bank • Punjab National Bank • State Bank of India
• State Bank of Travancore • Oriental Bank of Commerce • IDBI Bank

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED WILL BE HELD ON FRIDAY 29TH JUNE 2012, AT 11.00 A.M. AT THE REGISTERED OFFICE OF IIFCL AT 8TH FLOOR, HT HOUSE, 18&20 K.G. MARG,NEW DELHI-110001.

ORDINARY BUSINESS:

1) To receive, consider and adopt the Seventh Audited Balance Sheet as on 31st March 2012 and the Profit and Loss Account for the year ended 31st March 2012.

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 6thAnnual General Meeting held on 14thSeptember 2011 had authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2011-12. 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 2011-12 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 2011-12 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 2012-13 will be 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.

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

Place: **New Delhi**
Date: **07.06.2012**

ABHIRUP SINGH
COMPANY SECRETARY

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

NOTES: -

1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2) **PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

Directors' Report

To

The Shareholders

The Directors' of India Infrastructure Finance Company Ltd (IIFCL) have great pleasure in presenting the Seventh Annual Report with audited statements of accounts for the financial year ended 31st March, 2012 along with report of the auditors and the Comptroller and Auditor General of India thereon.

Financial Results

The summary of financial results of the company for the year ended 31st March 2012 are as under:

(₹ crore)

SUMMARIZED PROFIT & LOSS ACCOUNT			
PARTICULARS	**Figures for the year ended 31st March 2012**	**Figures for the year ended 31st March 2011**	**Growth**
Total Revenue	2,545	1,952	30%
Total Expenses	1,632	1,506	8%
Profit before Provision on Loan Assets and Tax	913	446	105%
Provision for Standard Loan Assets	47	-	-
PROFIT BEFORE TAX	**866**	**446**	**94%**
Tax Expense	280	150	87%
PROFIT FOR THE YEAR	**586**	**296**	**98%**
Earnings per equity share (face value of ₹ 10/- each)	2.84	1.53	86%

Continuing with the consistently maintained growth path in operations, the company posted significant increase in revenues and profits during the financial year 2011-12. Your company's revenues during the year under review increased by 30% whereas the growth in expenses was contained at 8% and this gap has translated into profits. Your company posted a leap jump of 98% in Net Profit during year under review over previous year and posted a net profit of ₹ 586 crores for the year ended 31st March 2012 compared to Profit After Tax of ₹ 296 crore during the year ended 31st March 2011.

After statutory & other appropriations aggregating ₹ 131 crore, your company carried surplus profits of ₹ 455 crore to Balance-sheet during the year ended 31st March 2012 compared to surplus profits of ₹ 228 crore carried to Balance-sheet during the year ended 31st March 2011, representing growth of almost 100%.

The Earning per share of face value of ₹ 10 of your company for the year ended 31st March 2012 has been ₹ 2.84 compared to ₹ 1.53 for the financial year ended 31st March 2011.

The other important highlights of growth in operations of your company during the year ended 31st March 2012 are under:

- Total income increased by 30% to ₹ 2,545 crore
- Total expenses increased by 8% to ₹ 1,632 crore.
- Profit before Tax at ₹ 866 crore, 94% higher compared to Profit before Tax of year 2010-11.
- Total Assets increased by 16% to ₹ 27,927 crore.
- Net-worth of your company increased to ₹ 3,668 crore against ₹ 2,582 crore as at 31st March 2011.
- Long term borrowings of your company increased by around 5% (₹ 970 crore) during the year and stood at ₹ 20,842 crore compared to ₹ 19,872 crore as at 31st March 2011.
- In line with the norms as applicable to Non Banking Financial Companies, during the year, your company for the first time made provisions for standard assets of ₹ 47 crores at 0.25% of standard assets. Till last year, your company was creating reserves at 0.4% for standard assets.

- The following Reserves were created:
  - Debenture redemption reserves - ₹ 8.73 crores
  - Special Reserve U/S 36 (1)(viii) of IT act 1961 - ₹ 116.09 crores
  - Corporate Social Responsibility Reserve - ₹ 5.92 crores
- The following Utilizations were made out of Reserves created:
  - Utilization of ₹ 0.56 lacs from Staff welfare reserves of ₹ 65 lacs (closing balance of ₹ 64.44 lacs)

Operational Performance

Your company continues to serve the needs of infrastructure development guided by its mandate as given in the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called the India Infrastructure Finance Company Limited (SIFTI).

Direct Lending

During 2011-12, the company witnessed significant increase in lending operations. The company has carved a niche for itself in a short span of 6 years since its initiation of operations in April 2006. Under Direct Lending, with further gross sanction of ₹8595 crore in 53 projects, the cumulative gross sanctions of the company increased to ₹ 40,373 crore in 229 infrastructure projects. The sector-wise distribution of cumulative gross sanctions of your company is as under:

Cumulative Gross Sanctions under Direct Lending (As on 31st March 2012)

(₹ crore)

Sector	No. of Projects	Project Cost	Amt. Sanctioned
Road	136	1,41,359	19,263
Power	42	1,69,217	17,051
Airport	2	14,716	2,150
Port	8	5,702	925
Urban Infrastructure	4	13,345	754
PMDO*	37	7,729	230
Total	**229**	**3,52,069**	**40,373**

* Pooled Municipal Debt Obligations

Further, as at 31st March 2012, sector-wise distribution of net sanction of your company amounting to ₹ 32,278 crore in 222 projects is as under:

Cumulative Net Sanctions under Direct Lending (As on 31st March 2012)#

(₹ crore)

Sector	No. of Projects	Project Cost	Net Sanction
Road	131	1,34,876	14,262
Power	41	1,58,417	15,634
Airport	2	14,716	848
Port	8	5,702	711
Urban Infra	3	12,257	594
PMDO	37	7,729	230
Total	**222**	**3,33,697**	**32,278**

 # 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

During the year 2011-12, loan disbursements increased by ₹ 5052 crore including refinance and takeout finance. The Cumulative disbursements at the end of March 2012 stood at ₹ 20,377 crore, including refinance of ₹ 4168 crore and takeout finance of ₹ 635 crore.

Sector-wise Cumulative Disbursement (As on 31st March 2012)

(₹ crore)

Sector	No. of Projects	Project Cost	Amt. Sanctioned
Road	110	1,11,816	7,080
Power	27	1,04,275	7,223
Airport	2	14,716	808
Port	5	3,772	340
Urban infrastructure	1	70	14
PMDO	26	4,033	109
Sub Total	**171**	**2,38,682**	**15,574**
Refinance			4,168
Takeout Finance			635
Grand Total	**171**	**2,38,682**	**20,377**

Pooled Municipal Debt Obligation (PMDO) Facility

Pooled Municipal Debt Obligations Facility (PMDO) was set up in 2008 by 4 sponsors IL&FS, IIFCL, IDBI Bank and Canara Bank along with other lenders, to finance urban infrastructure projects on PPP basis. The projects include development of common infrastructure for SMEs, solid waste management, power generation, waste water treatment and other urban infrastructure facilities such as city bus transport, etc. The PMDO facility is instrumental for structuring requirement of resources for projects in a bankable format and providing credit for setting-up mandated projects at reasonable rate of interest.

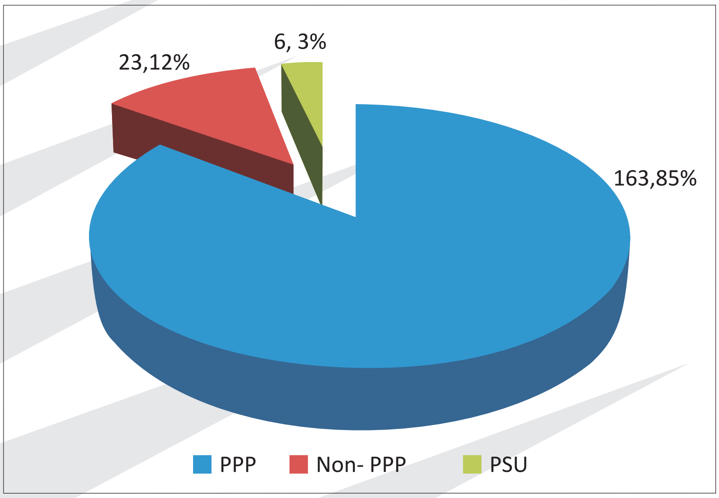
The present corpus of PMDO is ₹ 4,882 crore committed by 16 lenders with committed from your company of ₹ 272.50 crore as its share in the facility. IL&FS Urban Infrastructure Manager Ltd had requested your company to sanction additional ₹118.00 crore to enhance the existing corpus from ₹ 4,882 crore to ₹ 5,000 crore.

Till 31st March 2012, your company has sanctioned loans of ₹ 230 crore to 37 projects involving a project cost of ₹ 7,729 crore under the facility and has disbursed ₹ 109 crore under PMDO for setting up of 26 urban infrastructure projects.

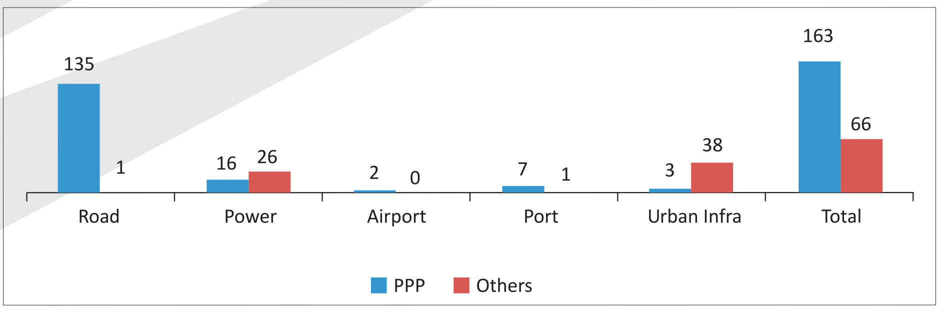
Priority to Public-Private Partnership (PPP) Projects

Your company continues to make efforts with firm commitment of achieving its objective of providing financial support to infrastructure projects with overriding priority to Public Private Partnership (PPP) projects. Till 31st March 2012, financial assistance has been sanctioned for setting-up 163 PPP projects constituting 85% of 192 projects sanctioned (excluding those under PMDO) by the company. During the year, your company sanctioned 39 PPP projects with gross sanction amount of ₹6677 crore out of the total 47 projects sanctioned with gross sanction of ₹ 8484 crore during the year (excluding PMDO).

Mode-wise Cumulative No. of Projects Sanctioned (Gross) under Direct Lending (excluding PMDO) as on 31st March 2012



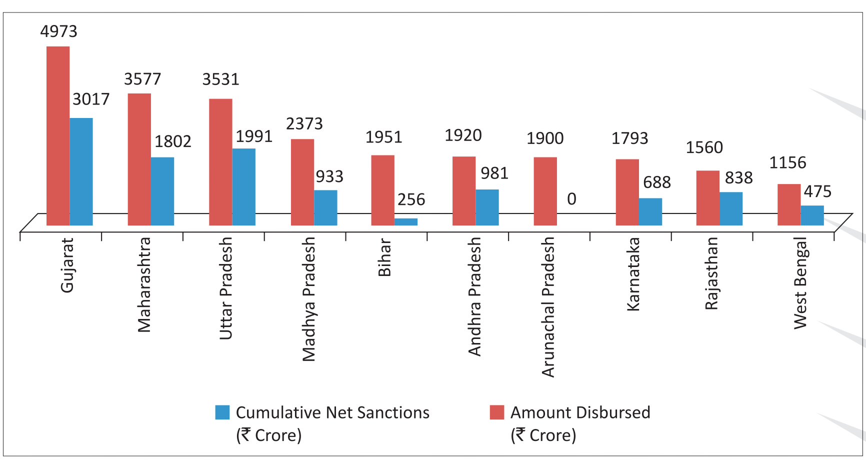
The sector-wise mode-wise break-up of the above is as under:



Geographically Diversified Presence

Your company continues to support development of projects spread across states in the country. Till 31st March 2012, under direct lending, your company has sanctioned ₹ 32,048 crore in 185 projects in 23 states and has disbursed 15,465 crore in 145 projects across 22 states.

Cumulative TOP 10 State-wise Net Sanctions & Disbursements under Direct Lending (excluding PMDO) (As on 31st March 2012)



Achievement of Financial Closure under Sanctioned Projects

As on 31st March 2012, out of 222 net sanction projects under direct lending, 192 projects i.e. 86% have achieved financial closure. Sector-wise details of financial closure achieved are as under:

Financial Closure Achieved (As on 31st March 2012)

(₹ Crore)

Sector	No. of Projects	Project Cost	Amt. Sanctioned
Road	115	1,22,891	12,471
Power	30	1,25,464	12,294
Airport	2	14,716	848
Port	7	5,234	646
Urban Infra	1	70	14
PMDO	37	7,707	230
Total	**192**	**2,76,082**	**26,503**

Achievement of CoD

At the end of March 2012, amongst the projects in which your company has provided financial assistance by Direct Lending mode (excluding PMDO), Commercial Operation Date (CoD) has been achieved in 45 projects which included 35 road projects,1 airport, 7 power projects and 2 port projects.

Refinance

As part of the fiscal stimulus package, IIFCL was permitted to raise ₹ 10,000 crore through tax-free bonds during 2008-09 to provide refinance to banks for their infrastructure loans to projects for which competitive bids have been submitted on or after 31st January 2009. During the year 2011-12, your company provided refinance of ₹ 668 crore to IDFC taking total refinance portfolio to ₹ 4168 crore. Further, ₹ 3000 crore has been utilized for direct lending purposes following the approval of GoI.

Take-out Finance

To facilitate incremental lending to the infrastructure sector by addressing banks' exposure and asset-liability mismatch constraints, IIFCL has implemented the Takeout Finance Scheme. During the year, based on feedback from various stakeholders and after due approval of the government, the modified Takeout Finance Scheme was introduced by the company during 2011-12. As per the modified Takeout finance Scheme, Takeout can occur any time after actual Commercial Operation Date (COD) for Annuity based Road projects and for projects from other sectors, takeout can take place one (1) year after the COD of the project. Further, the company has now introduced transparent and non-discretionary risk-based pricing mechanism for the loan taken-out by IIFCL, reflected through the Base Rate plus the risk premium. To incentivize the banks to part away with the asset, the borrower(s) availing the takeout finance from IIFCL will pay a Takeout Fee to IIFCL @ of 30% of savings due to difference in interest rates on the amount of loan taken out, which will be passed on to the lender(s) by IIFCL. Further, as per the modified Scheme, IIFCL may receive a request for availing the Scheme from the borrower also apart from the lender only.

To facilitate increase of takeout finance from banks and other eligible lenders, IIFCL signed MoU with LIC and IDFC, in the presence of Hon'ble Finance Minister, to enable takeout of 50% the three institutions together in the ratio 20:12:10, instead of the extant 20% by IIFCL alone. Till 31st March 2012, the company has sanctioned 33 proposals for takeout amount of ₹4871.17 crore. Out of 33 proposals, ₹ 635 crore has been disbursed in 7 projects.

Further, various steps have been taken by the company for building awareness amongst banks and other eligible institutions for popularizing the take out finance scheme.

India Infrastructure Finance Initiative

The company had entered into MoU with IDFC and Citigroup on 15th February, 2007, to set up an India dedicated infrastructure fund wherein IIFCL had agreed to contribute US$ 25 million (subject to a maximum of ₹ 100 crore) while IDFC & Citigroup committed to contribute US$ 100 million each as promoter sponsors. During 2011-12, under India Infrastructure Fund (IIF), IIFCL has made 7 capital contributions amounting to ₹ 17.54 crore and received 2 redemptions amounting to ₹ 1.72 crore. Till 31stMarch, 2012, out of total capital commitment of ₹ 100 crore to IIF, IIFCL has contributed ₹ 60.45 crore, IIF has redeemed capital amounting to ₹ 5.17 crore till 31stMarch, 2012.

Resource Mobilisation

Domestic Resources

The company raises its long-term resources both from domestic markets and overseas. The company has so far raised ₹ 16,691 crore from domestic markets through a mix of instruments comprising of domestic Taxable bonds, tax-free bonds for providing refinance, and Tax-Saving Infrastructure Bonds and long term loan from LIC & NSSF.

External Resources

IIFCL has also established strong relationships with bilateral and multilateral institutions like ADB, World Bank and KfW and has committed lines of long-term low-cost credit to the extent of USD 1.2 billion, USD 1.195bn and Euro 50mn respectively.

Asian Development Bank (ADB) has provided line of credit for an amount of US$ 1200 million under India Infrastructure Project Financing Facility (IIPFF) I and II of USD 500 million and USD 700 million each. As on 31stMarch 2012, your company has fully availed the IIPFF-I of US $ 500 million for financing 28 highway projects and 2 airports (modernization of Delhi and Mumbai airports). Under IIPFF-II of US $ 700 million, the first tranche of US $ 210 million has been fully availed for financing 4 highway projects and 1 UMPP. Against 2ndtranche of US $ 250 million, as on 31stMarch 2012, your company has availed US $ 142.71 million for financing 8 highway projects and 1 UMPP. Loan Documents i.e. Loan Agreement between IIFCL and Asian Development Bank and Guarantee Agreement between the Government of India and Asian Development Bank, for USD 240 million has been executed on 21stMarch 2012 under the third and final tranche of second India Infrastructure Project Financing Facility.

Of the World Bank line of credit of US $ 1.195 billion, IIFCL has availed an amount of US $ 22.93 million. Further, the multilateral provided a grant of US $ 5 million for Technical Assistance Program to complement the Line of Credit over a period of six years for capacity building of IIFCL, out of which, under four Grant Funds i.e. Public Private Infrastructure Advisory Facility (PPIAF), Sub-National Technical Assistance (SNTA) , Department for International Development (DFID) and Institutional Development Fund(IDF) an amount of US $ 2.08 million was sanctioned. Presently, four projects have been undertaken/are being implemented under the grant viz. (a) Business Plan Strategy for IIFCL till the end of the 12th Five year plan (2012- 2017), (b) Design and Implementation of a Risk Management System for IIFCL, (c) Implementing MIS tracking system to manage environmental and social risk, and (d) HR Strategy for IIFCL.

Against € 50 million line of credit from KfW, your company has availed € 28.24 million against disbursements in two hydro power projects approved by KfW. The remaining amount of € 21 million would be utilized towards financing projects which would be sanctioned by the company in the future.

These relationships with multilateral and bilateral institutions have helped IIFCL in not only raising low-cost long-term resources, but have also helped in developing innovative financing models as well as in adoption of best practices especially the environmental and social safeguard framework and procurement procedures.

Key Initiatives During the Year

Credit Enhancement

On 5th of January 2012, The Credit Enhancement scheme of IIFCL for undertaking pilot transactions was launched and in principle approval to the first pilot transaction was handed over in the presence of Hon'ble Finance Minister. Earlier during the year, Government of India accorded in-principle approval to Broad outline of Credit Enhancement Scheme vide its letter dated 18th October 2011. Asian Development Bank (ADB) is participating in this endeavor by committing to support IIFCL by providing backstop guarantee facility up to 50% of IIFCL's underlying project risk to cover 4-5 projects in the pilot phase. IIFCL has given in-principle approval to first Pilot transaction under the Credit Enhancement Scheme for undertaking pilot transactions which would enable channelizing long-term funds from fairly untapped sources such as insurance companies, and pension funds etc towards infrastructure sector. 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.

During the year 2011-12, IIFCL organized two meetings where project developers, bond investors like Life Insurance Corporation, rating agencies, and Asian Development Bank participated. The meeting focused on various aspects related to credit enhancement Scheme, and highlighted the benefits accruing to various stakeholders and the financial system as a whole.

Infrastructure Debt Fund

To meet the estimated out lay of $1 Trillion as per the 12th Five Year Plan, infrastructure projects would 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 initiated the process for setting-up of Infrastructure Debt Funds (IDFs). Your company took this opportunity and initiated the process of setting up an Infrastructure Debt Fund (IDF) through mutual fund route in line with the SEBI guidelines with an initial corpus fund of around $1 Billion along with other Co-Sponsors/Investors. Your company is proposing to allocate an initial investment of up to ₹ 500 crore to attract the co-sponsors and investors. As a process of IDF formation IIFCL has already incorporated a new Asset Management Company (AMC) viz. IIFCL Asset Management Company and is now registered under Companies Act, 1956.

IIFCL Projects Ltd.

In order to give thrust to conceptualization and setting up of innovative, optimum and commercially viable projects for bridging the gap in need of infrastructure, IIFCL has set-up a wholly-owned subsidiary, IIFCL Projects Limited (IPL) for providing advisory and project development services in infrastructure sector from the point of identification and conception of project and gauging their feasibility to the point of monitoring and supervision aiming for promotion and development of world class infrastructure in India across all the infrastructure sectors.

The proposed advisory and project development services that the organization is expected to deliver are identification of Project and feasibility studies, transaction advisory services for Government(s)/Authorities, designing of PPP Projects, concession Agreement & Pre-Bid preparation, Bidding Process and Selection of Bidder, Project Appraisal, Structured Finance and Syndication, Acquisition Advisory for Infrastructure company, Capacity Building, Impact assessment of macro-economic changes of specific project, Monitoring & Supervision, techno-economic studies etc.

Within a short span of time IPL has been able to get various mandates from the developers in sectors like Tourism, Water, Urban Infrastructure, Warehouses, Logistics, Roads etc. Further, IPL and is also in discussions with multilateral agencies and Govt agencies to develop the PPP based projects. IPL has already attracted a number of investors willing to invest equity in the company.

Direct Lending Consortium

In respect of Direct Lending, a consortium of seven banks viz. State Bank of India, Punjab National Bank, Bank of Baroda, Bank of India, Canara Bank, Union Bank of India, IDBI Bank, LIC and IIFCL has been formed and a Memorandum of Understanding between the institutions was signed on January 5, 2012 in the presence of Hon'ble Finance Minister and Secretary, Department of Financial Services.

As per the MoU entered into by the consortium members, proposals with project cost of ₹ 1000 Crores will be eligible for consideration by the consortium. IDBI Bank is the convenor for the same.

In-Principle Approval before Bid submission

IIFCL is according in-principle approval to PPP projects before submission of bids as and when proposals are received. IIFCL has accorded in-principle sanction for financial assistance in respect of 50 PPP projects pre-qualified by National Highway Authority of India (NHAI) for the year 2012.

MOU with HUDCO

An MoU has also been signed between IIFCL & HUDCO to support initiatives for infrastructure financing in India through joint pooling of respective complimentary resources and expertise of both the organizations.

Regional Offices

During the year, your Company established two regional offices at Mumbai and Hyderabad with the objective of expansion of the business of the company. The regional offices also help in creating non-monetary benefits by way of marketing of the products and services, better supervision and monitoring of loan portfolio and enhancing the brand value of IIFCL through publicity and awareness about the company amongst potential clients.

IT initiatives

During the year, your company initiated the implementation of a workflow based Document Management System which is aimed at making the organization a "Truly" paper light office. Further, to automate the various business and support functions like Accounts, Credit, Resources & Treasury, HR, GAD, Legal, Risk Management etc., implementation of "Integrated Software Solution of IIFCL" has also been initiated. The redevelopment work of a new bilingual, GIGW (Guidelines for Indian Government Websites) compliant website of your company has also been initiated.

In order to reduce cost, save paper & efforts and simultaneously have faster remittances, your company during the year has started undertaking almost all payments & receipts through electronic modes. Efforts are being made and options are being explored to carry out the remaining few transactions also electronically which are presently being carried out through physical modes.

Adoption of prudential norms

Union Cabinet in its meeting held on 13th October 2011 inter-alia approved the proposal 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 24th October 2011, the company is required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23rd January 2012 has 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 NBFCs. Accordingly, pending decision of Reserve Bank of India on above said request made by Department of Financial Services, Ministry of Finance, Govt. of India, the application for registration of company as an NBFC as per decision of the Union cabinet is yet to be made.

Further, 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 12th December 2006.

Pending registration as a NBFC, the Company has voluntarily 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 31st March 2012. Consequently, the net profit of company for the year ended 31st March 2012 is stated lower by ₹ 46.67 crore on account of provision made for Standard Loan Assets and is shown as an 'Exceptional Item' in the Profit & Loss statement.

It may be mentioned that the company created reserve for loan assets at 0.40% of the total outstanding of loan assets up to 31st March 2011. Consequent upon adoption of prudential norms as stated above, the company has discontinued the practice to transfer amount to Reserve for Loan Assets and the existing Reserve for Loan Assets of ₹ 57.93 crore as on 31st March 2011 has been retained in the books of account of the company as on 31st March 2012.

Status of IIFCL and Revision in SIFTI

Department of Financial Services (DFS), Ministry of Finance vide its letter dated 24th October 2011 conveyed that Union Cabinet in its meeting held on 13th October 2011 has approved the following proposals:

1. IIFCL may be brought under the regulatory oversight of RBI by registering it as an NBFC-IFC.
2. The authorized capital of IIFCL may be increased from ₹ 2000 crore to ₹ 5000 crore with a proviso that it may be further increased to ₹ 8000 crore with the approval of Finance Minister.
3. The Board of IIFCL may be broad based.
4. Once IIFCL is brought under the regulatory oversight of RBI, there is no need to constitute the Oversight Committee as approved earlier by the Cabinet.
5. SIFTI may be revised with a proviso that modification in SIFTI may be made with the approval of Finance Minister.

As advised by DFS, the following actions have been taken by your company:

1. As explained under the para on "Adoption of Prudential norms", the application for registration of company as an NBFC is yet to be made.
2. Changes in Memorandum and Articles of Association have been carried out for increasing the Authorized Capital from ₹ 2000 crore to ₹ 5000 crore and for Broad basing of Board.
3. As advised by DFS, Revised SIFTI (the scheme governing you company) which has come in effect from 13th October 2011 has been implemented including addition of three new sectors to the list of eligible sectors viz. Cold storage chains, Warehouses and Fertilizer manufacturing industry.

Government of India's Contribution to Equity

Strengthening of Equity Capital is critical aspect for a financial organization and accordingly, realizing the need to further IIFCL, Government of India approved raising the authorized capital of your company from ₹ 2000 crore to ₹ 5000 crore and contributed ₹ 500 crore towards the paid up capital of your company during 2011-12. The total authorized & paid up capital of your company as at 31st March 2012 was ₹ 5000 crore and ₹ 2500 crore respectively.

Risk Management

Your company has adopted Risk Management framework prepared by CRISIL of which Risk Assessment Model (RAM) Software is a key component used for assessing credit risks of all the project proposals prior to its sanction by the Board. Risk rating Committee of executives reviews and approves the credit risk rating awarded to the projects using this model. In order to de-risk Balance Sheet, maintain high quality of IIFCL's assets, operate with zero Non-performing assets (NPAs), and adopt the best practices in credit, operational and market risk management, your company also appointed a reputed consultant for devising Integrated risk Management System under the World Bank assisted capacity building programme during the year.

During the year, your company has also devised the Risk appraisal and management framework for Credit Enhancement product for pilot transactions spanning across sectors analysing various categories of risks for executing the same. In order to maintain a quality balance sheet, your company has been voluntarily adopting RBI's Prudential Norms for income recognition, asset classification and provisioning as applicable to Non-Banking Financial (Non - Deposit Accepting or Holding) Companies.

Environment and Social Safeguards

IIFCL's lending is being focused on infrastructure projects which may have potential to cause environmental and social impacts. IIFCL, being an environmentally and socially responsible institution is aware about the importance in mitigating and minimizing negative environmental and social impacts. Towards minimization and mitigation of such impacts from projects under IIFCL's line of credit, IIFCL has evolved an Environmental and Social Safeguard framework (ESSF) which is guided by its commitment to integrate environmental protection and social safeguards in its projects, in a proactive manner, to contribute towards sustainable development. ESSF has been developed around Govt. of India's environmental and social policies and regulatory framework, relevant state laws and guidelines and operational policies of multilateral agencies and to ensure and monitor the compliance, an Environment and Social Safeguard Management Unit (ESMU) has been set up.

To sensitize various stakeholders, like Developers, Lenders, Lender Engineers, Concessioning Authority etc., in funding process of infrastructure projects, during the year, IIFCL organized three workshops on ESSF at Delhi, Mumbai and Hyderabad. The response towards these workshops was encouraging and has created awareness among them on the Environmental and social issues which will help in better implementation of ESSF. IIFCL will continue to organize such workshops in future.

Human Resource Management

The human resources play a vital role in the growth of any organization. IIFCL continues to be a lean organization with total staff strength of 56 including two employees of IIFC(UK) Ltd., as on 31st March 2012. In order to develop human resources of the company, various initiative were taken during the year like providing 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, The Institute of Cost Works Accountants of India, Euromoney, London Management Centre and New York Institute of Finance etc. A customised training programme on "Infrastructure Project Financing" with a focus on Public Private Partnership (PPP) projects was also organised.

To keep the workforce motivated and engaged several initiatives were taken. The wage revision was implemented during the year effective from 1st November 2007. In order to ensure statutory compliance of Provident Fund, IIFCL got itself registered with Employee Provident Fund Organization and all regular employees of IIFCL since 1st January 2008 have been covered under provisions of EPF & Misc Act 1952.

The Employees Relations during the year remain peaceful and cordial.

Corporate Social Responsibility

As a Public Sector Company, IIFCL has planned to closely link Corporate Social Responsibility (CSR) activities with the principle of sustainable economic development. IIFCL is always sensitive towards the concerns of society and is committed to operating its core business in a socially responsible way by taking into consideration the wider interests of the community and the environment. The CSR policy of IIFCL is dovetailed from IIFCL's corporate mission and is focused on promoting sustainable and inclusive development. The activities undertaken under CSR Policy will be guided by two primary notions, namely, the philosophy of enhancing the educational, health and environs of the society and towards supplementing/supporting the on-going and

The Hon'ble Union Finance Minister , Shri Pranab Mukherjee ,laying the foundation stone for 10 sanitation blocks for girls in schools of District Murshidabad, West Bengal in the presence of Shri S.K. Goel, CMD IIFCL under the CSR programme of IIFCL.

planned initiatives of the local, state or central government or NGOs with projects/programmes. The key areas covered under CSR programme of the Company include education, healthcare,drinking water, women empowerment, environment protection, aiding the under-privileged, and rural electrification through solar energy based projects. During the year, the company has allocated ₹ 5.92 crores for CSR activities (being 2% of the Profit after Tax for the financial year 2010 - 2011).

Internal Control

The company has devised strong internal control mechanism involving systems, safeguards & procedures commensurating with its size and operations. The functions of company are performed as per process laid down in operations manual. 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.

Vigilance

The company has a separate Vigilance Department and a Chief Vigilance Officer (CVO) has been appointed by the Government of India, Ministry of Finance, Department of Financial Services vide letter dated 5th October 2011 with reference to F.No. 15/3/2009/Vig/CVO.

Ratings of the Company

During the year, international ratings assigned to the company were reaffirmed by Standard & Poor's as BBB- (Stable) which is at par with sovereign ratings.

ISO 9001:2008 certification

Your company continues to be an ISO 9001:2008 certified company with established, documented, implemented and maintained Quality Management System (QMS) as a means of ensuring that the infrastructurefinancing services conform to specified requirements and continually improve its effectiveness in accordance with the requirements.

As a part of requirements of ISO certification, periodic internal audits are conducted which are followed by Management Review Meetings to ensure its continuing suitability, adequacy and effectiveness, and assess opportunities for improvement of QMS including quality policy and objectives on continual basis.

During the year, annual surveillance audit required for renewal of ISO certification of your company was carried out in January 2012 by External Auditor of Certification Firm which confirmed the continuation of certificate till next surveillance.

Recognition & Awards

In recognition of the contributions made to infrastructure financing, IIFCL has been awarded for "Outstanding contribution in Financing of Infrastructure projects" by EPC World Awards 2011.

Off-shore subsidiary

IIFCL has set up IIFCL (UK) as its wholly owned subsidiary in 2008. The objective of the subsidiary is to provide finance to infrastructure projects in India for the purpose of meeting their foreign currency capital expenditure outside India. For the purpose, Reserve bank of India has provided line of credit of US $ 5 billion out of the foreign currency reserves to be availed in tranches by 5th March 2014. With a further sanction of US $ 1621 million during 2011-12 including in-principle sanction, cumulative sanction of IIFC (UK) reached US$ 3.9 billion in 36 proposals (net of cancellations) including projects from power, mass rapid transport (metro rail), gas pipeline and fertilizers manufacturing sectors.During the year, IIFC (UK) disbursed US$ 215.026 million taking cumulative figure to US$ 423.488 million. The company had outstanding Letter of Comfort of US$ 316.801 million as 31st March, 2012.

Dividend

During 2011-12, the company earned a Profit after Tax of ₹ 586 crore. To meet requirement of funds for expansion of business activities and to maintain sufficient liquidity, the management has decided to plough back the profits into the company. Accordingly, no dividend has been declared by the company to its shareholders.

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.K. Goel Chairman & Managing Director	Whole Time Director	24th June 2010
Ms. Sindhushree Khullar * Secretary, Planning Commission Government of India	Government Nominee Director	11th April 2012
Shri D.K. Mittal Secretary (FS), Government of India, Ministry of Finance, Department of Financial Services	Government Nominee Director	3rd August 2011
Shri Rajesh Khullar Joint Secretary, (Infrastructure), Director Government of India, Ministry of Finance Department of Economic Affairs	Government Nominee Director	22nd March 2012
Shri K.R. Kamath CMD, Punjab National Bank	Scheduled Commercial Banks Nominee Director	22nd March 2012
Professor G. Raghuram, Professor Indian Institute of Management, Ahmedabad	Part-Time Non-Official Director	20th July 2010
Shri Hari Santosh Kumar Ex. Addl. Controller General of Defence Accounts Defence Accounts Department	Part-Time Non-Official Director	15th December 2011
Professor V. Venkata Ramana Dean, School of Management Studies University of Hyderabad	Part-Time Non-Official Director	10th February 2012

* Government of India, Ministry of Finance, Department of Financial Services vide Letter no. F. No. 3/1/2010/IF-I dated 11th April, 2012 had appointed Ms. Sindhushree Khullar, Secretary, Planning Commission as Govt. of India Nominee Director on the Board of Directors of India Infrastructure Finance Company Limited (IIFCL) in place of Ms. Sudha Pillai w.e.f 11th April 2012. The Board welcomes her as Director on the Board of Directors of India Infrastructure Finance Company Limited (IIFCL). The Board also wishes to place on record its sincere gratitude for Smt. Sudha Pillai's contribution to the progress and prosperity of the Company.

Shri D. K. Mittal, Secretary (FS), Ministry of Finance, Department of Financial Services, Government of India, Shri Rajesh Khullar, Joint Secretary (Infrastructure), Government of India, Ministry of Finance, Department of Economic Affairs, Shri K.R. Kamath CMD, Punjab National Bank, Shri H.S. Kumar and Professor V. Venkata Ramana, were inducted into the Board during the year. 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. Shashi Kant Sharma (Secretary (FS) Government of India, Ministry of Finance, Department of Financial Services	Government Nominee Director	28th February 2011- 3rd August 2011
Shri Pradeep Kumar (CEO & WTD)	Whole Time Director	24th December 2008 -14th January 2012
Shri N. Balasubramanian Ex-Chairman & Managing Director, SIDBI	Part-Time Non-Official Director	11th July 2008-10th July 2011
Shri Raman Sidhu Expert Banker	Part-Time Non-Official Director	14th June 2010- 30th May 2011

New Initiatives by IIFCL

Shri S.K. Goel, Chairman & Managing Director, IIFCL addressing the Interactive Meeting with the Infrastructure Project Developers, bankers & representatives from rating agencies on Credit Enhancement.

Ms. Sudha Pillai, Member Sectretary Planning Commission, Shri S.K. Goel, CMD, IIFCL, Shri Anurag Jain, Joint Secretary, Department of Financial Services and other Directors of IIFCL at the inauguation of IIFCL Projects Limited a wholly owned subsidiary of IIFCL.

Shri S.K. Goel, Chairman and Managing Director, IIFCL addressing the event of Inauguration of Regional Office of IIFCL at Mumbai and Signing of MoU for "Take out Finance" with IDBI Bank.

Hon'ble Union Finance Minister , Shri Pranab Mukherjee , unveiling IIFCL 's CSR initiative of construction of sanitation blocks for girls in schools of Dist. Murshidabad, West Bengal, in the presence of Shri S.K. Goel, CMD, IIFCL.

Shri S.K. Goel, CMD, IIFCL, addressing the gathering at the Conference on Public Private Partnership in National Highways : Challenges and Opportunities at Vigyan Bhavan, New Delhi.

Shri S.K. Goel CMD, IIFCL lighting the lamp on the occasion of Inauguration of First Regional Office of IIFCL at Hyderabad. Dr. G. V. Krishna Reddy, Chairman GVK Group of Companies (Chief Guest), Mr. K. Raghu CMD, IBPIL (Spl. Guest) and Dr. H.K. Bhanwala CGM, IIFCL are also seen.

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:

(a) that in the preparation of Annual Accounts for the financial year ended 31st March 2012 the applicable accounting standard had been followed along with the proper explanation relating to material departure.

(b) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review.

(c) that the Directors had taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) that the Directors had prepared the accounts for the Financial Year ended 31st March, 2012 on an 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 eight (8) 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 three (3) 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 9 times on 9th May 2011, 6th July 2011, 18th August 2011, 14th November 2011, 30th November 2011, 16th December 2011, 16th January 2012, 14th February 2012 and 7th March 2012.

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
Professor G. Raghuram	Part time Non-Official Director, Chairman of the Committee
Shri Rajesh Khullar	Govt. Nominee Director
Shri Hari Santosh Kumar	Part time Non-Official Director
Professor V. Venkata Ramana	Part Time Non-Official Director

During the year 2011-12, the Audit Committee of the Board met 7 times on 9th May 2011, 6th July 2011, 18th August 2011, 14th November 2011, 30th November 2011, 16th January 2012 and 7th March 2012.

The Board has also constituted the following committees. The constitution of the committees as on date is as under:

Risk Mitigation & Management Committee of the Board

Name	Designation
Shri. S.K. Goel	CMD,IIFCL-Chairman of the Committee
Professor G. Raghuram	Part Time Non-Official Director
Shri Hari Santosh Kumar	Part Time Non-Official Director
Professor V. Venkata Ramana	Part Time Non-Official Director

Bond Issue Committee

Name	Designation
Shri. S.K. Goel	CMD,IIFCL-Chairman of the Committee
Professor G. Raghuram	Part Time Non-Official Director
Shri Hari Santosh Kumar	Part Time Non-Official Director
Professor V. Venkata Ramana	Part Time Non-Official Director

Remuneration Committee

Name	Designation
Shri Rajesh Khullar	Govt. Nominee Director , Chairman of the Committee
Professor G. Raghuram	Part Time Non-Official Director
Shri Hari Santosh Kumar	Part Time Non-Official Director

Corporate Social Responsibility Committee

Name	Designation
Shri. S.K.Goel	CMD,IIFCL-Chairman of the Committee
Shri. Rajesh Khullar	Govt. Nominee Director
Shri Hari Santosh Kumar	Part Time Non-Official Director

Right to Information Act, 2005

During the year under review, the Company had received seven applications and two appeals under the Right to Information Act, 2005. The Company has disposed off all the applications and appeals 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:

(₹ crore)

	Year ended 31st March 2012	Year ended 31st March 2011
Total Foreign exchange used :	₹ 22.52	₹ 15.86
Total Foreign exchange earned:	₹ 4.48	₹ 2.33

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 P.R. Mehra & Co. Chartered Accountants were appointed by the Office of Comptroller & Auditor General of India as Statutory Auditors of IIFCL for the financial year 2011-12.

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.

Acknowledgements

The Board of Directors is thankful to the Central Government specially the Ministry of Finance, State Governments, Banks, Financial Institutions, Employees, Customers and all other Stakeholders for their continued support and cooperation. The Board is also thankful to the Auditors of the Company and 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.

Place : New Delhi **(S.K. GOEL)**
Date : 07.06.2012 **Chairman and Managing Director**

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 profit & loss statement whereas the company has restated these foreign currency loans as on the date of inception of the forward contract and difference taken to Profit & Loss Statement. Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31st March 2012 would have been higher by ₹33.20 Crores each (lower by ₹55.95 Crores as on 31st March 2011). However, there would be no impact on the profit for the year as the loss on the principal amount of hedged foreign currency loans is totally offset by the gain on 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: The net mark to market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on 31st March 2012 amounts to ₹379.27crores (gross gain ₹380.83 Crores and gross loss ₹1.56 Crores) 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. The impact, if any, on the profit for the year is not ascertainable at this stage.*

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 are subject to confirmation and reconciliation. The impact, if any, on the profit for the year 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.

(iv) *Auditors observation: Section 45-(1A)(1)(a), under Chapter Ill-B, of The Reserve Bank of India Act,1934 (RBI Act, 1934) stipulates that notwithstanding anything contained in this Chapter or in any other law for the time being in force, no non-banking financial company (NBFC) shall commence or carry on the business of a nonbanking financial institution without* *obtaining a certificate of registration issued under this Chapter. Section 45 Q, under Chapter Ill-B, of the RBI Act, 1934 stipulates that the provisions of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law. Further as per paragraph 2(iv) of Master Circular no. DNBS (PD) CC. No. 228/03.02.0042011- 12 dated 1-7-2011 of RBI on exemptions from the provisions of RBI Act, 1934, a Govt. company, which is an NBFC, is not exempted from the provisions of section 45-1A of the RBI Act, 1934. In our opinion, the company, being a Non-Banking Financial Company, is carrying on the business of a non-banking financial institution without obtaining a certificate of registration from the Reserve Bank Of India which has resulted in non-compliance with the provisions of section 45-(1A)(1)(a) under Chapter 111-B,of the RBI Act, 1934. Regarding decision taken by the Union Cabinet in its meeting held on 13th October, 2011 to bring the company under the regulatory oversight of Reserve Bank of India(RBI) by registering it as an NBFC-IFC and the steps now being initiated in that direction).*

Management comments: Union Cabinet in its meeting held on 13th October 2011 inter-alia approved the proposal 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). Accordingly, the company is required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23rd January 2012 has 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. Accordingly, pending decision of Reserve Bank of India on above said request made by Department of Financial Services, Ministry of Finance, Govt. of India, the application for registration of company as an NBFC as per decision of the Union cabinet is yet to be made.

South India Infrastructure Investment Summit 2011 held on 11th November 2011 at Chennai organised by CII. Shri S. K. Goel, Chairman & Managing Director, IIFCL chaired the summit.

Auditors' Report

TO THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

1. We have audited the attached Balance Sheet of India Infrastructure Finance Company Limited ('the Company') as at 31st March, 2012 and also the Profit and Loss Statement and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the 'Annexure' referred to in paragraph 3 above, we report that:

   (a) (i) 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 profit & loss statement whereas the company has restated these foreign currency loans as on the date of inception of the forward contract and difference taken to Profit & Loss Statement as stated in Note No. 23(B)(14). Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31st March, 2012 would have been higher by ₹433.20Crores each (lower by ₹55.95Crores as on 31st March 2011). However, there would be no impact on the profit for the year as the loss on the principal amount of hedged foreign currency loans is totally offset by the gain on forward exchange contracts.

   (ii) As stated by the management in Note No. 23(B)(11)(b), the net mark to market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March 31, 2012 amounts to ₹379.27crores (gross gain ₹380.83Crores and gross loss ₹1.56Crores) 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. The impact, if any, on the profit for the year is not ascertainable at this stage.

   (b) Some of the balances shown under Infrastructure loans are subject to confirmation and reconciliation. The impact, if any, on the profit for the year is not ascertainable at this stage. [Refer Note No. 23(B) (16)].

5. Section 45-(IA)(1)(a), under Chapter III-B, of The Reserve Bank of India Act,1934 (RBI Act, 1934) stipulates that notwithstanding anything contained in this Chapter or in any other law for the time being in force, no non- banking

financial company (NBFC) shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration issued under this Chapter. Section 45 Q, under Chapter III-B, of the RBI Act, 1934 stipulates that the provisions of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law. Further as per paragraph 2(iv) of Master Circular no. DNBS (PD) CC. No. 228/03.02.004/2011-12 dated 1-7-2011 of RBI on exemptions from the provisions of RBI Act, 1934, a Govt. company, which is an NBFC, is not exempted from the provisions of section 45-1A of the RBI Act, 1934.

In our opinion, the company, being a Non-Banking Financial Company, is carrying on the business of a non-banking financial institution without obtaining a certificate of registration from the Reserve Bank Of India which has resulted in non-compliance with the provisions of section 45-(IA)(1)(a) under Chapter III-B, of the RBI Act, 1934. (Attention is drawn to Note No. 23(B)(18)(a) regarding decision taken by the Union Cabinet in its meeting held on 13th October, 2011 to bring the company under the regulatory oversight of Reserve Bank of India (RBI) by registering it as an NBFC-IFC and the steps now being initiated in that direction).

6. Further to above, 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 purposes 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, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

   (d) *Subject to our observations in paragraphs 4 (a) above,* in our opinion, the Balance sheet, the profit and loss statement and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   (e) The requirements of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 relating to disqualification of directors is 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 Ministry of Finance, Department of Company Affairs.

7. ***Subject to our observations in paragraphs 4 & 5 above,*** in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956 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 31st March, 2012.

   (b) in the case of the Profit and Loss Statement, of the profit of the Company for the year ended on that date; and

   (c) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

Place: New Delhi
Dated: 23rd April2012

For P. R. Mehra & co.
(Chartered Accountants)
(Regn. No. 000051N)

(Ashok Malhotra)
Partner
(Membership No. 082648)

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

Referred to in paragraph 3 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. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under Section 301 of the Companies Act, 1956, 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 except for issue of bonds of ₹ 0.20Lac to a director of the company and the rate of interest and other terms and conditions of these bonds are not prejudicial to the interests of the company. Further, no payment of principal and interest was due up to 31st March, 2012.

(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, particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register maintained under that Section. The requirements of paragraph (v) (b) of the order are not applicable as no such transaction was 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 except that the areas to be covered, including the extent of checking / transaction audit / audit of closing entries, by the internal auditor needs to be improved.

(viii) According to the information and explanation 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 *except for provident fund (PF) dues of employees and whole-time director which were not deposited due to pending approval of Govt. of India. During the month of March 2012, the company, after obtaining approval from Employees Provident Fund Organization (EPFO), has deposited the PF dues of employees up to Feb'2012 with the EPFO except for PF dues of whole-time director of ₹29.52 lac for which approval of Govt. of India is awaited.*

(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 31st March, 2012 for a period of more than six months from the date they became payable *except provident fund due of ₹28.40 lac for which approval of Govt. of India is awaited and interest on provident fund dues amounting to ₹4.82 lac.*

(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.

(x) The company has no accumulated losses as on 31st March, 2012. The company has not incurred cash losses for the financial year ended 31st March, 2012 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 debenture 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.

(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, other than for temporary deployment 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) Debentures/bonds issued by the company are unsecured except for long-term infrastructure bonds issued during the **previous** year in respect of which the company has created security and charge.

(xx) The company has raised money by public issue of bonds during the previous 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.

Place: New Delhi
Dated: 23rd April 2012

For P. R. Mehra & co.
(Chartered Accountants)
(Regn. No. 000051N)

(Ashok Malhotra)
Partner
(Membership No. 082648)

BALANCE SHEET

AS AT 31ST MARCH, 2012

(₹ in Lacs)

PARTICULARS	Note No.	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	250,000.00	200,000.00
(b) Reserves and Surplus	2	116,807.86	58,225.10
(c) Money received against share warrants		-	-
SUB-TOTAL (1)		**366,807.86**	**258,225.10**
(2) Share application money pending allotment			
SUB-TOTAL (2)		**-**	**-**
(3) Non-current liabilities			
(a) Long-term borrowings	3	2,084,196.36	1,987,203.78
(b) Deferred tax liabilities (Net)	4	6,199.19	2,570.39
(c) Other long term liabilities	5	132.21	52.60
(d) Long-term provisions	6	11,371.01	5,221.63
SUB-TOTAL (3)		**2,101,898.77**	**1,995,048.40**
(4) Current liabilities			
(a) Short-term borrowings	7	274,368.97	118,207.74
(b) Trade payables	8	113.62	298.92
(c) Other current liabilities	9	49,322.06	38,195.97
(d) Short-term provisions	10	200.29	747.71
SUB-TOTAL (4)		**324,004.94**	**157,450.34**
TOTAL (1)+(2)+(3)+(4)		**2,792,711.57**	**2,410,723.84**
II ASSETS			
(1) Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		101.84	56.94
(ii) Intangible assets		7.28	5.34
(iii) Capital Work -in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-current investments	12	52,771.22	44,800.25
(c) Long term loans and advances	13	1,803,714.65	1,414,098.04
(d) Other non-current assets		-	-
SUB-TOTAL (1)		**1,856,594.99**	**1,458,960.57**
(2) Current assets			
(a) Current Investments	14	1,482.98	182,237.05
(b) Trade Receivables		-	-
(c) Cash and Bank Balances	15	817,908.50	703,808.29
(d) Short term loans and advances	16	53,843.84	29,168.61
(e) Other current assets	17	62,881.26	36,549.32
SUB-TOTAL (2)		**936,116.58**	**951,763.27**
See accompanying significant accounting policies and notes to the financial statements	**23**		
TOTAL (1)+(2)		**2,792,711.57**	**2,410,723.84**

Signed in terms of our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

PARTICULARS	Note No.	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
I. Revenue from operations	**18**	254,042.68	194,574.64
II. Other Income	**19**	416.96	613.00
III. Total Revenue (I+II)		**254,459.64**	**195,187.64**
IV. Expenses			
Finance Costs	**20**	158,305.48	146,854.50
Employee Benefits Expense	**21**	902.20	442.32
Marked to Market Losses on Derivatives	**23(B)(11a)**	1455.70	1269.60
Depreciation and amortisation expense	**11**	35.98	25.22
Other Expenses	**22**	2,494.70	2,027.70
Total Expenses		**163,194.06**	**150,619.34**
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		91,265.58	44,568.30
VI. Exceptional Items			
Provision for Standard Loan Assets	**23(B)(18b)**	4,666.60	-
VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		86,598.98	44,568.30
VIII. Extraordinary Items		-	-
IX. PROFIT BEFORE TAX (VII-VIII)		86,598.98	44,568.30
X. Tax Expense:			
(1) Current Tax			
- Current Year		(24,698.30)	(13,250.00)
- Earlier Year		310.88	3.84
(2) Deferred Tax	**4**		
- Current Year		(3,472.75)	(1,659.29)
- Earlier Year		(156.05)	(82.90)
XI Profit for the year from continuing operations (IX-X)		58,582.76	29,579.95
XII Profit from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit for the year (XI+XIV)		58,582.76	29,579.95
XVI Earnings per equity share (face value of ₹ 10/- each)	**23(B)(7)**		
(1) Basic		2.84	1.53
(2) Diluted		2.84	1.53
See accompanying significant accounting policies and notes to the financial statements	**23**		

Signed in terms of our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

	PARTICULARS		Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
A	CASH FLOW FROM OPERATING ACTIVITIES			
(i)	Net Profit before Tax		86,598.98	44,568.30
	Adjustments for:			
(ii)	Depreciation and amortisation expense		35.98	25.22
(iii)	Provision/write offs		6,244.47	1,467.14
(iv)	Provisions/ Amounts written back		(100.18)	(73.16)
(v)	Profit on sale of fixed assets		-	(0.51)
(vI)	Loss on sale of fixed assets		-	2.63
(vil)	Unexpired gain on Interest Swaps		-	(417.48)
(viii)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings		1,262.39	608.34
(ix)	Interest / expenses on borrowings		152,353.47	141,178.98
(x)	Other Borrowing Costs		5,156.19	5,533.50
(xi)	Interest on Income Tax		141.16	83.00
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**251,692.46**	**192,975.96**
(i)	Cash Flow From Lending of Funds		(414,176.64)	(460,294.69)
(ii)	Sale of/ (Addition) to Investments		174,654.23	324,176.07
(iii)	(Increase)/decrease in Current Assets, Loans and Advances		(26,315.50)	(22,443.34)
(iv)	(Increase)/decrease in other bank balances		(149,019.45)	(115,648.21)
(v)	Increase/(decrease) in other non- current and current liabilities		12.28	(174.70)
	CASH FLOW FROM OPERATIONS BEFORE TAX		**(163,152.62)**	**(81,408.91)**
	Taxes paid (Net)		(25,115.67)	(12,426.77)
	NET CASH FROM OPERATIONS	**A**	**(188,268.29)**	**(93,835.68)**
B	CASH FLOW FROM INVESTING ACTIVITIES			
(i)	(Purchase of / Advance) for Fixed Assets		(66.16)	(29.68)
(ii)	Investments in Subsidiary Company and Venture Capital Units		(2,164.62)	(645.00)
(iii)	Redemption of Investments in Venture Capital Units		172.00	273.23
	NET CASH FROM INVESTING ACTVITIES	**B**	**(2,058.78)**	**(401.45)**
C	CASH FLOW FROM FINANCING ACTIVITIES			
(i)	Proceeds from Issue of Share Capital		50,000.00	20,000.00
(ii)	Proceeds from Long term Borrowings		104,566.93	139,157.89
(iii)	Proceeds from Short term Borrowings		156,161.23	118,207.74
(Iv)	Interest / expenses on Borrowings		(149,701.92)	(138,618.08)
(v)	Other Borrowing Costs		(5,618.41)	(5,067.56)
	NET CASH FROM FINANCING ACTIVITIES	**C**	**155,407.83**	**133,679.99**
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C)		**(34,919.24)**	**39,442.86**
	Add: Opening Cash and Cash Equivalent		41,408.52	1,965.66
	Closing Cash and Cash Equivalent		**6,489.28**	**41,408.52**
	Closing Cash and Cash Equivalent Comprises of :-			
	1 Cash in hand		0.32	0.34
	2 Current Accounts in India		3,101.76	37,589.40
	3 Flexi Deposit Accounts		3,387.20	3,818.78
	TOTAL		**6,489.28**	**41,408.52**

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

Signed in terms of our report of even date

For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

Schedules Forming Part Of The Accounts

Note 1 :
SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
Authorized Capital	**500,000.00**	**200,000.00**
5,000,000,000 (previous year 2,000,000,000) equity shares of ₹ 10/- each		
Issued, Subscribed & Fully Paid Equity Shares		
2,500,000,000 (Previous year 2,000,000,000) equity shares of ₹ 10/- each	**250,000.00**	**200,000.00**

Notes:

a) The Board of Directors and Shareholders of the company had passed resolution(s) dated 27th April, 2009 and 5th August, 2009 respectively, increasing the authorized share capital of the company from ₹ 2,00,000 lac to ₹5,00,000 lac. Accordingly, the company had filed prescribed form with Registrar of Companies (ROC) in respect of increase in authorized capital, subject to approval of the Government and the records of Registrar of Companies reflected the authorized share capital of company of ₹ 5,00,000 lac. The authorized share capital of the company was taken at ₹ 2,00,000 lac as on 31st March 2011, pending receipt of necessary approval from the Government. Subsequently, Ministry of Finance, Government of India, vide letter dated 24th October 2011 has conveyed that the Union Cabinet in its meeting held on 13th October 2011 has inter-alia approved the proposal for increase in authorized capital of the company from ₹ 2,00,000 lac to ₹ 5,00,000 lac.

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

PARTICULARS	2011-12		2010-11	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Equity Shares outstanding at the beginning of the reporting period	2,000,000,000	200,000.00	1,800,000,000.00	180,000.00
Equity Shares Issued during the reporting period	500,000,000	50,000.00	200,000,000.00	20,000.00
Equity Shares outstanding at the end of the reporting period	2,500,000,000	250,000.00	2,000,000,000.00	200,000.00

Note 2 :
RESERVES & SURPLUS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(a) CAPITAL RESERVE (PROFIT ON SALE OF HTM SECURITIES)		
Opening Balance	585.14	585.14
Add: Transfer from Surplus in Profit & Loss Statement	-	-
Closing Balance	585.14	585.14
(b) DEBENTURE REDEMPTION RESERVE		
Opening Balance	9.54	-
Add: Transfer from Surplus in Profit & Loss Statement	873.36	9.54
Closing Balance	882.90	9.54
(c) OTHER RESERVES		
(i) RESERVE FOR LOAN ASSETS (See footnote 1 below)		
Opening Balance	5,792.94	4,760.33
Add: Transfer from Surplus in Profit & Loss Statement	-	1,032.61
Closing Balance	5,792.94	5,792.94
(ii) SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (footnote 2)		
Opening Balance	10,035.24	4,341.69
Add: Transfer from Surplus in Profit & Loss Statement (Net)	11,609.24	5,693.55
Closing Balance	21,644.48	10,035.24
(iii) STAFF WELFARE RESERVE (footnote 3)		
Opening Balance	65.00	65.00
Less: Amount utilized during the year and transferred to Surplus in Profit & Loss Statement	0.56	-
Closing Balance	64.44	65.00
(iv) CORPORATE SOCIAL RESPONSIBILITY RESERVE (footnote 4)		
Opening Balance	-	-
Add: Transfer from Surplus in Profit & Loss Statement	591.60	-
Closing Balance	591.60	-
(d) SURPLUS IN PROFIT AND LOSS STATEMENT		
Opening Balance	41,737.24	18,892.99
Add: Profit during the current year	58,582.76	29,579.95
Add: Transfer from Staff Welfare Reserve	0.56	-
Less: Transfer to Debenture Redemption Reserve	873.36	9.54
Less: Transfer to Reserve for Loan Assets	-	1,032.61
Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (Net)	11,609.24	5,693.55
Less: Transfer to Corporate Social Responsibility Reserve	591.60	-
Closing Balance	87,246.36	41,737.24
TOTAL	**116,807.86**	**58,225.10**

Notes:

1 Reserve for loan assets created @ 0.40% on outstanding amount of loans assets as at31st March 2011 has been continued. [Refer Note 23(B)(18c)]

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 Responsibilty Reserve created during the current financial year to comply with the Corporate Social Responsibilty (CSR) Policy of the company as per guidelines on CSR issued by Department of Public Enterprises

Note 3 :
LONG TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) SECURED BONDS		
Long Term Infrastructure Bonds covered under Section 80CCF of Income Tax Act, 1961 (See footnotes 1 to 3)	9,096.18	9,096.18
SUB-TOTAL (A)	**9,096.18**	**9,096.18**
(B) UNSECURED BONDS (Guaranteed by Government of India)		
(i) 10000 8.55% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 03/11/2024	100,000.00	100,000.00
(ii) 4000 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 24/08/2024	40,000.00	40,000.00
(iii) 6000 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 12/08/2024	60,000.00	60,000.00
(iv) 5000 7.90% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 28/04/2024	50,000.00	50,000.00
(v) 5000 8.10% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 08/04/2024	50,000.00	50,000.00
(vi) 2000 8.68% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 18/12/2023	20,000.00	20,000.00
(vii) 2000 9.35% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 17/11/2023	20,000.00	20,000.00
(viii) 2000 8.82% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 19/12/2022	20,000.00	20,000.00
(ix) 5000 8.70% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 02/09/2016	50,000.00	50,000.00
(x) 263070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20/03/2014	263,070.00	263,070.00
(xi) 736930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22/01/2014	736,930.00	736,930.00
SUB-TOTAL (B)	**1,410,000.00**	**1,410,000.00**
(C) UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote 4)		
(i) Life Insurance Corporation of India (LIC)*	95,000.00	100,000.00
(ii) National Small Savings Schemes Fund (NSSF)	150,000.00	150,000.00
(iii) Asian Development Bank (ADB)*	392,219.78	292,065.02
(iv) IBRD (World Bank)*	10,420.98	8,724.70
(v) Kreditanstalt für Wiederaufbau (KFW)*	17,459.42	17,317.88
SUB-TOTAL (C)	**665,100.18**	**568,107.60**
TOTAL (A)+(B)+(C)	**2,084,196.36**	**1,987,203.78**
Guaranteed by Government of India [including ₹ 5000 Lac and ₹ 3836.74 Lac (previous year ₹ Nil) being the amount due to LIC and ADB respectively within 1 year from the end of reporting period and shown as "Other Current Liabilties" in Note 9]	523,936.92	418,107.60

Footnotes:

1) Details of Long term Infrastructure bonds issued by IIFCL under section 80 CCF of Income Tax Act, 1961, are as under:
   - i) 130407 8.30% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.
   - ii) 779211 8.15% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.
2) These bonds are secured 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.
3) 20 Bonds of face value of ₹ 1000 each amounting to ₹ 0.20 Lac are held by a director of the company as at 31st March 2012 as against 60 Bonds of face value of ₹ 1000 each amounting to ₹ 0.60 Lac held by three directors as on 31st March 2011.

4) TERMS OF REPAYMENT OF LONG TERM LOANS

i) Life Insurance Corporation of India

	Loan Amount (₹ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	100000	8.56%	1.02.2013	1.08.2022	Semi-Annual	Equal installments of ₹ 5,000 lac every 6 months

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%	31st March 2023	Bullet basis	Entire loan amount of ₹ 150,000 lac

iii) Asian Development Bank

Tranche	Loan Amount 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	
Total	12000					

iv) IBRD (World Bank)

Tranche	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

v) KfW

Tranche	Loan Amount as per Agreement ($ 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 uro 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"

Note 4 :
DEFERRED TAX LIABILITIES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(I) Deferred tax Liability		
(i) On account of Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	7,022.55	3,255.93
(ii) On account of deduction claimed for standard loan assets	1,417.52	1,017.98
Deferred Tax Liability	**8,440.07**	**4,273.91**
(II) Deferred tax Assets		
(i) On account of depreciation	4.19	9.67
(ii) On account of disallowances under section 43B of Income Tax Act, 1961	-	7.02
(iii) On account of diminution in value of investments	77.55	-
(iv) On account of provision for contingencies	2,159.14	1,686.83
Deferred Tax Assets	**2,240.88**	**1,703.52**
Deferred Tax Liability (Net)	**6,199.19**	**2,570.39**

Note 5 :
OTHER LONG TERM LIABILITIES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(a) Trade payables	-	-
(b) Others:		
(i) Rent adjustable account	105.33	49.58
(ii) Gratuity payable	3.20	3.02
(iii) Security deposit received	23.68	-
TOTAL	**132.21**	**52.60**

Note 6 :
LONG TERM PROVISIONS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Provision for Employee Benefits [See note 23 (B) (6a)]		
(i) Leave Encashment	32.08	14.57
(ii) Sick Leave	9.46	3.50
(iii) Leave Fare Concession	8.11	4.50
SUB-TOTAL (A)	**49.65**	**22.57**
(B) Others [See note 23 (B) (6a)]		
(i) Marked to market losses on derivatives [See Note 23 (B) (11a)]	6,654.76	5,199.06
(ii) Contingent Provisions against Standard Assets [See Note 23 (B) (18b)]	4,666.60	-
SUB-TOTAL (B)	**11,321.36**	**5,199.06**
TOTAL (A)+(B)	**11,371.01**	**5,221.63**

Note 7 :
SHORT TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
LOANS REPAYABLE ON DEMAND FROM BANKS (Secured by pledge of fixed deposit receipts of ₹ 392,864 Lac (previous year ₹ 174,040 lac))	274,368.97	118,207.74
TOTAL	**274,368.97**	**118,207.74**

Note 8 :
TRADE PAYABLES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
Miscellaneous Liabilities	113.62	298.92
TOTAL	**113.62**	**298.92**

Note 9 :
OTHER CURRENT LIABILITIES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Current maturities of long term debt (See note 3):		
(i) Life Insurance Corporation of India	5,000.00	-
(ii) Asian Development Bank	3,836.74	-
SUB-TOTAL (A)	**8,836.74**	**-**
(B) Interest accrued but not due on borrowings		
(i) On bank overdraft	74.95	51.70
(ii) On bonds and term loans	39,893.58	37,265.28
SUB-TOTAL (B)	**39,968.53**	**37,316.98**
(C) Income received in advance		
(i) Amount pending appropriation	0.74	95.05
(ii) Grants received from World Bank	172.14	241.22
SUB-TOTAL (C)	**172.88**	**336.27**
(D) Other payables		
(i) Duties & Taxes payable	89.26	74.01
(ii) PF deducted on behalf of employees/ whole time directors (including interest payable)	50.05	47.50
(iii) Unclaimed Interest on Bonds	1.38	3.77
(iv) Commitment Charges payable	33.50	31.15
(v) Government Guarantee fees payable	1.37	-
(vi) Payable to Employees/ Wholetime Directors	1.69	0.04
(vii) Contribution towards gratuity fund payable to LIC	32.91	11.91
(viii) Rent Adjustable Account	13.02	-
(ix) Others	120.73	374.34
SUB-TOTAL (D)	**343.91**	**542.72**
TOTAL (A)+(B)+(C)+(D)	**49,322.06**	**38,195.97**

Note 10 :
SHORT TERM PROVISIONS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Provision for Employee Benefits [See note 23 (B) (6a)]		
(i) Leave Encashment	0.92	3.12
(ii) Sick Leave	0.43	2.67
(iii) Leave Fare Concession	0.33	1.07
(iv) Wage Revision [See note 23 (B)(15)]	-	72.56
(v) Performance Linked Incentive to Wholetime Directors	33.15	20.00
SUB-TOTAL (A)	**34.83**	**99.42**
(B) Others [See note 23 (B) (6a)]		
(i) Income Tax (Net)	120.09	565.29
(ii) Interest on Income Tax	45.37	83.00
SUB-TOTAL (B)	**165.46**	**648.29**
TOTAL (A)+(B)	**200.29**	**747.71**

Note 11 :
FIXED ASSETS

(₹ in Lac)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Addition	Disposals/ Adjustments	**As at 31.03.2012**	As at 01.04.2011	For the Year	Deductions/ Reversals	**As at 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
TANGIBLE ASSETS										
FURNITURE & FIXTURES	8.98	5.23	0.45	13.76	3.73	1.34	0.45	4.62	9.14	5.25
VEHICLES	44.17	25.01	-	69.18	18.35	12.13	-	30.48	38.70	25.82
OFFICE EQUIPMENTS	13.63	18.28	3.08	28.83	4.78	3.77	2.69	5.86	22.97	8.85
COMPUTER HARDWARE	36.49	29.62	4.58	61.53	19.47	15.32	4.29	30.50	31.03	17.02
TOTAL	**103.27**	**78.14**	**8.11**	**173.30**	**46.33**	**32.56**	**7.43**	**71.46**	**101.84**	**56.94**
Previous Year	153.17	29.07	78.97	103.27	70.32	23.41	47.40	46.33	56.94	82.85
INTANGIBLE ASSETS										
COMPUTER SOFTWARE	10.14	5.36	1.17	14.33	4.80	3.42	1.17	7.05	7.28	5.34
TOTAL	**10.14**	**5.36**	**1.17**	**14.33**	**4.80**	**3.42**	**1.17**	**7.05**	**7.28**	**5.34**
Previous Year	5.92	4.22	-	10.14	2.99	1.81	-	4.80	5.34	2.93

Note 12 :
NON-CURRENT INVESTMENTS

(₹ in Lac)

S. NO.	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012			Figures as at the end of previous reporting year ended 31st March 2011		
		Number of Shares	Face Value		Number of Shares	Face Value	
(A)	**TRADE INVESTMENTS**						
(a)	**Investment in Equity Instruments - Unquoted (Fully Paid)**						
	Wholly owned Subsidiary						
	Investment in India Infrastructure Finance Company UK Ltd.	50,000,000	US $ 1	23,394.80	50,000,000	US $ 1	23,394.80
				23,394.80			23,394.80
(b)	**Investment in Equity Instruments - Unquoted (Fully Paid)**						
	Associate Company						
	Investment in Delhi Mumbai Industrial Corridor Development Corporation Ltd.	4,100,000	₹ 10	411.03	-	-	-
				411.03			-
(c)	**Investment in Venture Capital Units (Unquoted) (Fully Paid)**	Number of Units	Face Value		Number of Units	Face Value	
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	5,527,859	₹ 100	5527.86	3,732,270	₹ 100	3,946.27
				5,527.86			3,946.27
(d)	Investment in Bonds (Quoted) (Fully Paid)(See footnote d below)	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	-	-	-
	(iii) 10.60% IRFC 2018	50	₹10 lac	500.89	-	-	-
	(iv) 11.00% PFC 2018	50	₹10 lac	526.63	-	-	-
	(v) 11.25% PFC 2018	100	₹10 lac	1065.93	-	-	-
				5,036.71			
	SUB-TOTAL (A)			**34,370.40**			**27,341.07**

(₹ in Lac)

	Figures as at the end of current reporting year ended 31st March 2012			Figures as at the end of previous reporting year ended 31st March 2011		
	Number of Units	Face Value		Number of Units	Face Value	
(B) OTHER INVESTMENTS						
(a) Investment in Government Securities (Unquoted)						
(i) 6.05% GOI 2019	2,000,000	₹ 100	1,980.00	2,000,000	₹ 100	1,980.00
(ii) 6.35% GOI 2020	7,500,000	₹ 100	6,834.51	7,500,000	₹ 100	6,834.51
(iii) 6.90% GOI 2019	2,000,000	₹ 100	1,952.09	2,000,000	₹ 100	1,952.09
(iv) 7.76% SL (Karnataka) 2019	500,000	₹ 100	513.78	500,000	₹ 100	515.78
(v) 7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,002.34	1,000,000	₹ 100	1,002.66
(vi) 8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,008.65	1,000,000	₹ 100	1,009.90
(vii) 8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,584.91	1,500,000	₹ 100	1,597.16
(viii) 8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,558.62	2,500,000	₹ 100	2,567.08
			17,434.90			17,459.18
	Number of Bonds	Face Value		Number of Bonds	Face Value	
(b) Investment in Bonds (Quoted) (Fully Paid)						
8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹10 lac	965.92	-	-	-
			965.92			-
SUB-TOTAL (B)			**18,400.82**			**17,459.18**
TOTAL (A)+(B)			**52,771.22**			**44,800.25**

Notes:

		2012	2011
(a)	Aggregate amount of quoted investments:		
	Cost/ Book Value	6,002.63	-
	Market Value	6,024.58	-
(b)	Aggregate amount of unquoted investments - Cost/ Book Value	46,768.59	44,800.25
(c)	Aggregate provision for dimunition in value of investments	222.00	-

(d) These investments were appearing in Note 14 i.e. current investments as on 31st March 2011. During the current fiancial year, these investments have been shifted 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 31st March 2012. This resulted into aggregate provision being made for dimunition in value of investments amounting to ₹ 222 lac upto 31st March 2012.

(e) Refer Note 23 (A)(5) for valuation of individual investments.

Note 13 :
LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) CAPITAL ADVANCES	**7.91**	**25.25**
(Unsecured, Considered good)		
SUB-TOTAL (A)	**7.91**	**25.25**
(B) SECURITY DEPOSIT	**414.75**	**378.11**
(Unsecured, Considered good)		
SUB-TOTAL (B)	**414.75**	**378.11**
(C) INFRASTRUCTURE LOANS (STANDARD ASSETS)		
(See footnote below)		
(i) Direct Lending	1,315,894.37	1,051,946.82
(ii) Pooled Municipality Debt Obligation (PMDO) Scheme	10,231.72	5,238.77
(iii) Refinancing Scheme	416,800.00	350,000.00
(iv) Takeout financing Scheme	60,355.47	6,507.94
SUB-TOTAL (C)	**1,803,281.56**	**1,413,693.53**
(D) OTHER LOANS AND ADVANCES		
(Unsecured, Considered good)		
(i) Advance recoverable from employees	9.92	-
(ii) Prepaid Expenses	0.51	1.15
SUB-TOTAL (D)	**10.43**	**1.15**
TOTAL (A) + (B) + (C) +(D)	**1,803,714.65**	**1,414,098.04**

Notes:

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	686,707.08	533,485.00
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.	752,948.90	558,794.35
Refinance	Unsecured, Considered Good	416,800.01	350,000.00
TOTAL#		**1,856,455.99**	**1,442,279.35**

\# The above includes ₹ 53,174.43 lac (as on on 31st March 2011 ₹ 28,585.82 lac) being amount of loans due within a year which is shown in Note 16.

Note 14 :
CURRENT INVESTMENTS

(₹ in Lac)

S. NO.	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012			Figures as at the end of previous reporting year ended 31st March 2011		
		Number of Bonds	Face Value	Bonds	Number of Value	Face	
(A)	**Investment in Bonds (Quoted) (Fully Paid) (See footnote d below)**						
(i)	7.15% REC 2012	150	₹10 lac	1500.00	150	₹10 lac	1,500.00
(ii)	7.70% REC 2014	-	-	-	100	₹10 lac	1,000.00
(iii)	8.90% PNB 2019	-	-	-	200	₹10 lac	2,000.00
(iv)	10.60% IRFC 2018	-	-	-	50	₹10 lac	500.89
(v)	11.00% PFC 2018	-	-	-	50	₹10 lac	568.45
(vi)	11.25% PFC 2018	-	-	-	100	₹10 lac	1,155.29
(vii)	8.83% Neyveli Lignite Corp. Ltd. 2019				100	₹10 lac	1,000.00
SUB-TOTAL (A)				**1,500.00**			**7,724.63**
		Number of Units	Face Value		Number of Units	Face Value	
(B)	**Investment in Certificate of Deposit with Scheduled Banks (Unquoted)**						
(i)	Union Bank of India	-	-	-	22,500	₹ 1 lac	21,097.06
(ii)	Andhra Bank	-	-	-	50,000	₹ 1 lac	46,794.20
(iii)	Axis Bank	-	-	-	7,500	₹ 1 lac	7,106.07
(iv)	SB Travancore	-	-	-	17,500	₹ 1 lac	16,472.98
(v)	UCO Bank	-	-	-	35,000	₹ 1 lac	32,747.01
(vi)	ICICI	-	-	-	50,000	₹ 1 lac	47,178.97
(vii)	Bank of India	-	-	-	3,500	₹ 1 lac	3,257.94
SUB-TOTAL (B)				**-**			**174,654.23**
TOTAL (A)+(B)				**1,500.00**			**182,378.86**
Less: Provision for diminution in the value of current Investments i.e. Bonds (Net of Gains)				17.02			141.81
TOTAL CURRENT INVESTMENTS				**1,482.98**			**182,237.05**

Notes:

		2012	2011
(a)	Aggregate amount of quoted investments:		
	Cost/ Book Value	1,500.00	7,724.63
	Market Value	1,482.98	7,582.82
(b)	Aggregate amount of unquoted investments - Cost/ Book Value	-	174,654.23
(c)	Aggregate provision for dimunition in value of investments i.e. bonds	17.02	141.81

(d) Investments in bonds appearing at serial no. A (ii) to A (vii) as on 31st March 2011 have been shifted to Note 12 i.e. non- current investments at cost or fair value, whichever is lower as on closing of 31st March 2012. This resulted into aggregate provision being made for dimunition in value of investments amounting to ₹ 222 lac up to 31st March, 2012.

(e) Refer Note 23 (A)(5) for valuation of individual investments.

Note 15 :
CASH AND BANK BALANCES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) CASH AND CASH EQUIVALENTS		
(i) Balances with banks	3,101.76	37,589.40
(ii) Cash on hand	0.32	0.34
(iii) Flexi Deposits with banks	3,387.20	3,821.00
Less: Bank book overdraft in current accounts	-	(2.22)
SUB-TOTAL (A)	**6,489.28**	**41,408.52**
(B) OTHER BANK BALANCES		
(i) Earmarked balances with banks for unclaimed interest on bonds	1.38	3.77
(ii) Fixed Deposits with banks (Unencumbered)	408,338.84	351,801.00
(ii) Fixed Deposits with banks (Encumbered):		
(a) Held as security against Bank Guarantee	-	28,600.00
(b) Held as security against Interest Payment of Bonds	10,065.00	107,780.00
(c) Earmarked for expenses Related to World Bank Grant	150.00	175.00
(d) Pledged to avail overdraft facility from banks	392,864.00	174,040.00
SUB-TOTAL (B)	**811,419.22**	**662,399.77**
TOTAL (A)+(B)	**817,908.50**	**703,808.29**

Note 16 :
SHORT TERM LOANS & ADVANCES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) INFRASTRUCTURE LOANS (STANDARD ASSETS) (See footnote in Note 13)		
(i) Direct lending	50,162.38	27,956.01
(ii) Pooled Municipality Debt Obligation (PMDO) Scheme	427.46	182.57
(iii) Takeout financing Scheme	2,584.59	447.24
TOTAL (A)	**53,174.43**	**28,585.82**
(B) Loans and advances to related parties (Unsecured, considered good)		
(i) Expenses Incurred on behalf of subsidiary companies i.e. IIFCL Projects Ltd (₹ 1.06 lac) & IIFCL Asset Management Company Ltd (₹ 0.31 lac)	1.37	-
(iI) Expenses Incurred on behalf of associate company i.e. Irrigation & Water Resources Finance Corporation	0.18	-
TOTAL (B)	**1.55**	**-**
(C) Others (Unsecured, considered good)		
(i) Security deposit	300.00	300.00
(ii) Advances recoverable from employees	5.77	2.13
(iii) Tax deducted at source	5.54	20.00
(iv) Income Tax Recoverable	330.77	167.30
(v) Service Tax Recoverable (CENVAT)	-	34.51
(vi) Prepaid Expenses	11.57	21.59
(vii) Other advances	14.21	37.26
TOTAL (C)	**667.86**	**582.79**
TOTAL (A)+(B)+(C)	**53,843.84**	**29,168.61**

Note 17 :
OTHER CURRENT ASSETS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Interest accrued and due on loans and advances	4,936.37	1,942.76
SUB-TOTAL (A)	**4,936.37**	**1,942.76**
(B) Interest accrued but not due on:		
(i) Fixed Deposits with Banks	52,175.90	20,861.51
(ii) Certificate of Deposits	-	9,213.88
(iii) Bonds	279.60	278.16
(iv) Government Securities	204.88	204.88
(v) Interest Rate Swaps (Net)	35.79	35.10
(vi) Loans & Advances	5,248.72	4,013.03
SUB-TOTAL (B)	**57,944.89**	**34,606.56**
TOTAL (A)+(B)	**62,881.26**	**36,549.32**

Note 18 :
REVENUE FROM OPERATIONS

(₹ in Lacs)

PARTICULARS		Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A)	**Interest**		
(i)	Interest on Loans and Advances	140,697.27	103,499.21
(ii)	Interest on Loans under PMDO Scheme	830.17	516.03
(iii)	Interest on Loans and Advances under Refinancing Scheme	27,585.83	14,119.45
(iv)	Interest on Loans and Advances under Takeout Financing Scheme	994.61	6.74
(v)	Penal Interest	42.84	23.87
(vi)	Interest earned on Certificate of Deposit	2,131.89	11,178.18
(vii)	Interest on Government Securities	1,273.70	1,273.70
(viii)	Interest on Bonds	672.49	671.05
(ix)	Interest on Fixed Deposits with Banks	78,403.13	56,516.94
	SUB-TOTAL (A)	**252,631.93**	**187,805.17**
(B)	**Growth in value of UTI Liquid**	-	5,330.77
	SUB-TOTAL (B)	**-**	**5,330.77**
(C)	**Other Financial Services**		
(i)	Upfront Fees	1,029.88	657.60
(ii)	Pre-Payment Charges	231.38	628.09
(iii)	Review Charges	33.87	-
(iv)	Transaction Charges	2.00	-
(v)	Commission Received on L/C	104.12	152.82
(vi)	Commitment Charges	9.50	0.19
	SUB-TOTAL (C)	**1,410.75**	**1,438.70**
	TOTAL (A) + (B) + (C)	**254,042.68**	**194,574.64**

Note 19 :
OTHER INCOME

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
Other Non-Operating Income		
(i) Grants received	285.20	52.56
(ii) Gain on Interest rate Swaps	-	417.48
(iii) Interest on Income Tax Refund	-	43.23
(iv) Refund of Processing Fees	15.00	-
(v) Surplus on organising Infrastructure Conference (net of conference expenditure incurred amounting to ` 36.05 Lac)	13.18	-
(vi) Amounts written back	55.48	97.27
(vii) Interest provision on income tax written back	44.70	-
(viii) Miscellaneous Income	3.40	2.46
TOTAL	**416.96**	**613.00**

Note 20 :
FINANCE COSTS

(₹ in Lacs)

	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A)	**Interest Expense:**		
(i)	Interest on Bonds & Debentures	103,790.76	102,898.14
	Less: Interest Saving on Bonds	(125.95)	(125.60)
(ii)	Interest on Bank Borrowings	3,746.33	1,155.19
(iii)	Interest on Bonds Application Money	-	31.28
(iv)	Interest on loan from NSSF	13,500.00	13,500.00
(v)	Interest on loan from LIC	8,583.45	8,560.00
(vi)	Interest on loan from ADB	1,953.69	1,093.00
(vii)	Interest due to net settlement of swap transactions on ADB Loan	19,062.13	13,116.68
(viii)	Interest on loan from IBRD (World Bank)	61.21	7.25
(ix)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	524.26	36.55
(x)	Interest on loan from KFW	691.32	470.32
(xi)	Interest due to net settlement of swap transactions on KFW Loan	566.27	436.17
	SUB-TOTAL (A)	**152,353.47**	**141,178.98**
(B)	**Other Borrowing Costs:**		
(i)	Guarantee Fees to Govt. of India	4,845.86	4,638.59
(ii)	Commitment charges	175.48	184.97
(iii)	Bond Servicing Expenses	124.65	74.31
(iv)	Bond Issue Expenses	10.20	635.63
	SUB-TOTAL (B)	**5,156.19**	**5,533.50**
(C)	**Net loss on foreign currency transactions and translations**	795.82	142.02
	SUB-TOTAL (C)	**795.82**	**142.02**
	TOTAL (A) + (B) + (C)	**158,305.48**	**146,854.50**

Note 21 :
EMPLOYEE BENEFITS EXPENSE

[See notd 23(B)(15)]

(₹ in Lacs)

	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(i)	Salaries and Wages	608.88	350.65
(ii)	Contribution to provident and other funds	100.08	33.04
(iii)	Staff Welfare Expenses	193.24	58.63
	TOTAL	**902.20**	**442.32**

Note 22 :
REVENUE FROM OPERATIONS

(₹ in Lacs)

	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(i)	Power and Fuel	6.73	10.91
(ii)	Lease Rent	840.38	651.68
(iii)	Insurance	1.40	0.86
(iv)	Professional Fees	260.77	193.60
(v)	Interest on income tax	141.16	83.00
(vi)	Amortization of Premium Paid on non-current securities	24.28	42.31
(vii)	Provision for diminution in the value of Investments	97.21	141.81
(viii)	Net loss on foreign currency transactions and translations	466.57	468.22
(ix)	Establishment and Other Expenses [See note 23(B)(20)]	656.20	435.31
	TOTAL	**2,494.70**	**2,027.70**

Note 23:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

(A) SIGNIFICANT ACCOUNTING POLICIES

1. 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.

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. Similarly, 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 is accounted for on the basis of actual instance of sale.

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 Profit & Loss Statement 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. 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:

(i) an asset which has been identified as loss asset by the company or its internal or external auditor to the extent it is not written off by the company.

(ii) an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

3.4 Provisioning

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

(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.

3.5 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 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 reduce 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 foreign subsidiary, 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: Bonds are carried at acquisition cost or lower of book value or market/ fair value in case of inter class transfer. The excess over face value from date of acquisition/ transfer is amortized over the remaining maturity period of the security on constant yield basis.

5.2 **Current Investments**

a. Quoted Bonds - Each scrip is revalued at the market price or fair value based on yield to maturity method and only the net depreciation is provided for and net appreciation, if any, is ignored.

b. Mutual Funds - valued at lower of cost or net asset value at the year end.

c. Certificate of deposits - valued at cost. The difference between face value and cost is recognized as income over the remaining maturity period of certificate of deposit on constant yield basis and is added to the value of certificate of deposit.

5.3 **Inter- Class Transfer of investments**

The inter-class transfer, if warranted is effected with approval of the Board and in such case investments are transferred scrip wise from current to non- current 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 profit and loss account statement.

7. ACCOUNTING FOR REVENUE GRANTS

7.1. Grants are recognized in Profit & Loss Statement 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 Profit & Loss Statement. 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 profit and loss statement 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 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 profit and loss statement 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 to hedge its borrowing costs of bonds, the company is providing mark to market loss as on Balance Sheet Date.

12. TAXES ON INCOME

12.1 Tax on income for the current year is determined on the basis of 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.

12.2 Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date.

12.3 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.

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

23.(B) NOTES TO THE FINANCIAL STATEMENTS

			As at 31st March 2012	As at 31st March 2011
1.	(a)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	Nil	Nil
	(b)	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	₹ 3955.41 lac	₹ 5709.00 lac
	(c)	Undertaking to subscribe equity share capital of following companies as subscriber to their Memorandum of Association		
		- IIFCL Projects Ltd. registered on 14th February 2012 (1 lakh equity shares of ₹ 10 each)	₹ 10 lac	Nil
		- IIFCL Asset Management Company Ltd. registered on 28th March 2012 (1 lakh equity shares of ₹ 10 each)	₹ 10 lac	Nil
	(d)	Letter of Comfort for issue of Letter of Credit (LC) 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.	₹ 30,032.14 lac	₹ 64,020.99 lac

(e) 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 ₹ 34.39 lac and maximum of ₹ 687.72 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 financial year on account of interest and other matters:

(₹ in lac)

PARTICULARS	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
Expenditure in Foreign Currencies (Actual outgo)		
- Interest on borrowings	1,983.15	1344.19
- Commitment Charges	175.47	204.65
- Foreign Traveling	28.26	8.67
- Other Expenses	64.99	28.08
TOTAL	**2,251.87**	**1585.59**

(b) Earnings in foreign currency:

(₹ in lac)

PARTICULARS	For the Year Ended 31st March 2012	For the Year Ended 31st March 2011
- Interest	162.85	180.24
- Grants Received #	285.20	52.56
TOTAL	**448.05**	**232.80**

excluding amounts received in advance ₹ 172.14 lac (previous year ₹ 241.22 lac)

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 disclosure**

i) Key managerial personnel

- Shri S.K. Goel (Tenure from 24th June 2010) - Chairman and Managing Director
- Shri Pradeep Kumar (Tenure from 24th December 2008 up to 14th January 2012) - Ex-Whole time director and C.E.O.

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

iii) Other Subsidiary Companies: (a) IIFCL Projects Ltd. and (b) IIFCL Asset Management Company Ltd.

Note:

IIFCL Projects Ltd. and IIFCL Asset Management Company Limited are considered as subsidiaries as per Sec 4(1)(a) of the companies Act 1956 as composition of Board of Directors of both companies is controlled by the company.

iii) Associate Companies:

(a) Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC) (Company holds 41 lac equity shares of ₹ 10 each as on 31st March 2012, which comprised 41% of equity shares capital of DMICDC as on that date.)

(b) Irrigation and Water Resources Finance Corporation Limited (IWRFCL) (Chairman and Managing Director of the company also holds additional charge as Chairman & Managing Director of IWRFCL w.e.f. 22nd March 2012)

B) **Transactions during the year ended 31st March 2012 with related parties:**

a) Managerial Remuneration	₹ 32.27 lac (Previous year ₹ 14.19 lac)
Provision for Performance linked incentive	₹ 8.15 lac (Previous year ₹ 6 lac)
Perquisites	₹ 1.61 lac (Previous year ₹ 0.83 lac)
Leave encashment, PF & Gratuity	₹ 3.73 lac (Previous year ₹ 2.48 lac)
(To Shri S.K.Goel)	

b) Directors Remuneration ₹ 12.99 lac (Previous year ₹ 12.38 lac)
Provision for Performance linked incentive ₹ 5 lac (Previous year ₹ 8 lac)
Perquisites ₹ 0.19 lac (Previous year ₹ 0.65 lac)
Leave encashment & Pension ₹ 6.18 lac (Previous year Nil)
(To Shri Pradeep Kumar)

c) Investment in equity shares (Delhi Mumbai Industrial Corridor Development Corporation Limited, DMICDC) ₹ 411.03 lac (Previous year Nil)

d) Expenses incurred on behalf of subsidiaries/ associate companies:
- IIFCL Projects Ltd. ₹ 1.06 lac (Previous year Nil)
- IIFCL Asset Management Co. Ltd. ₹ 0.31 lac (Previous year Nil)
- Irrigation and Water Resources Finance Corporation Limited ₹ 0.18 lac (Previous year Nil)

C) **Balances as at 31st March 2012**

(₹ In lac)

Particulars	**As at 31st March 2012**	**As at 31st March 2011**
Provision for Performance Linked Incentive to Whole time Directors	33.15	20.00
Leave Encashment (provision)*	10.75	8.16
Gratuity (provision)*	3.20	3.02
Provident fund*	29.52	26.88
Pension and Leave Encashment contribution payable	0.54	Nil
Amount recoverable in respect of expenses incurred before registration or commencement of business:		
(a) IIFCL Projects Ltd.	1.06	Nil
(b) IIFCL Asset Management Co. Ltd.	0.31	Nil
(c) Irrigation and Water Resources Finance Corporation Limited	0.18	Nil

5. Investment in Venture Capital Units

During the year ended 31st March 2012, the company has invested ₹ 1,753.59 lac 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 ₹ 6,044.59 lac). Out of total commitment of ₹ 10,000 lac, the company has contributed as investor in the venture and does not have joint control. Since there is no distributable profit in the fund, no income is accounted for, in the books of accounts in relation to such investments. However, the company has received during the current year a sum of ₹ 172 lac (Previous year ₹ 273.23 lac) including tax paid ₹ 12.32 lac (previous year ₹ 88.35 lac) in respect of redemption of venture capital units (up to 31st March 2012 ₹ 516.73 lac)

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

(₹ In lac)

Particulars	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
Income Tax (Net)		
Opening Balance	565.29	Nil
Addition during the period	24,698.30	13,250.00
Excess Provision written back during the period	456.44	0.00
Amount paid/ adjusted during the period	24,687.06	12,684.71
Closing Balance	120.09	565.29
Interest on Income Tax		
Opening Balance	83.00	0.00
Addition during the period	45.37	83.00
Excess Provision written back during the period	44.70	0.00
Amount paid/ adjusted during the period	38.30	0.00
Closing Balance	45.37	83.00
Proposed Wage Revision		
Opening Balance	72.56	51.00
Addition during the period	135.90	21.56
Amount Paid/ Transferred to current liabilities	208.46	0.00
Closing Balance	0.00	72.56
Leave Fare Concession		
Opening Balance	5.58	5.51
Addition during the period	18.47	0.07
Amount paid/adjusted during the period	15.61	0.00
Closing Balance	8.44	5.58
Leave Encashment		
Opening Balance	17.69	6.89
Addition during the period	23.50	15.48
Amount paid/adjusted during the period	8.19	4.68
Closing Balance	33.00	17.69
Sick Leave		
Opening Balance	6.17	0.00
Addition during the period	3.72	6.17
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	9.89	6.17
Performance Linked Incentive to Whole Time Directors		
Opening Balance	20.00	0.00
Addition during the period	13.15	20.00
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	**33.15**	**20.00**

(₹ In lac)

Particulars	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
Marked to Market Losses on Derivatives (Note no: 23 (B) (11 a)		
Opening Balance	5,199.06	3,929.46
Addition during the period	1,455.70	1269.60
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	6,654.76	5199.06
Contingent Provision for Standard Assets		
Opening Balance	0.00	0.00
Addition during the period	4,666.60	0.00
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	4,666.60	0.00

(b) **Disclosure under Accounting Standard 15 (revised 2005) " Employee Benefits" (AS-15)**

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

i) Expenses recognized in Profit and Loss Statement.

(₹ in lac)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Current Service Cost	18.30	16.13	5.93	7.09
Interest cost on benefit obligation	N.A.	2.45	0.45	1.25
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	18.30	(19.68)	10.65	(13.13)
Expenses recognized in Profit & Loss Statement	21.00	(1.09)	17.03	(4.79)

N.A. denotes not available during the period

ii) The amount recognized in the Balance Sheet

(₹ in lac)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 31/03/2012 (i)	30.32	22.26	8.44	9.89
Fair value of plan assets as at 31/03/2012 (ii)	Nil	Nil	Nil	Nil
Difference (ii) - (i)	(30.32)	(22.26)	(8.44)	(9.89)
Net Asset/(Liability) recognized in the Balance Sheet #	(30.32)	(22.26)	(8.44)	(9.89)

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

(₹ in lac)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 01.04.2011	N.A.	28.83	5.31	14.68
Interest Cost	N.A.	2.45	0.45	1.25
Current Service Cost	18.30	16.13	5.93	7.09
Benefits paid	Nil	(5.48)	(13.90)	Nil
Net actuarial (gain)/loss on obligation	18.30	(19.68)	10.65	(13.13)
Present value of the defined benefit obligation as at 31/03/2012	30.32	22.26	8.44	9.89

N.A. denotes not available.

iv) The actuarial valuation of liability as on 31st March 2012 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% 31st year to 44 years 2% Above 44 years 1%
Discount rate (p.a.) #	8.50%
Salary escalation #	6%

LIC has determined liability towards contribution of gratuity scheme of IIFCL employees considering withdrawal rate of 1% to 3% depending on age, discount rate of 8% p.a. and salary escalation of 6% p.a.(previous year 5.50% p.a.)

1.2) In respect of Chairman & Managing Director and C.E.O.:

(₹ in lac)

	Gratuity	Leave encashment	Leave fare concession
Expenses recognized in Profit & Loss Statement	0.18	4.89@	0.45
Amount recognized in Balance Sheet#	3.20*	10.95	Nil

Including ₹ 2.40 lac and ₹ 7.02 lac in respect of Gratuity and Leave encashment received from past employer.

* The amount of Gratuity included as Gratuity Payable in Note 5 Other Long Term Liabilities.

@ Includes ₹ 1.32 lac for prior period.

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:**

	For the Year ended 31.03.12		For the Year ended 31.03.11	
Particulars	**Amount ₹ in lac**	**Shares (*)**	**Amount ₹. in lac**	**Shares**
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No. in lac)		25,000		20,000
(i) Net Profit (after tax)	58,582.77		29,579.99	
(ii) Earning Per Share (₹)	2.84		1.53	

(*) EPS for the current period has been calculated on weighted average number of equity shares of 2,0642.08 lac (Previous period 19,336.99 lac)

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 current year, the company has created net deferred tax liability of ₹ 3,628.80 lac (previous year ended ₹ 1742.19 lac) net of deferred tax asset of ₹ 537.36 lac (previous year ₹389.47 lac). The aforesaid amount includes net increase in deferred tax liability by ₹ 156.05 lac pertaining to prior periods in view of (i) ₹ 405.41 lac on account of increase in claim of deduction section 36 (1) (viii) of the Income Tax Act 1961 upto 31st March 2011 by ₹ 1,249.53 lac, (ii) ₹ 203.35 lac on account of reduction in Special Infrastructure Reserve created under section 36 (1) (viii) of the Income Tax Act 1961 by ₹ 626.76 lac and (iii) ₹ 46.01 lac on account of increase in claim of deferred tax asset on diminution in value of investments amounting to ₹ 141.81 lac.

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 31st March, 2012. 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 31st March 2012, 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 19th December 2022. According to these IRS deals, the company will pay interest @ 7.46% p.a. on JPY notional amount (wherein coupon payments remains fixed for 5 years at the rate of 1JPY= ₹ 0.3658 in one deal and IJPY= ₹ 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 ₹ 6654.76 lac as at 31st March 2012 (₹ 5199.06 lac as at 31st March 2011) which includes ₹ 1455.70 lac for the year ended 31st March 2012 (previous year ₹ 1269.60 lac)

b) 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
Asian Development Bank (ADB)	
31st March 2012 (31st March 2011)	USD 7,572.87 lac (USD 6,205.22 lac)
31st March 2012 (31st March 2011)	₹ 347,238.72 lac (₹ 283,213.83 lac)
Kreditanstalt für Wiederaufbau (KFW)	
31st March 2012 (31st March 2011)	Euro 254.74 lacs (Euro 254.74 lacs)
31st March 2012 (31st March 2011)	₹ 15,562.94 lac (₹ 15,562.94lac)
IBRD World Bank	
31st March 2012 (31st March 2011)	USD 194.88 lac (USD 64.88 lac)
31st March 2012 (31st March 2011)	₹ 8,657.36 lac (₹ 2,887.96 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 31st March 2012 amounts to ₹ 37926.83 lac (Gross gain of ₹ 38082.87 lac less Gross loss ₹ 156.04 lac) and M2M gain as on 31st March 2011 amounts to ₹ 398.26 lac (i.e. Gross gain ₹ 6286.00 lac less gross loss ₹ 5888.34 lac).

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 current financial year, 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
Asian Development Bank (ADB)#	
31st March 2012 (31st March 2011)	USD 954.28 lac (USD 198.23 lac)
31st March 2012 (31st March 2011)	₹ 48,817.80 lac (₹ 8,851.19 lac)
Kreditanstalt für Wiederaufbau (KFW)	
31st March 2012 (31st March 2011)	Euro 27.75 lac (Euro 27.75 lac)
31st March 2012 (31st March 2011)	₹ 1,896.48 lac (₹ 1,754.94lac)
IBRD World Bank	
31st March 2012 (31st March 2011)	USD 34.47 lacs (USD 130.72 lac)
31st March 2012 (31st March 2011)	₹ 1,763.61 lac (₹ 5,836.74 lac)

Unhedged amount of foreign currency loan from ADB includes USD 179.98 lac i.e ₹ 9,207.15 lac(USD 190.10 lac i.e ₹8487.97 lac as on 31st March 2011) 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 bond liability is fully guaranteed by Government of India and also the company is notified as Public financial institution vide notification no S.O.143(E)(F.NO.3/5/2008) Dated 14th January 2009 of Central Government, it is not required to create Bond Redemption Reserve in respect of bonds by virtue of the Department of Company Affairs' circular of 18th April 2002 according to which the financial institution within the meaning of section 4A of the Companies Act, 1956 are not required to create bond redemption reserve in case of privately placed bonds.

b) In respect of publicly placed bonds: The company had issued 9,09,618 Long Term Infrastructure Bonds of the face value of ₹ 1000 each aggregating ₹ 9,096.18 lac during the financial year ended 31st March 2011.

As per the Department of Company Affairs' circular dated 18th April 2002 requiring the financial institution within the meaning of section 4A of the Companies Act, 1956 to create Debenture Redemption Reserve equal to 50% of the value of debentures issued through public issue, the company has created bond redemption reserve of ₹882.90 lac up to 31st March 2012 (₹ 9.54 lac up to 31st March 2011).

13. 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 company has given term loans amounting to ₹ 14,39,655.99 lac as on 31st March 2012 (₹ 10,92,279.35 lac as on 31st March 2011), which are repayable beyond seven years.

14. (i) The foreign exchange loss of ₹ 1262.39 lac (including ₹ 795.82 lac treated as borrowing cost) for year ended 31st March 2012 (loss of ₹ 610.24 lac (including ₹ 142.02 lac treated as borrowing cost) for year ended 31st March

2011) represents exchange differences arising mainly due to, difference between exchange rate prevailing as on date of receipt of the foreign currency loan or on the closing day of previous financial period whichever is later vis-à-vis the spot rates prevailing on the date on which hedging transactions were undertaken and the spot rates prevailing on the closing day of the current year for unhedged amounts .

(ii) As per Accounting Standard-11 (AS-11) i.e. The effects of changes in Foreign Exchange Rates", foreign currency loan taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and differences should be taken to profit and loss statement whereas the company has restated the above loans at the date of inception of the forward contact and difference taken to profit & loss statement as stated in paragraph (i) above. In view of the above, loan liability and foreign currency receivable account as on 31st March 2012 would have been higher by ₹ 43320.36 lac (lower by ₹ 5,595.49 lac as on 31st March, 2011). 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.

15. Consequent upon pay revision of the employees w.e.f.1st November 2007, an additional liability of ₹ 135.90 lac upto 31st March 2011 (in excess of existing provision of ₹ 72.56 lac upto 31st March 2011) has been created during the year ended 31st March 2012 for arrears of pay revision. Out of total liability an amount of ₹ 207.56 lac has already been paid to employees/past employees and steps for payment of balance amount of ₹ 0.90 lac are in process.

16. During the year, the company has sent letters seeking confirmation of balances as on 29thFebruary 2012/ 31st March 2012 to borrowers and banks etc. Some of the balances appearing under Infrastructure Loans and few other debit and credit balances as on the Balance Sheet date are subject to confirmation and reconciliation and in the opinion of management, no material impact of such reconciliation on financial statements is anticipated.

17. The Ministry of Corporate Affairs has notified the revised Schedule VI to the Companies Act 1956 on 28thFebruary 2011 vide notification number S.O. 447 (E) (as amended by Notification No. S.O. 653(E) dated 30thMarch 2011) and the revised schedule VI has replaced the old schedule in respect of the Balance Sheet and Profit & Loss Account prepared for financial year commencing on or after 1st April 2011.Accordingly, the Balance Sheet of company as at 31st March 2012 and its Profit & Loss Statement for the year ended 31st March 2012 are prepared as per revised Schedule VI to the Companies Act 1956, and corresponding figures of previous year have been regrouped, rearranged to make them comparable with figures for current reporting year ended 31st March 2012.

18. (a) As per the Office Memorandum of Government of India dated 23rdApril, 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 13thOctober 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 24thOctober 2011, the company is required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23rdJanuary 2012 has 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. Accordingly, pending decision of Reserve Bank of India on above said request made by Department of Financial Services, Ministry of Finance, Govt. of India, the application for registration of company as an NBFC as per decision of the Union cabinet is yet to be made.

(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 12thDecember 2006.

Pending registration as a NBFC, 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 31st March 2012. Consequently, the net profit of company for the year ended 31st March 2012 is stated lower by ₹ 4666.60 lac on account of provision made for Standard Loan Assets and is shown as an ' Exceptional Item' in the Profit & Loss statement.

(c) Hitherto, the company created reserve for loan assets at 0.40% of the total outstanding of loan assets up to 31st March 2011. Consequent upon adoption of prudential norms 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 31st March 2011 has been retained in the books of account of the company as on 31st March 2012.

19. 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 31st March 2012**	**For the Year ended 31st March 2011**
Total of future minimum lease payments (Gross Investment)	3,805.19	3,256.12
Present value of lease payments	3,179.32	2,685.35
Maturity profile of total of future minimum lease payments		
Not later than one year	847.88	623.00
Later than one year but not later than five year	2,940.92	2,633.12
Later than five year	16.40	0.00
Total	**3,805.20**	**3,256.12**

Note: Net present value is calculated taking 10 Year G-Sec Yield as on 31.03.2012 of 8.54% (previous year 7.98% as on 31.03.11

20. **Payment to Auditors:**

(₹ In lac)

S.No.	**Particulars**	**For the Year ended 31st March 2012**	**For the Year ended 31st March 2011**
1.	Audit Fee	7.50	6.25
2.	Taxation Matters	1.50	1.25
3.	Other Services		
	(a) Certification work	5.63	6.13*
	(b) Audit of Half Yearly accounts	4.25	4.25*
	(c) Examination of financial information for 5 years and 6 months	Nil	10.26*
4.	Reimbursement of Expenses	Nil	Nil
TOTAL		**18.88**	**28.14**

*Includes ₹ 14.61 lac included in bond issue expenses i.e note 20 during year ended 31st March 2011

21. Prior Period Income & Expenses which have been included under natural heads in profit & loss statement are as under:

(₹ In lac)

Income	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Income on Loans & Advances	294.91	(32.39)
Penal Interest	(3.40)	0.00
Interest on FDRs with Banks	(5.09)	0.00
Excess Provision written back	55.48	24.11
Provision for interest on Income Tax written back	39.87	0.00
Total	**381.77**	**(8.28)**
Expenditure		
Salary & Wages	0.00	12.95
Staff welfare	2.47	0.39
Bond Issue expenses	10.21	0.00
Bond service expenses	9.62	0.75
Amortization of premium on non- current securities	0.00	18.10
Professional Fees	0.87	13.49
Establishment and other expenses	2.98	31.22
Total	**26.15**	**76.90**

22. During the current year, the company has allotted 5,000 lac number of equity share of ₹ 10 each aggregating to ₹ 50,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 2,00,000 lac to ₹ 2,50,000 lac.

Signed in terms of our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

Statement Pursuant to Section 212 of the Companies Act, 1956, Relating To Subsidiary Company

NAME OF THE SUBSIDIARY: INDIA INFRASTRUCTURE FINANCE COMPANY (UK) LIMITED

1	The Financial year of the subsidiary ended on			March 31, 2012
2	(a)	Number of shares held by India Infrastructure Finance Company Limited (Holding Company) as on 31.03.2012		50,000,000 Equity Shares of One USD each (₹ 2,339,479,558.58)
	(b)	Extent of interest of the holding company at the end of the Financial Year of the subsidiary		100%
3	Date from which it became a subsidiary			February 7, 2008
4	The net aggregate amount of profit/ (loss) and reserve of the subsidiary so far as it concerns the members of the holding company			₹ 1,920,583,126.06 (USD 41377000.83)
	(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
		(ii)	For the previous financial year of the subsidiary company since it became the holding company's subsidiary	NIL
	(b)	Not dealt within the holding company's accounts		
		(i)	For the financial year of the subsidiary company	NIL
		(ii)	For the previous financial year of the subsidiary company since it became the holding company's subsidiary	NIL

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 31st MARCH 2012

The preparation of financial statements of India Infrastructure Finance Company Limited, New Delhi, for the year ended 31st March 2012 in accordance with the financial reproting 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 23rd April 2012.

I on behalf the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) fo the Companies Act, 1956 of the financial statements fo India Infrastructure Finance Company Limited, New Delhi, for the year ended 31st March 2012. 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 an on the behalf of the
Comptroller & Auditor General of India

(Praveen Kumar Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-III
New Delhi

Place : New Delhi
Date : 07 June 2012

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 dated 13th October 2009.

Component 1

Annual Interim Financial Report (Annual IFR) for the period 31st March 2012

Name of the sub project	Contract / Contracts being financed out of this (I)	Description of Sub Project/ Contract/Package (₹ in Crores)		Disbursement by IIFCL (₹ in Crores)		Disbursement by Bank to Sub-project (Amount in $)		Ledger Folio No in Project Ledger	Remarks
		IIFCL Sanctioned Amount	Total Sub Project/ Contract Value (II)	During this year ended 31st March 2012	Cumulative amount disbursed till date	Cumulative amount disbursed till 31.03.11	Amount disbursed in 2011-12		
Section 1:	Where disbursement at sub project level								
Western Region Transmission Maharashtra Pvt Ltd	NA	124.00	912.00	16.63	90.55	16,572,206.83	3,375,279.07	Project Ledger_ WRTMPL	The cumulative disbursement on the relevant sub project is less than the IIFCL sanction amount.
Section 2:	Where disbursement at Contract level			NA	NA	NA	NA		

For India Infrastructure Finance Company Ltd

Place: New Delhi
Date: 04.06.2012

S Krishnan
(Chief General Manager)

Annual IFR - Component II

PPIAF: FINAL INTERIM REPORT FOR WORLD BANK FINANCED CAPACITY BUILDING ACTIVITIES COMPONENT II

in INR

Particulars	Expenditure Details			Claimable Amount					Expenditure Forecast		Claim Details		Amount Disbursed			Remarks
	quarter ending Nov 11	For the Year	Cumu-lative	% eligibile	For the quater ending Jan 12	For the year	Cumu-lative	Quater ending	Quarter ending	Total for 2 quaters	Current claim	Culumative amount claimed till date	Cumulative	RF No.	Authorised Allocation USD	Remarks
	A	B	C	D	E=A*D	F=B*D	G=C*D	Ha	Hb	Hc=Ha+Hb	Ia	Ib	J	K	L	M
Opening Balance in PPIAF Ledger	8,73,097	1,979,737														
Adjustment to opening balance for error rectification																
Add :Funds Received																
1.PPIAF/ RETFs			4,200,000	7,300,000												
2.Other receipts (reversal of ineligible expenditure) Note 2	5,25,263	525,263	525,263				-525,263									Ineligible expenditure refunded (note 2)
Total Funds Received	1,398,360	6,705,000	7,825,263													
I. Consultants Services															198,000	Equivalent INR 8,910,000 (Note 1)
Preparation of business plan for IIFCL and its subsidiaries	-	5,354,799	59,97,958	100%	-	5,354,799	59,97,958			-		6,700,000	6,700,000			
Less: adjustment of accounting error		-48,159	-48,159			-48,159	-48,159									
II. Incremental Operating Costs																
Advertisement			4,77,104	100%	-	-	4,77,104	-				600,000	600,000			
Total Expenditure (I+II))	-	53,06,640	64,26,903		-	5,306,640	5,901,640	-	-	-		7,300,000	7,300,000.00			
Closing Balance In PPIAF Ledger	1,398,360	1,398,360	1,398,360													Amount refunded to the grant

Notes:

1. Equivalent INR is converted at notional rate of INR 45 per USD
2 Reversal of ineligible expenditure Rs. 48,159/- on account of Cenvat and Rs. 477,104/- on account of Advertisement expense
3. Amount Refunded Rs.13,98,360 to the World Bank on closure of the Grant in 2011-12.

For India Infrastructure Finance Company Ltd

S Krishnan
(Chief General Manager)

Place: New Delhi

Date: 04.06.2012

Annual IFR - Component II

IDF INTERIM FINANCIAL REPORT (IFR) FOR WORLD BANK FINANCED CAPACITY BUILDING ACTIVITIES ON COMPONENT II FOR THE PERIOD ENDING ON MARCH 12

in INR

Particulars	Expenditure Details		Claimable Amount					Expenditure Forecast			Claim Details		Amount Disbursed			Remarks
	For the quarter ending March 12	For the Year	Cumu-lative	% eligibile	For the quater ending March 12	For the year	Cumu-lative	Quater ending June 12	Quarter ending Sep 12	Total for 2 quaters	Current claim	Culumative amount claimed till date	Cumulative	RF No.	Authorised Allocation	
	A	B	C	D	E=A*D	F=B*D	G=C*D	Ha	Hb	Hc=Ha+Hb	Ia	Ib	J	K	L	M
Opening Balance in IDF Ledger Add :Funds Received	1719574	2,155,864	22,50,000													
1.IDF/ RETFs		11,90,000	11,90,000													
2.Previous Year (bank interest etc)																
Total Funds Received	1719574	3345864	3440000													
Less: Category Wise Expenditure																
I. Consultants Services															USD 458,00	Equivalent INR 20,610,000
dedicated redressal mechanism at IIFCL									500000	500000	500000	500000				
Case studies on Environmental and Social Safeguards Issues									1000000	1000000	1000000	1000000				
Independent strategic review									1000000	1000000	1000000	1000000				
Preparation for ISO certification																
Acquiring ISO certification																
Periodic audits																
Preparation of new HR policy	583,972	1,502,727	1,502,727	100%	583,972	1,502,727	1,502,727	500,000		500,000		2,000,000	2,000,000			
Sub-Total	583,972	1,502,727	1,502,727	100%	583,972	1,502,727	1,502,727	500,000	2,500,000	3,000,000	2500000	4,500,000	2,000,000	-		
II. Goods															USD 10,000	Equivalent INR 450,000
III. Workshops and Training																
Capacity building on environmental and social safeguards issues		707,535	801,671	100%	-	707,535	801,671	500,000		500,000		1,440,000	1,440,000			
IV. Prior period adjustement	2002	2002	2002	100%		2002	2002									
Sub-Total	2,002	709,537	803,673	100%	-	709,537	803,673	500,000	-	500,000	-	1,440,000	1,440,000	-		
Total Expenditure (I+II+III+iv)	585,974	2,212,264	2,306,400		583,972	2,212,264	2,306,400	1000000	2500000	3500000	2500000	5,940,000	3,440,000		USD 500,000	22,500,000
Closing Balance In IDF Ledger	1,133,600	1,133,600	1,133,600													

Note:

Equivalent INR is converted at notional rate of INR 45 per USD

For India Infrastructure Finance Company Ltd

S Krishnan
(Chief General Manager)

Place: New Delhi

Date: 04.06.2012

Annual IFR - Component II

DFID ANNUAL (IFR) FOR WORLD BANK FINANCED CAPACITY BUILDING ACTIVITIES COMPONENT II FOR THE PERIOD ENDING ON MARCH 2012

in INR

Particulars	Expenditure Details			Claimable Amount					Expenditure Forecast		Claim Details		Amount Disbursed		Allocation	Remarks
	For the period ending March 12	For the Year	Cumu-lative	% eligibile	For the period ending March 12	For the year	Cumu-lative	Quater ending June 12	Quarter ending Sep 12	Total for 2 quaters	Current claim	Culumative amount claimed till date	Cumulative	RF No.		Remarks
	A	B	C	D	E=A*D	F=B*D	G=C*D	Ha	Hb	Hc=Ha+Hb	Ia	Ib	J	K	L	M
Opening Balance in DFID Ledger	1,087,882	2,011,152	6,210,000													
Add :Funds Received																
1.DFID/ RETFs	9,000,000	15,879,000	15,879,000													
2.Other receipts (bank interest etc)																
Total Funds Received	**10,087,882**	**17,890,152**	**22,089,000**													
I. Consultants Services															**USD 525000**	**Equivalent** INR 2,36,25,000
Environment safeguard Management		340,598	1,126,659	100%	-	340,598	1,126,659	80,000	240,000	320,000	1,250,000		1,250,000			Note below
Social Safeguard Management	221,019	878,331	1,664,755	100%	221,019	878,331	1,664,755	240,000	240,000	480,000	500,000	2,550,000	2,050,000			
Domain Expert to head ESMU	-39,670	599,033	599,033	100%	-39,670	599,033	599,033	160,000	480,000	640,000		800,000	800,000			
Procurement Capactiy	642,855	1,984,921	3,850,730	100%	642,855	1,984,921	3,850,730	630,000	630,000	1,260,000	1,000,000	5,000,000	4,000,000			
Hiring of a consulting firm to review sub-project from Procurement, technical, Legal perspectives		-	-						600,000	600,000		600,000	600,000			
M&E Framework and GAAP Monitoring and Indicators		-	-						1,000,000	1,000,000		1,000,000	1,000,000			
Periodic social audits																
Social Safeguard Management	-	-	-													
Software for MIS tracking system	407,256	899,556	899,556	100%	407,256	899,556	899,556		400,000	400,000		1,300,000	1,300,000			
Communications Strategy									600,000	600,000		600,000	600,000			
Sub Total	1,231,460	4,702,439	8,140,733		1,231,460	4,702,439	8,140,733	1,110,000	4,190,000	5,300,000	1,500,000	13,100,000	11,600,000			
II. Goods										0					USD 150000	Equivalent in INR 67,50,000
Hardware for MIS tracking system										-	-	-				Note 1 below

Annual IFR - Component II (Contd...)

DFID ANNUAL (IFR) FOR WORLD BANK FINANCED CAPACITY BUILDING ACTIVITIES COMPONENT II FOR THE PERIOD ENDING ON MARCH 2012

in INR

Particulars	Expenditure Details			Claimable Amount				Expenditure Forecast			Claim Details		Amount Disbursed		Allocation	Remarks
	For the period ending March 12	For the Year	Cumu-lative	% eligibile	For the period ending March 12	For the year	Cumu-lative	Quater ending June 12	Quarter ending Sep 12	Total for 2 quaters	Current claim	Culumative amount claimed till date	Cumulative	RF No.		Remarks
	A	B	C	D	E=A*D	F=B*D	G=C*D	Ha	Hb	Hc=Ha+Hb	Ia	Ib	J	K	L	M
III. Workshops and Training																
Training programs for building staff skills	5,373,893.00	9,586,938	9,586,938	100%	5,373,893.00	9,586,938	9,586,938	2000000	2000000	4,000,000	4,000,000	14,500,000	9,689,000	-	USD 325,000	Equivalent in INR 1,46,25,000 Note 2 Below
										-	-	-				
										-	-	-				
IV. Incremental Operating Costs																
Advertisement	217,200	316,065	1,057,601	100%	217,200	316,065	1,057,601			-	500,000	1,300,000	800,000			
Travelling expenses		9,741	28,759	100%	-	9,741	28,759			-		-				
Bank Charges	4,459	14,099	14,099	100%	4,459	14,099	14,099									
Sub Total	221,659	339,905	1,100,459		221,659	339,905	1,100,459			-		-				
Total Expenditure (I+II+III+IV)	6,827,012	14,629,282	18,828,130		6,827,012	14,629,282	18,828,130	3,110,000	6,190,000	9,300,000	6,000,000	28,900,000	22,089,000		USD 1,000,000	Equivalent in INR 4,50,00,000
Closing Balance In DFID Ledger	3,260,870	3,260,870	3,260,870													

Note

1. In the event funds under the goods category are not utilized the funds could be utilized for either consulting services or training/10E within the scope of existing agreed activities
2. Disbursal of balance amount of INR 8,11,000 pending against a claim of INR 51,90,000 raised through IUFR for quarter ending March 2011

For India Infrastructure Finance Company Ltd

S Krishnan
(Chief General Manager)

Place: New Delhi
Date: 04.06.2012

Annual IFR - Component II

SNTA INTERIM FINANCIAL REPORT (IFR) FOR WORLD BANK FINANCED CAPACITY BUILDING ACTIVITIES ON COMPONENT II FOR THE PERIOD ENDING ON MARCH 12

in INR

Particulars	Expenditure Details		Claimable Amount						Expenditure Forecast		Claim Details		Amount Disbursed			Remarks
	For the quarter ending March 12	For the Year	Cumu-lative	% eligibile	For the quater ending March 12	For the year	Cumu-lative	Quater ending June 12	Quarter ending Sep 12	Total for 2 quaters	Current claim	Culumative amount claimed till date	Cumulative	RF No.	Authorised Allocation	
	A	B	C	D	E=A*D	F=B*D	G=C*D	Ha	Hb	Hc=Ha+Hb	Ia	Ib	J	K	L	M
Opening Balance in SNTA Ledger	14,642,474	16,315,636	17,809,252													
Add :Funds Received																
Interest Income	399,629	1,749,507	1,749,507													
Total Funds Received	15,042,103	18,065,143	19,558,759													
Less: Category Wise Expenditure																
I. Consultants Services															USD 379,500	Equivalent INR 17,809,252
Preparation of Integrated Risk Management Framework for IIFCL and its subsidiaries	2,222,942	5,245,982	6,253,662	100%	2,222,942	5,245,982	6,253,662	2,500,000	2,500,000	5,000,000	-	17,323,252	16,190,239		$345,000	
II. Incremental Operating Costs																
Advertisement			485,936	100%	-	-	485,936					485,936	1,619,013		$34,500	
Total Expenditure (I+II))	2,222,942	5,245,982	6,739,598		2,222,942	5,245,982	6,739,598	2,500,000	2,500,000	5,000,000	0	17,809,252	17,809,252		USD 379,500	Equivalent INR 17,809,252
Closing Balance In SNTA Ledger	12,819,161	12,819,161	12,819,161													

Notes:

1. Equivalent INR is received at rate of INR 46.9279104 per USD
2. Interest income includes ₹ 4,39,551 being interest earned on FDR with Banks for the year 2010-11[Refer previous year audit report on Component II para 5(iii)]

For India Infrastructure Finance Company Ltd

S Krishnan
(Chief General Manager)

Place: New Delhi
Date: 04.06.2012

Consolidated Financial Results of India Infrastructure Finance Company Ltd. and Its Subsidiary India Infrastructure Finance Company (UK) Ltd.

Auditor's Report

TO THE BOARD OF DIRECTORS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

1. We have examined the attached Consolidated Balance Sheet of India Infrastructure Finance Company Limited ("the Company") and its subsidiary ("the Group") as at 31st March, 2012, the Consolidated Profit and Loss Statement and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of ₹ 3958.63Crores as at 31st March, 2012 (₹ 1451.32Crores as at 31st March, 2011), total liabilities of ₹ 3491.12Crores as at 31st March, 2012 (₹ 1129.18Crores), total revenue of ₹ 147.05Crores (Previous year ₹ 56.31Crores), net profit after tax of ₹ 92.16Crores (Previous year ₹ 33.84Crores) and net cash inflows amounting to ₹ 148.10Crores for the year ended on that date (Previous year net cash inflows of ₹ 458.54Crores). These financial statements have been audited by another auditor whose report has been furnished to us by the company, and our opinion, insofar as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

4. Further to our comments in paragraph 3 above, we report that:

   (a) (i) 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 profit & loss statement whereas the company has restated these foreign currency loans as on the date of inception of the forward contract and difference taken to Profit & Loss Statement as stated in Note No. 24(B)(14)(ii). Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31st March, 2012 would have been higher by ₹433.20Crores each (lower by ₹55.95Crores as on 31st March 2011). However, there would be no impact on the profit for the year as the loss on the principal amount of hedged foreign currency loans is totally offset by the gain on forward exchange contracts.

   (ii) As stated by the management in Note No. 24(B)(11)(b), the net mark to market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March 31, 2012 amounts to ₹ 379.27Crores (gross gain ₹380.83Crores and gross loss ₹1.56Crores) and the net M2M loss/gain relating to interest rate swaps can't 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. The impact, if any, on the profit for the year is not ascertainable at this stage.

   (b) Some of the balances shown under Infrastructure loans are subject to confirmation and reconciliation. The impact, if any, on the profit for the year is not ascertainable at this stage. [Refer Note No. 24(B) (16)].

5. *Section 45-(IA)(1)(a), under Chapter III-B, of The Reserve Bank Of India Act,1934 (RBI Act, 1934) stipulates that notwithstanding anything contained in this Chapter or in any other law for the time being in force, no non- banking financial company (NBFC) shall commence or carry on the business of a non-banking financial institution without obtaining a certificate of registration issued under this Chapter. Section 45 Q, under Chapter III-B, of the RBI Act, 1934 stipulates that the provisions of this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or any instrument having effect by virtue of any such law. Further as per paragraph 2(iv) of Master Circular no. DNBS (PD) CC. No. 228/03.02.004/2011-12 dated 1-7-2011 of RBI on exemptions from the provisions of RBI Act, 1934, a Govt. company, which is an NBFC, is not exempted from the provisions of section 45-1A of the RBI Act, 1934.*

   In our opinion, the company, being a Non-Banking Financial Company, is carrying on the business of a non-banking financial institution without obtaining a certificate of registration from the Reserve Bank Of India which has resulted in non-compliance with the provisions of section 45-(IA)(1)(a) under Chapter III-B, of the RBI Act, 1934. (Attention is drawn to Note No. 24(B)(18)(a) regarding decision taken by the Union Cabinet in its meeting held on 13th October, 2011 to bring the company under the regulatory oversight of Reserve Bank of India (RBI) by registering it as an NBFC-IFC and the steps now being initiated in that direction).

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial statements and Accounting Standard (AS) 23, Accounting for investments in associates in consolidated financial statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.[Refer note 24(A)(1.3)]

7. Based on our audit and on consideration of the report of the other auditor on the separate financial statements of the subsidiary and to the best of our information and according to the explanations given to us, we are of the opinion that the aforesaid Consolidated Financial Statements, *subject to our observations in paragraphs 4 and 5 above*, give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2012;

   (b) in the case of the Consolidated Profit and Loss Statement of the consolidated profit of the Group for the year ended on that date; and

   (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For P. R. Mehra & co.
(Chartered Accountants)
(Regn. No. 000051N)

Place: New Delhi
Dated: 23rd April 2012

(Ashok Malhotra)
Partner
(Membership No. 082648)

Consolidated Balance Sheet

AS AT 31ST MARCH, 2012

(₹ in Lacs)

PARTICULARS	Note No.	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	1	250,000.00	200,000.00
(b) Reserves and Surplus	2	140,163.37	67,044.27
(c) Money received against share warrants		-	-
SUB-TOTAL (1)		**390,163.37**	**267,044.27**
(2) Share application money pending allotment			
SUB-TOTAL (2)		**-**	**-**
(3) Non-current liabilities			
(a) Long-term borrowings	3	2,428,479.61	2,098,828.78
(b) Deferred tax liabilities (Net)	4	6,199.19	2,570.95
(c) Other long term liabilities	5	132.21	52.60
(d) Long-term provisions	6	11,912.41	5,221.63
SUB-TOTAL (3)		**2,446,723.42**	**2,106,673.96**
(4) Current liabilities			
(a) Short-term borrowings	7	274,368.97	118,207.74
(b) Trade payables	8	2,602.00	1,208.55
(c) Other current liabilities	9	49,747.31	38,272.00
(d) Short-term provisions	10	1,574.32	1,054.14
SUB-TOTAL (4)		**328,292.60**	**158,742.43**
TOTAL (1)+(2)+(3)+(4)		**3,165,179.60**	**2,532,460.66**
II ASSETS			
(1) Non-current assets			
(a) Fixed Assets	11		
(i) Tangible assets		119.69	76.54
(ii) Intangible assets		7.28	5.34
(iii) Capital Work -in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-current investments	12	29,376.42	21,405.45
(c) Long term loans and advances	13	2,018,720.98	1,507,176.01
(d) Other non-current assets		-	-
SUB-TOTAL (1)		**2,048,224.37**	**1,528,663.34**
(2) Current assets			
(a) Current Investments	14	1,482.98	182,237.05
(b) Trade Receivables	15	570.29	-
(c) Cash and Bank Balances	16	996,344.34	755,791.17
(d) Short term loans and advances	17	55,380.08	29,173.10
(e) Other current assets	18	63,177.33	36,596.00
SUB-TOTAL (2)		**1,116,955.02**	**1,003,797.32**
See accompanying significant accounting policies and notes to the financial statements	**23**		
TOTAL (1)+(2)		**3,165,179.39**	**2,532,460.66**

Signed in terms of our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

Consolidated Profit And Loss Account

FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

PARTICULARS	Note No.	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
I. Revenue from operations	**19**	268,747.59	200,205.30
II. Other Income	**20**	416.96	613.00
III. Total Revenue (I+II)		**269,164.55**	**200,818.30**
IV. Expenses			
Finance Costs	**21**	159,645.10	147,640.93
Employee Benefits Expense	**22**	1,040.77	552.37
Marked to Market Losses on Derivatives	**24(B)(11a)**	1455.70	1269.60
Depreciation and amortisation expense	**11**	42.01	32.62
Other Expenses	**23**	2,573.95	2,140.72
Total Expenses		**164,757.53**	**151,636.24**
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)		104,407.02	49,182.06
VI. Exceptional Items			
Provision for Standard Loan Assets	**24(B)(18b)**	5,173.58	-
VII. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)		99,233.44	49,182.06
VIII. Extraordinary Items		-	-
IX. PROFIT BEFORE TAX (VII-VIII)		99,233.44	49,182.06
X. Tax Expense:			
(1) Current Tax			
- Current Year		(28,117.01)	(14,478.66)
- Earlier Year		310.88	3.84
(2) Deferred Tax	**4**		
- Current Year		(3,472.19)	(1,657.63)
- Earlier Year		(156.05)	(82.90)
XI Profit for the year from continuing operations (IX-X)		67,799.07	32,966.71
XII Profit from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit from discontinuing operations (after tax) (XII-XIII)		-	-
XV Profit for the year (XI+XIV)		67,799.07	32,966.71
XVI Earnings per equity share (face value of ₹ 10/- each)	**24(B)(7)**		
(1) Basic		3.28	1.70
(2) Diluted		3.28	1.70
See accompanying significant accounting policies and notes to the consolidated financial statements	**24**		

Signed in terms of our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

Consolidated Cash Flow Statement

FOR THE YEAR ENDED ON 31ST MARCH, 2012

(₹ in Lacs)

	PARTICULARS		Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
(i)	Net Profit before Tax		99,233.44	49,182.06
	Adjustments for:			
(ii)	Depreciation and amortisation expense		42.01	32.62
(iii)	Provision/write offs		6,751.45	1,467.14
(iv)	Provisions/ Amounts written back		(100.18)	(73.16)
(v)	Profit on sale of fixed assets		-	(0.51)
(vI)	Loss on sale of fixed assets		-	2.63
(viI)	Unexpired gain on Interest Swaps			(417.48)
(viii)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings		1,264.49	608.34
(ix)	Interest / expenses on borrowings		153,206.12	141,680.54
(x)	Other Borrowing Costs		5,643.16	5,818.37
(xi)	Interest on Income Tax		141.16	83.00
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**266,181.65**	**198,383.55**
(i)	Cash Flow From Lending of Funds		(537,633.86)	(527,103.51)
(ii)	Sale of/ (Addition) to Investments		174,654.23	324,176.07
(iii)	(Increase)/decrease in Current Assets, Loans and Advances		(27,138.06)	(22,350.30)
(iv)	(Increase)/decrease in other bank balances		(260,661.93)	(49,302.83)
(v)	Increase/(decrease) in other non- current and current liabilities		1,872.37	743.05
	CASH FLOW FROM OPERATIONS BEFORE TAX		**(382,725.60)**	**(75,453.98)**
	Taxes paid (Net)		(27,466.78)	(15,792.33)
	NET CASH FROM OPERATIONS	**A**	**(410,192.37)**	**(91,246.31)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
(i)	(Purchase of / Advance) for Fixed Assets		(67.87)	(30.09)
(ii)	Investments in Subsidiary Company and Venture Capital Units		(2,164.62)	(645.00)
(iii)	Redemption of Investments in Venture Capital Units		172.00	273.23
	NET CASH FROM INVESTING ACTVITIES	**B**	**(2,060.49)**	**(401.86)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
(i)	Proceeds from Issue of Share Capital		50,000.00	20,000.00
(ii)	Proceeds from Long term Borrowings		337,223.08	139,157.89
(iii)	Proceeds from Short term Borrowings		156,161.23	118,207.74
(Iv)	Interest / expenses on Borrowings		(150,453.81)	(139,119.64)
(v)	Other Borrowing Costs		(6,103.83)	(5,350.28)
	NET CASH FROM FINANCING ACTIVITIES	**C**	**386,826.67**	**132,895.71**
	EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCE	**D**	**5,317.43**	**(1,346.15)**
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C+D)		**(20,108.76)**	**39,901.40**
	Add: Opening Cash and Cash Equivalent		41,921.38	2,019.98
	Closing Cash and Cash Equivalent		**21,812.62**	**41,921.38**
	Closing Cash and Cash Equivalent Comprises of :-			
	1 Cash in hand		0.32	0.38
	2 Current Accounts in India		3,973.39	37,937.02
	3 Fixed Deposits with banks		14,451.71	165.20
	4 Flexi Deposit Accounts		3,387.20	3,818.78
	TOTAL		**21,812.62**	**41,921.38**

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

Signed in terms of our report of even date

For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

Schedules Forming Part Of The Accounts

Note 1 :
SHARE CAPITAL

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
Authorized Capital 5,000,000,000 (previous year 2,000,000,000) equity shares of ₹ 10/- each	**500,000.00**	**200,000.00**
Issued, Subscribed & Fully Paid Equity Shares 2,500,000,000 (Previous year 2,000,000,000) equity shares of ₹ 10/- each	**250,000.00**	**200,000.00**

Footnotes:

a) The Board of Directors and Shareholders of the company had passed resolution(s) dated 27th April, 2009 and 5th August, 2009 respectively, increasing the authorized share capital of the company from ₹2,00,000 lac to ₹5,00,000 lac. Accordingly, the company had filed prescribed form with Registrar of Companies (ROC) in respect of increase in authorized capital, subject to approval of the Government and the records of Registrar of Companies reflected the authorized share capital of company of ₹ 5,00,000 lac. The authorized share capital of the company was taken at ₹ 2,00,000 lac as on 31st March 2011, pending receipt of necessary approval from the Government. Subsequently, Ministry of Finance, Government of India, vide letter dated 24th October 2011 has conveyed that the Union Cabinet in its meeting held on 13th October 2011 has inter-alia approved the proposal for increase in authorized capital of the company from ₹ 2,00,000 lac to ₹ 5,00,000 lac.

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

PARTICULARS	2011-12		2010-11	
	No. of Shares	₹ in Lac	No. of Shares	₹ in Lac
Equity Shares outstanding at the beginning of the reporting period	2,000,000,000	200,000.00	1,800,000,000.00	180,000.00
Equity Shares Issued during the reporting period	500,000,000	50,000.00	200,000,000.00	20,000.00
Equity Shares outstanding at the end of the reporting period	2,500,000,000	250,000.00	2,000,000,000.00	200,000.00

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

Note 2 :
RESERVES & SURPLUS

(₹ in Lacs)

	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(a)	CAPITAL RESERVE (PROFIT ON SALE OF HTM SECURITIES)		
	Opening Balance	585.14	585.14
	Add: Transfer from Surplus in Profit & Loss Statement	-	-
	Closing Balance	585.14	585.14
(b)	DEBENTURE REDEMPTION RESERVE		
	Opening Balance	9.54	-
	Add: Transfer from Surplus in Profit & Loss Statement	873.36	9.54
	Closing Balance	882.90	9.54
(c)	OTHER RESERVES		
(i)	RESERVE FOR LOAN ASSETS (See footnote 1 below)		
	Opening Balance	6,165.42	4,945.97
	Add: Transfer from Surplus in Profit & Loss Statement/ Adjustments during the year	-	1,219.45
	Closing Balance	6,165.42	6,165.42
(ii)	SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961 (footnote 2)		
	Opening Balance	10,035.23	4,341.68
	Add: Transfer from Surplus in Profit & Loss Statement (Net)	11,609.24	5,693.55
	Closing Balance	21,644.47	10,035.23
(iii)	STAFF WELFARE RESERVE (footnote 3)		
	Opening Balance	65.00	65.00
	Less: Amount utilized during the year and transferred to Surplus in Profit & Loss Statement	0.56	-
	Closing Balance	64.44	65.00
(iv)	CORPORATE SOCIAL RESPONSIBILITY RESERVE (footnote 4)		
	Opening Balance	-	-
	Add: Transfer from Surplus in Profit & Loss Statement	591.60	-
	Closing Balance	591.60	-
(v)	FOREIGN CURRENCY TRANSLATION DIFFERENCE RESERVE		
	Opening Balance	(1,542.80)	(1,157.28)
	Add/ Less: Adjustments during the year	5,320.03	(385.52)
	Closing Balance	3,777.23	(1,542.80)
(d)	SURPLUS IN PROFIT AND LOSS STATEMENT		
	Opening Balance	51,726.74	25,682.57
	Add: Profit during the current year	67,799.07	32,966.71
	Add: Transfer from Staff Welfare Reserve	0.56	-
	Less: Transfer to Debenture Redemption Reserve	873.36	9.54
	Less: Transfer to Reserve for Loan Assets	-	1,219.45
	Less: Transfer to Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (Net)	11,609.24	5,693.55
	Less: Transfer to Corporate Social Responsibility Reserve	591.60	-
	Closing Balance	106,452.17	51,726.74
	TOTAL	**140,163.37**	**67,044.27**

Notes:

1 Reserve for loan assets created by the group @ 0.40% on outstanding amount of loans assets as at 31st March 2011 has been continued. [Refer Note 24(B)(18c)]

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 by the the company to promote, among the staff, sports, cultural and other welfare activities.

4 Corporate Social Responsibilty Reserve created by the company during the current financial year to comply with the Corporate Social Responsibilty (CSR) Policy of the company as per guidelines on CSR issued by Department of Public Enterprises.

Note 3 :
LONG TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) SECURED BONDS		
Long Term Infrastructure Bonds covered under Section 80CCF of Income Tax Act, 1961 (See footnotes 1 to 3)	9,096.18	9,096.18
SUB-TOTAL (A)	**9,096.18**	**9,096.18**
(B) UNSECURED BONDS (Guaranteed by Government of India)		
(i) 10000 8.55% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 03/11/2024	100,000.00	100,000.00
(ii) 4000 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 24/08/2024	40,000.00	40,000.00
(iii) 6000 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 12/08/2024	60,000.00	60,000.00
(iv) 5000 7.90% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 28/04/2024	50,000.00	50,000.00
(v) 5000 8.10% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 08/04/2024	50,000.00	50,000.00
(vi) 2000 8.68% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 18/12/2023	20,000.00	20,000.00
(vii) 2000 9.35% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 17/11/2023	20,000.00	20,000.00
(viii) 2000 8.82% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 19/12/2022	20,000.00	20,000.00
(ix) 123 (previous year Nil) Interest linked to US$ 6 months LIBOR Non Convertible Bonds of face value $ 1 million each, subscribed by RBI, redeemable at par on 30/03/2022	62,922.50	-
(x) 170 (previous year Nil) Interest linked to US$ 6 months LIBOR Non Convertible Bonds of face value $ 1 million each, subscribed by RBI, redeemable at par on 27/02/2022	86,966.05	-
(xi) 130 (previous year Nil) Interest linked to US$ 6 months LIBOR Non Convertible Bonds of face value $ 1 million each, subscribed by RBI, redeemable at par on 16/09/2021	66,503.45	-
(xii) 250 Interest linked to US$ 6 months LIBOR Non Convertible Bonds of face value $ 1 million each, subscribed by RBI, redeemable at par on 19/03/2019	127,891.25	111,625.00
(xiii) 5000 8.70% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 02/09/2016	50,000.00	50,000.00
(xiv) 263070 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 20/03/2014	263,070.00	263,070.00
(xv) 736930 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lac each, redeemable at par on 22/01/2014	736,930.00	736,930.00
SUB-TOTAL (B)	**1,754,283.25**	**1,521,625.00**
(C) UNSECURED TERM LOANS FROM OTHER PARTIES (See footnote 4)		
(i) Life Insurance Corporation of India (LIC)*	95,000.00	100,000.00
(ii) National Small Savings Schemes Fund (NSSF)	150,000.00	150,000.00
(iii) Asian Development Bank (ADB)*	392,219.78	292,065.02
(iv) IBRD (World Bank)*	10,420.98	8,724.70
(v) Kreditanstalt für Wiederaufbau (KFW)*	17,459.42	17,317.88
SUB-TOTAL (C)	**665,100.18**	**568,107.60**
TOTAL (A)+(B)+(C)	**2,428,479.61**	**2,098,828.78**
* Guaranteed by Government of India [including ₹ 5000 Lac and ₹ 3836.74 Lac (previous year ₹ Nil) being the amount due to LIC and ADB respectively within 1 year from the end of reporting period and shown as "Other Current Liabilties" in Note 9]	523,936.92	418,107.60

Notes:

1) Details of Long term Infrastructure bonds issued by IIFCL under section 80 CCF of Income Tax Act, 1961, are as under:
   (i) 130407 8.30% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.
   (iii) 779211 8.15% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.

2) These bonds are secured 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.

3) 20 Bonds of face value of ₹ 1000 each amounting to ₹ 0.20 Lac are held by a director of the company as at 31st March 2012 as against 60 Bonds of face value of ₹ 1000 each amounting to ₹ 0.60 Lac held by three directors as on 31st March 2011.

IIFCL

4) TERMS OF REPAYMENT OF LONG TERM LOANS

i) Life Insurance Corporation of India

	Loan Amount (₹ in Lac)	Rate of Interest	Repayment from	Repayment upto	Frequency of repayment	Amt of repayment
	100000	8.56%	1.02.2013	1.08.2022	Semi-Annual	Equal installments of ₹ 5,000 lac every 6 months

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%	31st March 2023	Bullet basis	Entire loan amount of ₹ 150,000 lac

iii) Asian Development Bank

Tranche	Loan Amount 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	
Total	12000					

iv) IBRD (World Bank)

Tranche	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

v) KfW

Tranche	Loan Amount as per Agreement ($ 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 Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(I) Deferred tax Liability		
(i) On account of Special Infrastructure Reserve created under section 36(1)(viii) of Income Tax Act, 1961	7,022.55	3,255.93
(ii) On account of deduction claimed for standard loan assets	1,417.52	1,017.98
Deferred Tax Liability	**8,440.07**	**4,273.91**
(II) Deferred tax Assets		
(i) On account of depreciation	4.19	9.11
(ii) On account of disallowances under section 43B of Income Tax Act, 1961	-	7.02
(iii) On account of diminution in value of investments	77.55	-
(iv) On account of provision for contingencies	2,159.14	1,686.83
Deferred Tax Assets	**2,240.88**	**1,702.96**
Deferred Tax Liability (Net)	**6,199.19**	**2,570.95**

Note 5 :
OTHER LONG TERM LIABILITIES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(a) Trade payables	-	-
(b) Others:		
(i) Rent adjustable account	105.33	49.58
(ii) Gratuity payable	3.20	3.02
(iii) Security deposit received	23.68	-
TOTAL	**132.21**	**52.60**

Note 6 :
LONG TERM PROVISIONS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Provision for Employee Benefits [See note 24 (B) (5a)]		
(i) Leave Encashment	32.08	14.57
(ii) Sick Leave	9.46	3.50
(iii) Leave Fare Concession	8.11	4.50
SUB-TOTAL (A)	**49.65**	**22.57**
(B) Others [See note 24 (B) (5a)]		
(i) Marked to market losses on derivatives [See Note 24 (B) (11a)]	6,654.76	5,199.06
(ii) Contingent Provisions against Standard Assets [See Note 24 (B) (18b)]	5,208.00	-
SUB-TOTAL (B)	**11,862.76**	**5,199.06**
TOTAL (A)+(B)	**11,912.41**	**5,221.63**

Note 7 :
SHORT TERM BORROWINGS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
LOANS REPAYABLE ON DEMAND FROM BANKS (Secured by pledge of fixed deposit receipts of ₹ 392,864 Lac (previous year ₹ 174,040 lac))	274,368.97	118,207.74
TOTAL	**274,368.97**	**118,207.74**

Note 8 :
TRADE PAYABLES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(i) Witholding Tax payable to borrowers	2,488.38	909.63
(ii) Miscellaneous Liabilities	113.62	298.92
TOTAL	**2602.00**	**1208.55**

Note 9 :
OTHER CURRENT LIABILITIES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Current maturities of long term debt (See note 3):		
(i) Life Insurance Corporation of India	5,000.00	-
(ii) Asian Development Bank	3,836.74	-
SUB-TOTAL (A)	**8,836.74**	**-**
(B) Interest accrued but not due on borrowings		
(i) On bank overdraft	74.95	51.70
(ii) On bonds and term loans	40,012.63	37,283.57
SUB-TOTAL (B)	**40,087.58**	**37,335.27**
(C) Income received in advance		
(i) Amount pending appropriation	0.74	95.05
(ii) Grants received from World Bank	172.14	241.22
(iii) LoC fees	39.33	-
SUB-TOTAL (C)	**212.21**	**336.27**
(D) Other payables		
(i) Duties & Taxes payable	106.95	91.07
(ii) PF deducted on behalf of employees/ whole time directors (including interest payable)	50.05	47.50
(iii) Unclaimed Interest on Bonds	1.38	3.77
(iv) Commitment Charges payable	33.50	31.15
(v) Government Guarantee fees payable	2.92	-
(vi) Payable to Employees/ Wholetime Directors	1.69	0.04
(vii) Contribution towards gratuity fund payable to LIC	32.91	11.91
(viii) Rent Adjustable Account	13.02	-
(ix) Others	368.36	415.02
SUB-TOTAL (D)	**610.78**	**600.46**
TOTAL (A)+(B)+(C)+(D)	**49,747.31**	**38,272.00**

Note 10 :
SHORT TERM PROVISIONS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Provision for Employee Benefits [See note 24 (B) (5a)]		
(i) Leave Encashment	0.92	3.12
(ii) Sick Leave	0.43	2.67
(iii) Leave Fare Concession	0.33	1.07
(iv) Wage Revision [See note 24 (B)(15)]	-	72.56
(v) Performance Linked Incentive to Wholetime Directors	33.15	20.00
SUB-TOTAL (A)	**34.83**	**99.42**
(B) Others [See note 24 (B) (5a)]		
(i) Income Tax (Net)	1,494.12	871.72
(ii) Interest on Income Tax	45.37	83.00
SUB-TOTAL (B)	**1,539.49**	**954.72**
TOTAL (A)+(B)	**1,574.32**	**1,054.14**

Note 11 :
FIXED ASSETS

(₹ in Lac)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2011	Addition	Disposals/ Adjustments	**As at 31.03.2012**	As at 01.04.2011	For the Year	Deductions/ Reversals	**As at 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
TANGIBLE ASSETS										
FURNITURE & FIXTURES	30.24	5.23	(2.65)	**38.12**	11.96	3.87	(0.92)	**16.75**	**21.37**	18.28
VEHICLES	44.17	25.01	-	**69.18**	18.35	12.13	-	**30.48**	**38.70**	25.82
OFFICE EQUIPMENTS	13.63	18.28	3.08	**28.83**	4.78	3.77	2.69	**5.86**	**22.97**	8.85
COMPUTER HARDWARE	55.78	31.33	1.65	**85.46**	32.19	18.82	2.20	**48.81**	**36.65**	23.59
TOTAL	**143.82**	**79.85**	**2.08**	**221.59**	**67.28**	**38.59**	**3.97**	**101.90**	**119.69**	**76.54**
Previous Year	193.75	29.48	79.41	143.82	84.16	30.81	47.70	67.27	76.54	109.61
INTANGIBLE ASSETS										
COMPUTER SOFTWARE	10.14	5.36	1.17	**14.33**	4.80	3.42	1.17	**7.05**	**7.28**	5.34
TOTAL	**10.14**	**5.36**	**1.17**	**14.33**	**4.80**	**3.42**	**1.17**	**7.05**	**7.28**	**5.34**
Previous Year	5.92	4.22	-	10.14	2.99	1.81	-	4.80	5.34	2.93

Note 12 :
NON-CURRENT INVESTMENTS

(₹ in Lac)

S. NO.	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012			Figures as at the end of previous reporting year ended 31st March 2011		
		Number of Shares	Face Value		Number of Shares	Face Value	
(A)	**TRADE INVESTMENTS**						
(a)	**Investment in Equity Instruments - Unquoted (Fully Paid)**						
	Associate Company						
	Investment in Delhi Mumbai Industrial Corridor Development Corporation Ltd.	4,100,000	₹ 10	411.03	-	-	-
				411.03			-
		Number of Units	Face Value	Number of Units	Face Value		
(b)	**Investment in Venture Capital Units (Unquoted) (Fully Paid)**						
	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	5,527,859	₹ 100	5527.86	3,732,270	₹ 100	3,946.27
				5,527.86			3,946.27
		Number of Bonds	Face Value				
(c)	**Investment in Bonds (Quoted) (Fully Paid)(See footnote d below)**						
	(i) 7.70% REC 2014	100	₹10 lac	959.23	-	-	-
	(ii) 8.90% PNB 2019	200	₹10 lac	1984.03	-	-	-
	(iii) 10.60% IRFC 2018	50	₹10 lac	500.89	-	-	-
	(iv) 11.00% PFC 2018	50	₹10 lac	526.63	-	-	-
	(v) 11.25% PFC 2018	100	₹10 lac	1065.93	-	-	-
				5,036.71			
SUB-TOTAL (A)				**10,975.60**			**3,946.27**

(₹ in Lac)

	Figures as at the end of current reporting year ended 31st March 2012			Figures as at the end of previous reporting year ended 31st March 2011		
	Number of Units	Face Value		Number of Units	Face Value	
(B) OTHER INVESTMENTS						
(a) Investment in Government Securities (Unquoted)						
(i) 6.05% GOI 2019	2,000,000	₹ 100	1,980.00	2,000,000	₹ 100	1,980.00
(ii) 6.35% GOI 2020	7,500,000	₹ 100	6,834.51	7,500,000	₹ 100	6,834.51
(iii) 6.90% GOI 2019	2,000,000	₹ 100	1,952.09	2,000,000	₹ 100	1,952.09
(iv) 7.76% SL (Karnataka) 2019	500,000	₹ 100	513.78	500,000	₹ 100	515.78
(v) 7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,002.34	1,000,000	₹ 100	1,002.66
(vi) 8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,008.65	1,000,000	₹ 100	1,009.90
(vii) 8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,584.91	1,500,000	₹ 100	1,597.16
(viii) 8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,558.62	2,500,000	₹ 100	2,567.08
			17,434.90			17,459.18
	Number of Bonds	Face Value	Number of Bonds	Face Value		
(b) Investment in Bonds (Quoted) (Fully Paid)						
8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹10 lac	965.92	-	-	-
			965.92			-
SUB-TOTAL (B)			**18,400.82**			**17,459.18**
TOTAL (A)+(B)			**29,376.42**			**21,405.45**

Notes:

(a) Aggregate amount of quoted investments:		
Cost/ Book Value	6,002.63	-
Market Value	6,024.58	-
(b) Aggregate amount of unquoted investments - Cost/ Book Value	23,373.79	21,405.45
(c) Aggregate provision for dimunition in value of investments	222.00	-

(d) These investments were appearing in Note 14 i.e. current investments as on 31st March 2011. During the current fiancial year, these investments have been shifted 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 31st March 2012. This resulted into aggregate provision being made for dimunition in value of investments amounting to ₹ 222 lac upto 31st March 2012.

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

Note 13 :
LONG TERM LOANS AND ADVANCES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) CAPITAL ADVANCES	**7.91**	**25.25**
(Unsecured, Considered good)		
SUB-TOTAL (A)	**7.91**	**25.25**
(B) SECURITY DEPOSIT	**414.75**	**378.11**
(Unsecured, Considered good)		
SUB-TOTAL (B)	**414.75**	**378.11**
(C) INFRASTRUCTURE LOANS (STANDARD ASSETS)		
(See footnote below)		
(i) Direct Lending	1,530,900.70	1,145,024.79
(ii) Pooled Municipality Debt Obligation (PMDO) Scheme	10,231.72	5,238.77
(iii) Refinancing Scheme	416,800.00	350,000.00
(iv) Takeout financing Scheme	60,355.47	6,507.94
SUB-TOTAL (C)	**2,018,287.89**	**1,506,771.50**
(D) OTHER LOANS AND ADVANCES		
(Unsecured, Considered good)		
(i) Advance recoverable from employees	9.92	-
(ii) Prepaid Expenses	0.51	1.15
SUB-TOTAL (D)	**10.43**	**1.15**
TOTAL (A) + (B) + (C) +(D)	**2,018,720.98**	**1,507,176.01**

Notes:

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	903,242.27	626,562.98
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.	752,948.90	558,794.35
Refinance	Unsecured, Considered Good	416,800.01	350,000.00
TOTAL#		**2,072,991.18**	**1,535,357.33**

The above includes ₹ 54,703.29 lac (as on on 31st March 2011 ₹ 28,585.82 lac) being amount of loans due within a year which is shown in Note 17.

Note 14 :
CURRENT INVESTMENTS

(₹ in Lac)

S. NO.	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012			Figures as at the end of previous reporting year ended 31st March 2011		
		Number of Bonds	Face Value		Number of Bonds	Face Value	
(A)	**Investment in Bonds (Quoted) (Fully Paid) (See footnote d below)**						
	(i) 7.15% REC 2012	150	₹10 lac	1500.00	150	₹10 lac	1,500.00
	(ii) 7.70% REC 2014	-	-	-	100	₹10 lac	1,000.00
	(iii) 8.90% PNB 2019	-	-	-	200	₹10 lac	2,000.00
	(iv) 10.60% IRFC 2018	-	-	-	50	₹10 lac	500.89
	(v) 11.00% PFC 2018	-	-	-	50	₹10 lac	568.45
	(vi) 11.25% PFC 2018	-	-	-	100	₹10 lac	1,155.29
	(vii) 8.83% Neyveli Lignite Corp. Ltd. 2019				100	₹10 lac	1,000.00
	SUB-TOTAL (A)			1,500.00			7,724.63
		Number of Units	Face Value		Number of Units	Face Value	
(B)	**Investment in Certificate of Deposit with Scheduled Banks (Unquoted)**						
	(i) Union Bank of India	-	-	-	22,500	₹ 1 lac	21,097.06
	(ii) Andhra Bank	-	-	-	50,000	₹ 1 lac	46,794.20
	(iii) Axis Bank	-	-	-	7,500	₹ 1 lac	7,106.07
	(iv) SB Travancore	-	-	-	17,500	₹ 1 lac	16,472.98
	(v) UCO Bank	-	-	-	35,000	₹ 1 lac	32,747.01
	(vi) ICICI	-	-	-	50,000	₹ 1 lac	47,178.97
	(vii) Bank of India	-	-	-	3,500	₹ 1 lac	3,257.94
	SUB-TOTAL (B)			-			174,654.23
	TOTAL (A)+(B)			**1,500.00**			**182,378.86**
	Less: Provision for diminution in the value of current Investments i.e. Bonds (Net of Gains)			17.02			141.81
	TOTAL CURRENT INVESTMENTS			**1,482.98**			**182,237.05**

Notes:

		2012	2011
(a)	Aggregate amount of quoted investments:		
	Cost/ Book Value	1,500.00	7,724.63
	Market Value	1,482.98	7,582.82
(b)	Aggregate amount of unquoted investments - Cost/ Book Value	-	174,654.23
(c)	Aggregate provision for dimunition in value of investments i.e. bonds	17.02	141.81

(d) Investments in bonds appearing at serial no. A (ii) to A (vii) as on 31st March 2011 have been shifted to Note 12 i.e. non- current investments at cost or fair value, whichever is lower as on closing of 31st March 2012. This resulted into aggregate provision being made for dimunition in value of investments amounting to ₹ 222 lac up to 31st March, 2012.

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

Note 15 :
TRADE RECEIVABLES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
Upfront Fees recoverable (Unsecured, considered good)	570.29	-
TOTAL	**570.29**	**-**

Note 16 :
CASH AND BANK BALANCES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) CASH AND CASH EQUIVALENTS		
(i) Balances with banks	3,101.76	37,589.40
(ii) Cash on hand	0.32	0.38
(iii) Flexi Deposits with banks	3,387.20	3,821.00
Less: Bank book overdraft in current accounts	-	(2.22)
(iv) Balances with Other Banks (held by Subsidiary Company in UK)	871.63	347.62
(v) Fixed Deposits with banks (Unencumbered, held by Subsidiary Company in UK)	14,451.71	165.20
SUB-TOTAL (A)	**21,812.62**	**41,921.38**
(B) OTHER BANK BALANCES		
(i) Earmarked balances with banks for unclaimed interest on bonds	1.38	3.77
(ii) Fixed Deposits with banks (Unencumbered)	571,451.34	403,271.02
(ii) Fixed Deposits with banks (Encumbered):	-	-
(a) Held as security against Bank Guarantee	-	28,600.00
(b) Held as security against Interest Payment of Bonds	10,065.00	107,780.00
(c) Earmarked for expenses Related to World Bank Grant	150.00	175.00
(d) Pledged to avail overdraft facility from banks	392,864.00	174,040.00
SUB-TOTAL (B)	**974,531.72**	**713,869.79**
TOTAL (A)+(B)	**996,344.34**	**755,791.17**

Note 17 :
SHORT TERM LOANS & ADVANCES

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) INFRASTRUCTURE LOANS (STANDARD ASSETS) (See footnote in Note 13)		
Direct lending	51,691.24	27,956.01
Pooled Municipality Debt Obligation (PMDO) Scheme	427.46	182.57
Takeout financing Scheme	2,584.59	447.24
TOTAL (A)	**54,703.29**	**28,585.82**
(B) Loans and advances to related parties (Unsecured, considered good)		
(i) Expenses Incurred on behalf of subsidiary companies i.e. IIFCL Projects Ltd (₹ 1.06 lac) & IIFCL Asset Management Company Ltd (₹ 0.31 lac)	1.37	-
(iI) Expenses Incurred on behalf of associate company i.e.Irrigation & Water Resources Finance Corporation	0.18	-
TOTAL (B)	**1.55**	**-**
(C) Others (Unsecured, considered good)		
(i) Security deposit	300.00	300.00
(ii) Advances recoverable from employees	5.77	2.13
(iii) Tax deducted at source	5.54	20.00
(iv) Income Tax Recoverable	330.77	167.30
(v) Service Tax Recoverable (CENVAT)	-	36.01
(vi) Prepaid Expenses	11.57	21.59
(vii) Other advances	21.59	40.25
TOTAL (C)	**675.24**	**587.28**
TOTAL (A)+(B)+(C)	**55,380.08**	**29,173.10**

Note 18 :
OTHER CURRENT ASSETS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Interest accrued and due on loans and advances	4,936.37	1,942.76
SUB-TOTAL (A)	**4,936.37**	**1,942.76**
(B) Interest accrued but not due on:		
(i) Fixed Deposits with Banks	52,449.03	20,866.59
(ii) Certificate of Deposits	-	9,213.88
(iii) Bonds	279.60	278.16
(iv) Government Securities	204.88	204.88
(v) Interest Rate Swaps (Net)	35.79	35.10
(vi) Loans & Advances	5,271.66	4,054.63
SUB-TOTAL (B)	**58,240.96**	**34,653.24**
TOTAL (A)+(B)	**63,177.33**	**36,596.00**

Note 19 :
REVENUE FROM OPERATIONS

(₹ in Lacs)

PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A) Interest		
(i) Interest on Loans and Advances	149,811.44	106,410.34
(ii) Interest on Loans under PMDO Scheme	830.17	516.03
(iii) Interest on Loans and Advances under Refinancing Scheme	27,585.83	14,119.45
(iv) Interest on Loans and Advances under Takeout Financing Scheme	994.61	6.74
(v) Penal Interest	43.20	23.87
(vi) Interest earned on Certificate of Deposit	2,131.89	11,178.18
(vii) Interest on Government Securities	1,273.70	1,273.70
(viii) Interest on Bonds	672.49	671.05
(ix) Interest on Fixed Deposits with Banks	79,972.04	58,976.02
SUB-TOTAL (A)	**263,315.37**	**193,175.38**
(B) Growth in value of UTI Liquid	-	5,330.77
SUB-TOTAL (B)	**-**	**5,330.77**
(C) Other Financial Services		
(i) Upfront Fees	3,782.04	657.60
(ii) Pre-Payment Charges	231.38	628.09
(iii) Review Charges	33.87	-
(iv) Transaction Charges	2.00	-
(v) Commission Received on L/C	328.06	231.96
(vi) Commitment Charges	1,054.87	181.50
SUB-TOTAL (C)	**5,432.22**	**1,699.15**
TOTAL (A) + (B) + (C)	**268,747.59**	**200,205.30**

Note 20 :
OTHER INCOME

(₹ in Lacs)

PARTICULARS		Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
Other Non-Operating Income			
(i)	Grants received	285.20	52.56
(ii)	Gain on Interest rate Swaps	-	417.48
(iii)	Interest on Income Tax Refund	-	43.23
(iv)	Refund of Processing Fees	15.00	-
(v)	Surplus on organising Infrastructure Conference (net of conference expenditure incurred amounting to ₹ 36.05 Lac)	13.18	-
(vi)	Amounts written back	55.48	97.27
(vii)	Interest provision on income tax written back	44.70	-
(viii)	Miscellaneous Income	3.40	2.46
TOTAL		**416.96**	**613.00**

Note 21 :
FINANCE COSTS

(₹ in Lacs)

	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(A)	**Interest Expense:**		
(i)	Interest on Bonds & Debentures	104,643.41	103,399.70
	Less: Interest Saving on Bonds	(125.95)	(125.60)
(ii)	Interest on Bank Borrowings	3,746.33	1,155.19
(iii)	Interest on Bonds Application Money	-	31.28
(iv)	Interest on loan from NSSF	13,500.00	13,500.00
(v)	Interest on loan from LIC	8,583.45	8,560.00
(vi)	Interest on loan from ADB	1,953.69	1,093.00
(vii)	Interest due to net settlement of swap transactions on ADB Loan	19,062.13	13,116.68
(viii)	Interest on loan from IBRD (World Bank)	61.21	7.25
(ix)	Interest due to net settlement of swap transactions on IBRD (World Bank) Loan	524.26	36.55
(x)	Interest on loan from KFW	691.32	470.32
(xi)	Interest due to net settlement of swap transactions on KFW Loan	566.27	436.17
	SUB-TOTAL (A)	**153,206.12**	**141,680.54**
(B)	**Other Borrowing Costs:**		
(i)	Guarantee Fees to Govt. of India	5,332.83	4,923.46
(ii)	Commitment charges	175.48	184.97
(iii)	Bond Servicing Expenses	124.65	74.31
(iv)	Bond Issue Expenses	10.20	635.63
	SUB-TOTAL (B)	**5,643.16**	**5,818.37**
(C)	**Net loss on foreign currency transactions and translations**	795.82	142.02
	SUB-TOTAL (C)	**795.82**	**142.02**
	TOTAL (A) + (B) + (C)	**159,645.10**	**147,640.93**

IIFCL

Note 22 :
EMPLOYEE BENEFITS EXPENSE
[See notd 23(B)(15)]

(₹ in Lacs)

	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(i)	Salaries and Wages	745.63	459.64
(ii)	Contribution to provident and other funds	101.90	34.10
(iii)	Staff Welfare Expenses	193.24	58.63
	TOTAL	**1,040.77**	**552.37**

Note 23 :
REVENUE FROM OPERATIONS

(₹ in Lacs)

	PARTICULARS	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
(i)	Power and Fuel	6.73	11.69
(ii)	Lease Rent	872.44	680.51
(iii)	Insurance	1.69	1.08
(iv)	Professional Fees	260.77	216.36
(v)	Interest on income tax	141.16	83.00
(vi)	Amortization of Premium Paid on non-current securities	24.28	42.31
(vii)	Provision for diminution in the value of Investments	97.21	141.81
(viii)	Net loss on foreign currency transactions and translations	468.67	474.17
(ix)	Establishment and Other Expenses	701.00	489.79
	TOTAL	**2,573.95**	**2,140.72**

Note 24:

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS

(A) SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1.1 The Consolidated Financial Statements comprise the individual audited financial statements of India Infrastructure Finance Company Limited (the company) and audited financial statements of its subsidiary India Infrastructure Finance Company (UK) Limited (the group) as on March 31, 2012 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 subsidiary 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 audited financial statements of the subsidiary are for the period from 1st April 2011 to 31st March 2012.

iii) The assets and liabilities, both monetary and non-monetary, of the foreign subsidiary are translated at the closing exchange rate.

iv) Income and expense items of the foreign subsidiary are translated at average exchange rate during the period.

v) All resulting exchange difference is accumulated in a foreign currency translation reserve.

vi) 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 Financial Statements of the following subsidiary have been Consolidated in the consolidated Financial Statements:

Name of Subsidiary	Country of Incorporation	Current Year Proportion of Ownership Interest (%)	Previous Year Proportion of Ownership Interest (%)
IIFC (U.K.) Limited	United Kingdom	100%	100%

1.3 The company acquired 41% equity share capital of Delhi Mumbai Industrial Corridor Development Corporation (DMICDC) Ltd. ('the associate') for ₹ 410.00 lac as on 29/03/2012. The investment has been initially recorded at cost i.e. ₹ 411.03 lac (including expenses incurred ₹ 1.03 lac) and based on last Audited Balance Sheet of the associate as on 30th September, 2011, the capital reserve identified for disclosure purpose as per As-23 amounts to ₹ 14.05Lac. Since the investment is made on 29/03/2012, no adjustment is considered necessary for post-acquisition change in the company's share of net assets of the associate. Accordingly, consolidated Profit & Loss statement doesn't reflect company's share of operations of associate.

1.4 The subsidiary company's 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. Similarly, 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 is accounted for on the basis of actual instance of sale.

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 Profit & Loss Statement in the year of allotment of bonds.

4. LOAN ASSETS

The company follows 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. 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.

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 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 reduce 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 associate company is accounted for under the equity method as specified in AS- 23- Accounting for Investments in Associates in Consolidated Financial Statements 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: Bonds are carried at acquisition cost or lower of book value or market/ fair value in case of inter class transfer. The excess over face value from date of acquisition/ transfer is amortized over the remaining maturity period of the security on constant yield basis.

5.2 Current Investments

a. Quoted Bonds - Each scrip is revalued at the market price or fair value based on yield to maturity method and only the net depreciation is provided for and net appreciation, if any, is ignored.

b. Mutual Funds - valued at lower of cost or net asset value at the year end.

c. Certificate of deposits - valued at cost. The difference between face value and cost is recognized as income over the remaining maturity period of certificate of deposit on constant yield basis and is added to the value of certificate of deposit.

5.3 Inter- Class Transfer of investments

The inter-class transfer, if warranted is effected with approval of the Board and in such case investments are transferred scrip wise from current to non- current 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 profit and loss account statement.

7. ACCOUNTING FOR REVENUE GRANTS

7.1. Grants are recognized in Profit & Loss Statement 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 Profit & Loss Statement. 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 profit and loss statement 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 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 profit and loss statement 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 to hedge its borrowing costs of bonds, the company is providing mark to market loss as on Balance Sheet Date.

12 TAXES ON INCOME

12.1 Tax on income for the current year is determined on the basis of 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.

12.2 Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or subsequently enacted as on the Balance Sheet date.

12.3 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.

13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

24. (B) NOTES TO THE FINANCIAL STATEMENTS (March 2012)

1. (a) The Subsidiary considered in the preparation of the consolidated financial statements is India Infrastructure Finance Company (U.K.) Limited incorporated at United Kingdom.

(b) The Consolidated Financial Statements of India Infrastructure Finance Company Limited and Audited Financial Statements of its Subsidiary India Infrastructure Finance Company (UK) Limited are for year ended on 31st March 2012. The audited financial statements of the UK subsidiary are made for the period starting from 1st April 2011 to 31st March 2012.

(c) IIFCL Projects Ltd. registered on 14th February 2012 And IIFCL Asset Management Company Ltd. registered on 28th March 2012 considered as subsidiaries are yet to raise equity share capital as on 31.03.2012 (see foot note 3(i) A(iii). Further, both the companies were yet to raise capital and commence their business activities as on 31st March 2012. Accordingly they have not prepared accounts and are not considered for preparation of Consolidated Financial Statements.

			As at 31st March 2012	As at 31st March 2011
2.	(a)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	Nil	Nil
	(b)	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	₹ 3955.41 lac	₹ 5709.00 lac
	(c)	Letter of Comfort for issue of Letter of Credit (LC) 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.	₹ 88,758.37 lac	₹1,05,851.79 lac

(d) 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 ₹ 34.39 lac and maximum of ₹ 687.72 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) **<u>Managerial Remuneration and related party disclosure</u>**

i) Key managerial personnel

- Shri S.K. Goel (Tenure from 24th June 2010) - Chairman and Managing Director
- Shri Pradeep Kumar (Tenure from 24th December 2008 up to 14th January 2012) - Ex-Whole time director and C.E.O.
- Shri N.K.Madan (Tenure from 8th September 2008) - Managing Director, IIFC (UK) Ltd.
- Shri G.George (Tenure from 19th November 2010) - Director, IIFC (UK) Ltd.

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

Note:

IIFCL Projects Ltd. and IIFCL Asset Management Company Limited are considered as subsidiaries as per Sec 4(1)(a) of the companies Act 1956 as composition of Board of Directors of both companies is controlled by the company.

iii) Associate Companies:

(a) Delhi Mumbai Industrial Corridor Development Corporation Limited (DMICDC) (Company holds 41 lac equity shares of ₹ 10 each as on 31st March 2012, which comprised 41% of equity shares capital of DMICDC as on that date.)

(b) Irrigation and Water Resources Finance Corporation Limited (IWRFCL) (Chairman and Managing Director of the company also holds additional charge as Chairman & Managing Director of IWRFCL w.e.f. 22nd March 2012)

B) **<u>Transactions during the year ended 31st March 2012 with related parties:</u>**

a)	Managerial Remuneration	₹ 32.27 lac (Previous year ₹ 14.19 lac)
	Provision for Performance linked incentive	₹ 8.15 lac (Previous year ₹ 6 lac)
	Perquisites	₹ 1.61 lac (Previous year ₹ 0.83 lac)
	Leave encashment, PF & Gratuity	₹ 3.73 lac (Previous year ₹ 2.48 lac)
	(To Shri S.K.Goel)	
b)	Directors Remuneration	₹ 12.99 lac (Previous year ₹ 12.38 lac)
	Provision for Performance linked incentive	₹ 5 lac (Previous year ₹ 8 lac)
	Perquisites	₹ 0.19 lac (Previous year ₹ 0.65 lac)
	Leave encashment & Pension	₹ 6.18 lac (Previous year Nil)
	(To Shri Pradeep Kumar)	
c)	Directors Remuneration & perquisites of Subsidiary Company	₹ 85.98 lac (Previous Year ₹ 78.51 lac)
d)	Investment in equity shares (Delhi Mumbai Industrial Corridor Development Corporation Limited, DMICDC)	₹ 411.03 lac (Previous year Nil)
e)	Expenses incurred on behalf of subsidiaries/ associate companies:	
	i. IIFCL Projects Ltd.	₹ 1.06 lac (Previous year Nil)
	ii. IIFCL Asset Management Co. Ltd.	₹ 0.31 lac (Previous year Nil)
	iii. Irrigation and Water Resources Finance Corporation Limited	₹ 0.18 lac (Previous year Nil)

C) **Balances as at 31st March 2012**

(₹ In lac)

Particulars	As at 31st March 2012	As at 31st March 2011
Provision for Performance Linked Incentive to Whole time Directors	33.15	20.00
Leave Encashment (provision)*	10.75	8.16
Gratuity (provision)*	3.20	3.02
Provident fund*	29.52	26.88
Pension and Leave Encashment contribution payable	0.54	Nil
Amount recoverable in respect of expenses incurred before registration or commencement of business:		
(a) IIFCL Projects Ltd.	1.06	Nil
(b) IIFCL Asset Management Co. Ltd.	0.31	Nil
(c) Irrigation and Water Resources Finance Corporation Limited	0.18	Nil

4. **Investment in Venture Capital Units**

During the year ended 31st March 2012, the company has invested ₹ 1,753.59 lac 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 ₹ 6,044.59 lac). Out of total commitment of ₹ 10,000 lac, the company has contributed as investor in the venture and does not have joint control. Since there is no distributable profit in the fund, no income is accounted for, in the books of accounts in relation to such investments. However, the company has received during the current year a sum of ₹ 172 lac (Previous year ₹ 273.23 lac) including tax paid ₹ 12.32 lac (previous year ₹ 88.35 lac) in respect of redemption of venture capital units (up to 31st March 2012 ₹ 516.73 lac)

5. (a) **Disclosure under Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets (AS-29)"**

(₹ In lac)

Particulars	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
Income Tax (Net)		
Opening Balance	871.72	2,468.17
Addition during the period	28,117.01	14,478.66
Excess Provision written back during the period	456.44	0.00
Amount paid/ adjusted during the period	27,038.17	16,075.11
Closing Balance	1,494.12	871.72
Interest on Income Tax		
Opening Balance	83.00	0.00
Addition during the period	45.37	83.00
Excess Provision written back during the period	44.70	0.00
Amount paid/ adjusted during the period	38.30	0.00
Closing Balance	45.37	83.00

(₹ In lac)

Particulars	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
Proposed Wage Revision		
Opening Balance	72.56	51.00
Addition during the period	135.90	21.56
Amount Paid/ Transferred to current liabilities	208.46	0.00
Closing Balance	0.00	72.56
Leave Fare Concession		
Opening Balance	5.58	5.51
Addition during the period	18.47	0.07
Amount paid/adjusted during the period	15.61	0.00
Closing Balance	8.44	5.58
Leave Encashment		
Opening Balance	17.69	6.89
Addition during the period	23.50	15.48
Amount paid/adjusted during the period	8.19	4.68
Closing Balance	33.00	17.69
Sick Leave		
Opening Balance	6.17	0.00
Addition during the period	3.72	6.17
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	9.89	6.17
Performance Linked Incentive to Whole Time Directors		
Opening Balance	20.00	0.00
Addition during the period	13.15	20.00
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	33.15	20.00
Marked to Market Losses on Derivatives (Note no: 23 (B) (11 a)		
Opening Balance	5,199.06	3,929.46
Addition during the period	1,455.70	1269.60
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	6,654.76	5199.06
Contingent Provision for Standard Assets		
Opening Balance	0.00	0.00
Addition during the period	5,208.00	0.00
Amount paid/adjusted during the period	0.00	0.00
Closing Balance	5,208.00	0.00

(b) **Disclosure under Accounting Standard 15 (revised 2005) " Employee Benefits" (AS-15)**

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

i) Expenses recognized in Profit and Loss Statement.

(₹ in lac)

	Gratuity	**Leave encashment**	**Leave fare concession**	**Sick leave**
Current Service Cost	18.30	16.13	5.93	7.09
Interest cost on benefit obligation	N.A.	2.45	0.45	1.25
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	18.30	(19.68)	10.65	(13.13)
Expenses recognized in Profit & Loss Statement	21.00	(1.09)	17.03	(4.79)

N.A. denotes not available during the period

ii) The amount recognized in the Balance Sheet

(₹ in lac)

	Gratuity	**Leave encashment**	**Leave fare concession**	**Sick leave**
Present value of obligation as at 31/03/2012 (i)	30.32	22.26	8.44	9.89
Fair value of plan assets as at 31/03/2012 (ii)	Nil	Nil	Nil	Nil
Difference (ii) - (i)	(30.32)	(22.26)	(8.44)	(9.89)
Net Asset/(Liability) recognized in the Balance Sheet #	(30.32)	(22.26)	(8.44)	(9.89)

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

(₹ in lac)

	Gratuity	**Leave encashment**	**Leave fare concession**	**Sick leave**
Present value of obligation as at 01.04.2011	N.A.	28.83	5.31	14.68
Interest Cost	N.A.	2.45	0.45	1.25
Current Service Cost	18.30	16.13	5.93	7.09
Benefits paid	Nil	(5.48)	(13.90)	Nil
Net actuarial (gain)/loss on obligation	18.30	(19.68)	10.65	(13.13)
Present value of the defined benefit obligation as at 31/03/2012	30.32	22.26	8.44	9.89

N.A. denotes not available.

iv) The actuarial valuation of liability as on 31st March 2012 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% 31st year to 44 years 2% Above 44 years 1%
Discount rate (p.a.) #	8.50%
Salary escalation #	6%

LIC has determined liability towards contribution of gratuity scheme of IIFCL employees considering withdrawal rate of 1% to 3% depending on age, discount rate of 8% p.a. and salary escalation of 6% p.a.(previous year 5.50% p.a.)

1.2) In respect of Chairman & Managing Director and C.E.O.:

(₹ in lac)

	Gratuity	Leave encashment	Leave fare concession
Expenses recognized in Profit & Loss Statement	0.18	4.89@	0.45
Amount recognized in Balance Sheet#	3.20*	10.95	Nil

Including ₹ 2.40 lac and ₹ 7.02 lac in respect of Gratuity and Leave encashment received from past employer.
* The amount of Gratuity included as Gratuity Payable in Note 5 Other Long Term Liabilities.
@ Includes ₹ 1.32 lac for prior period.

6. The subsidiary company's financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, have been converted as per Indian Accounting Standards and audited, by the statutory auditor of the subsidiary company. The separate financial statements of the subsidiary company for the corresponding period(s) have been restated as per Indian Accounting Standards which resulted in increase in Reserve for Loan Assets by ₹ 327.48 lac and net block of fixed assets by ₹ 4.99 lac. As a result the Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in India and as required by Accounting Standard- 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI).

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:**

	For the Year ended 31.03.12		**For the Year ended 31.03.11**	
Particulars	**Amount ₹ in lac**	**Shares (*)**	**Amount ₹. in lac**	**Shares**
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No. in lac)		25,000		20,000
(i) Net Profit (after tax)	67,799.13		32,966.71	
(ii) Earning Per Share (₹)	3.28		1.70	

(*) EPS for the current period has been calculated on weighted average number of equity shares of 2,0642.08 lac (Previous period 19,336.99 lac)

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 current year, the company has created net deferred tax liability of ₹ 3,628.80 lac (previous year ended ₹ 1742.19 lac) net of deferred tax asset of ₹ 537.36 lac (previous year ₹389.47 lac). The aforesaid amount includes net increase in deferred tax liability by ₹ 156.05 lac pertaining to prior periods in view of (i) ₹ 405.41 lac on account of increase in claim of deduction section 36 (1) (viii) of the Income Tax Act 1961 upto 31st March 2011 by ₹ 1,249.53 lac, (ii) ₹ 203.35 lac on account of reduction in Special Infrastructure Reserve created under section 36 (1) (viii) of the Income Tax Act 1961 by ₹ 626.76 lac and (iii) ₹ 46.01 lac on account of increase in claim of deferred tax asset on diminution in value of investments amounting to ₹ 141.81 lac.

9. 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 31.03.2012	For the Year ended 31.03.2011
Total of future minimum lease payments (Gross Investment)	3,805.19	3,256.12
Present value of lease payments	3,179.32	2,685.35
Maturity profile of total of future minimum lease payments		
Not later than one year	847.88	623.00
Later than one year but not later than five year	2,940.92	2,633.12
Later than five year	16.40	0.00
Total	3,805.20	3,256.12

Note: Net present value is calculated taking 10 Year G-Sec Yield as on 31.03.2012 of 8.54% (previous year 7.98% as on 31.03.11

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 31st March 2012, 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 19th December 2022. According to these IRS deals, the company will pay interest @ 7.46% p.a. on JPY notional amount (wherein coupon payments remains fixed for 5 years at the rate of 1JPY= ₹ 0.3658 in one deal and IJPY=₹ 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 ₹ 6654.76 lac as at 31st March 2012 (₹ 5199.06 lac as at 31st March 2011) which includes ₹ 1455.70 lac for the year ended 31st March 2012 (previous year ₹ 1269.60 lac)

b). 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
Asian Development Bank (ADB)	
31st March 2012 (31st March 2011) 31st March 2012 (31st March 2011)	USD 7,572.87 lac (USD 6,205.22 lac) ₹ 347,238.72 lac (₹ 283,213.83 lac)
Kreditanstalt für Wiederaufbau (KFW)	
31st March 2012 (31st March 2011) 31st March 2012 (31st March 2011)	Euro 254.74 lacs (Euro 254.74 lacs) ₹ 15,562.94 lac (₹ 15,562.94lac)
IBRD World Bank	
31st March 2012 (31st March 2011) 31st March 2012 (31st March 2011)	USD 194.88 lac (USD 64.88 lac) ₹ 8,657.36 lac (₹ 2,887.96 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 31st March 2012 amounts to ₹ 37926.83 lac (Gross gain of ₹ 38082.87 lac less Gross loss ₹ 156.04 lac) and M2M gain as on 31st March 2011 amounts to ₹ 398.26 lac (i.e. Gross gain ₹ 6286.00 lac less gross loss ₹ 5888.34 lac).

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 current financial year, 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 composite contracts i.e. Interest Rate Swap cum forward exchange contracts
Asian Development Bank (ADB)#	
31st March 2012 (31st March 2011)	USD 954.28 lac (USD 198.23 lac)
31st March 2012 (31st March 2011)	₹ 48,817.80 lac (₹ 8,851.19 lac)
Kreditanstalt für Wiederaufbau (KFW)	
31st March 2012 (31st March 2011)	Euro 27.75 lacs (Euro 27.75 lacs)
31st March 2012 (31st March 2011)	₹ 1,896.48 lac (₹ 1,754.94lac)
IBRD World Bank	
31st March 2012 (31st March 2011)	USD 34.47 lacs (USD 130.72 lacs)
31st March 2012 (31st March 2011)	₹ 1,763.61 lac ₹5,836.74 lac

Unhedged amount of foreign currency loan from ADB includes USD 179.98 lac i.e ₹ 9,207.15 lac(USD 190.10 lac i.e ₹8487.97 lac as on 31st March 2011) 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 bond liability is fully guaranteed by Government of India and also the company is notified as Public financial institution vide notification no S.O.143(E)(F.NO.3/5/2008) Dated 14th January 2009 of Central Government, it is not required to create Bond Redemption Reserve in respect of bonds by virtue of the Department of Company Affairs' circular of 18th April 2002 according to which the financial institution within the meaning of section 4A of the Companies Act, 1956 are not required to create bond redemption reserve in case of privately placed bonds.

b) In respect of publicly placed bonds: The company had issued 9,09,618 Long Term Infrastructure Bonds of the face value of ₹ 1000 each aggregating ₹ 9,096.18 lac during the financial year ended 31st March 2011.

As per the Department of Company Affairs' circular dated 18th April 2002 requiring the financial institution within the meaning of section 4A of the Companies Act, 1956 to create Debenture Redemption Reserve equal to 50% of the value of debentures issued through public issue, the company has created bond redemption reserve of ₹ 882.90 lac up to 31st March 2012 (₹ 9.54 lac up to 31st March 2011).

13. During the current year, the company has allotted 5,000 lac number of equity share of ₹ 10 each aggregating to ₹ 50,000 lac to Government of India. Accordingly, issued and paid up equity share capital has increased from ₹ 2,00,000 lac to ₹2,50,000 lac.

14. (i) The foreign exchange loss of ₹ 1264.49 lac (including ₹ 795.82 lac treated as borrowing cost) for year ended 31st March 2012 (loss of ₹ 616.20 lac (including ₹ 142.02 lac treated as borrowing cost) for year ended 31st March 2011) represents exchange differences arising mainly due to, difference between exchange rate prevailing as on date of receipt of the foreign currency loan or on the closing day of previous financial period whichever is later vis-à-vis the spot rates prevailing on the date on which hedging transactions were undertaken and the spot rates prevailing on the closing day of the current year for unhedged amounts .

(ii) As per Accounting Standard-11 (AS-11) i.e. The effects of changes in Foreign Exchange Rates", foreign currency loan taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and differences should be taken to profit and loss statement whereas the company has restated the above loans at the date of inception of the forward contact and difference taken to profit & loss statement as stated in paragraph (i) above. In view of the above, loan liability and foreign currency receivable account as on 31st March 2012 would have been higher by ₹ 43320.36 lac (lower by ₹ 5,595.49 lac as on 31st March, 2011). 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.

15. Consequent upon pay revision of the employees w.e.f.1st November 2007, an additional liability of ₹ 135.90 lac upto 31st March 2011 (in excess of existing provision of ₹ 72.56 lac upto 31st March 2011) has been created during the year ended 31st March 2012 for arrears of pay revision. Out of total liability an amount of ₹ 207.56 lac has already been paid to employees/past employees and steps for payment of balance amount of ₹ 0.90 lac are in process.

16. During the year, the company has sent letters seeking confirmation of balances as on 29th February 2012/ 31st March 2012 to borrowers and banks etc. Some of the balances appearing under Infrastructure Loans and few other debit and credit balances as on the Balance Sheet date are subject to confirmation and reconciliation and in the opinion of management, no material impact of such reconciliation on financial statements is anticipated.

17. The Ministry of Corporate Affairs has notified the revised Schedule VI to the Companies Act 1956 on 28th February 2011 vide notification number S.O. 447 (E) (as amended by Notification No. S.O. 653(E) dated 30th March 2011) and the revised schedule VI has replaced the old schedule in respect of the Balance Sheet and Profit & Loss Account prepared for financial year commencing on or after 1st April 2011.Accordingly, the Balance Sheet of company as at 31st March 2012 and its Profit & Loss Statement for the year ended 31st March 2012 are prepared as per revised Schedule VI to the Companies Act 1956, and corresponding figures of previous year have been regrouped, rearranged to make them comparable with figures for current reporting year ended 31st March 2012.

18. (a) As per the Office Memorandum of Government of India dated 23rd 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 13th 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 24th October 2011, the company is required to initiate the process of registering it as an NBFC-IFC. Meanwhile, Department of Financial Services vide letter dated 23rd January 2012 has 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. Accordingly, pending decision of Reserve Bank of India on above said request made by Department of Financial Services, Ministry of Finance, Govt. of India, the application for registration of company as an NBFC as per decision of the Union cabinet is yet to be made.

(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 12th December 2006.

Pending registration as a NBFC, 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 31st March 2012. Consequently, the net profit of company for the year ended 31st March 2012 is stated lower by ₹ 5173.58lac on account of provision made for Standard Loan Assets and is shown as an ' Exceptional Item' in the Profit & Loss statement.

Contingent Provisions against Standard assets of ₹ 5208 lac is appearing in note 6 i.e. Long- term provisions which also includes foreign currency translation difference reserve of ₹ 34.42 lac.

(c) Hitherto, the reserve for loan assets was created at 0.40% of the total outstanding of loan assets up to 31st March 2011. Consequent upon adoption of prudential norms as stated in (b) above, the practice to transfer amount to Reserve for Loan Assets has been discontinued and the existing Reserve for Loan Assets of ₹ 6,165.42 lac as on 31st March 2011 has been retained as on 31st March 2012.

19. **Prior Period Income & Expenses which have been included under natural heads in profit & loss statement are as under:**

(₹ In lac)

Income	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Interest income	286.42	(32.39)
Excess Provision written back	55.48	24.11
Provision for interest on Income Tax written back	39.87	0.00
Total	**381.77**	**(8.28)**
Expenditure		
Employee benefit expense	2.47	13.34
Finance Costs	19.83	0.75
Other expenses	3.85	62.81
Total	**26.15**	**76.90**

Signed in terms of our report of even date
For P.R. Mehra & Co.
Chartered Accountants
(Regn. no: 000051N)

For India Infrastructure Finance Company Ltd.

Ashok Malhotra
Partner
Membership No.: 082648

H.S. Kumar
(Director)

S.K. Goel
(Chairman and Managing Director)

Place: New Delhi
Dated: 23.04.2012

Abhirup Singh
(Company Secretary)

India Infrastructure Finance Company (UK) Limited

Financial Statements and Directors' Report for the Year Ended 31 March 2012

Office and Professional Advisers

For the Year Ended 31st March 2012

The Board of Directors	Mr. S.K. Goel Chairman (appointed 24th June 2010) Mr. D.K. Mittal Director (appointed 17th January 2012) Mr. G.C. Tiwari Director, Government of India Nominee (appointed 31st October 2011) Professor G Goerge Non-Executive Director (appointed 19th November 2012) Dr. N.K. Madan Director (appointed 7th February 2008) (assumed charge as MD on 8th September 2008)
Registered Office	87 Gresham Street London EC2V 7NQ Tel: 020 7600 6564 Fax: 020 7776 8958 Website: www.iifc.org.uk Email: info@iifc.org.uk
Company Secretary	Jordan Company Secretaries Ltd 21 St. Thomas Street Bristol BS1 6JS
Current Auditors	King & King Chartered Accountants and Registered Auditor Roxburghe House, 273/287 Regent Street London W1B 2HA
Accountants	Leadenhall Financial Management Ltd 45b Brecknock Road London N7 0BT
Bankers	Bank of India 63 Queen Victoria Street London EC0N 4UA Bank of Baroda 32 City Road London EC1Y 2BD State Bank of India 15 Kings Street London EC2V 8EA

IIFCL

Directors' Report
For the Year Ended 31 March 2012

The directors have the pleasure in presenting the annual report and the audited financial statements for the year ended 31st March 2012. These financial statements have been prepared in accordance with the UK Companies Act 2006 and applicable International Financial Reporting Standards.

RESULTS AND DIVIDENDS

The profit before taxation for the year ended 31st March 2012 amounted to USD 27,421,776 (2010-11: USD 10,117,699) and the profit after taxation was USD 20,286,463 (2010-11: USD 7,425,246).

The directors do not recommend the payment of any dividend for the period ended 31st March 2012. The balance of profit in the sum of USD 20,286,463 will be retained in reserves. With this, the cumulative reserves of the Company shall aggregate USD 42,423,022.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

India Infrastructure Finance Company (UK) Limited is a subsidiary company of India Infrastructure Finance Company Limited (IIFCL), which, in turn, is a wholly owned enterprise of the Government of India. IIFCL, established on 5th January 2006 under the Indian Companies Act 1956, provides long term rupee loans to Indian companies implementing infrastructure projects in India. The Union Cabinet of India, on 13th October 2011, decided that IIFCL may be brought under the regulatory oversight of the Reserve Bank of India by registering it as a Non-Banking Financial Company under the Infrastructure Finance Company category. IIFCL has taken necessary steps in this direction. In the recent past, IIFCL has launched a series of new initiatives to increase availability of long term funds for the infrastructure sector. These include Take Out Financing Scheme, Credit Enhancement Scheme, setting up of new subsidiaries viz IIFCL Projects Limited and Infrastructure Debt Fund. The Company has acquired 41 per cent stake in Delhi Mumbai Industrial Corridor Development Corporation and also been advised by the Government to set up a Debt Market Development Cell within IIFCL to coordinate with Indian regulatory authorities to work towards the development of debt markets in India.

Pursuant to the decision of the Government of India embedded in the Union Budget 2007-08, India Infrastructure Finance Company (UK) Limited was established and incorporated on 7th February 2008 with the Registrar of Companies of England and Wales at London under the UK Companies Act 2006. Operations of the Company commenced effectively from September 2008. IIFC (UK) Limited has been set-up with the objective of providing long term loans in foreign currency to Indian companies implementing infrastructure projects in India for their import of capital equipment and machinery. The Company lends under the Government of India Scheme for Infrastructure Financing through IIFCL (SIFTI).

The sectors broadly covered for financing under SIFTI include [i] Road and bridges, railways, seaports, airports, inland waterways and other transportation projects; [ii] Power; [iii] Urban transport, water supply, sewage, solid waste management and other physical infrastructure in urban areas; [iv] Gas pipelines; [v] Infrastructure projects in Special Economic Zones; and [vi] International convention centers and other tourism infrastructure projects. During the year under review, three new sectors namely (i) Cold Storage Chains, (ii) Warehouses, and (iii) Fertilizer Manufacturing Industry were added as eligible sectors under SIFTI for seeking financial assistance from IIFCL and IIFC (UK) Limited. IIFC (UK) took the lead by approving financial assistance to a project in Fertilizer Manufacturing Industry sector during the year.

The lending by IIFC (UK) Limited is exclusively meant for financing import of capital equipment and machinery by the infrastructure projects in India and is subject to compliance of ECB guidelines by the projects. In order to avoid monetization effects of the transactions, the disbursement of loan by IIFC (UK) is directly made to the overseas supplier (s) of the capital goods solely outside India. Whereas the projects covered under the sectors stated above are eligible as per SIFTI for funding by IIFC (UK) Limited, however, in view the mandate of financing for import of capital equipment and machinery, the origination of eligible projects gets restricted to a few selected sectors which have adequate import content namely, the power, metro rail, sea-port and gas pipelines.

OPERATING NORMS AND RISK MANAGEMENT

IIFC (UK) Limited conducts its business operations within the broad contours laid down under the Scheme for Infrastructure Financing through IIFCL (SIFTI). In terms of para 5.2 of SIFTI, for a project to be eligible for funding from IIFC (UK), it should be implemented (developed, financed and operated for the project term) by (i) a Public Sector Company, or (ii) a Private Sector Company selected under a Public Private Partnership initiative, or (iii) a Private Sector Company. The projects awarded under PPP route are accorded priority for lending. IIFC (UK) can lend to projects set up by the private companies subject to the conditions that (i) the service to be provided by the infrastructure project is regulated or the project is being set up under an MOU arrangement with the Central Government, any State Government or a PSU, (ii) the tenor of IIFC (UK) lending is larger than that of the longest tenor commercial debt by at least two years, and (iii) the lending to private sector companies shall remain within the limit of 20 percent of the total lending by IIFC (UK) in any accounting year. Projects, implemented through a project company set up on a non-recourse basis, are only eligible for financing by the Company.

IIFC (UK) considers approval of loan to a project based on the appraisal of the Lead Bank or of any other reputed appraising institutions/banks/international financial institutions. In case of the appraisal other than by Lead Bank, the disbursement of loans is subject to its acceptance and sanction of loan by the Lead Bank. The Company considers only those projects which are found commercially viable and these proposals are processed for their compliance with SIFTI and other guidelines in vogue from time to time.

The SIFTI guidelines and other operating norms provide adequate checks and balances to confine the Company's exposure to the projects / Groups as per the prescribed limits. In terms of para 7.2 of SIFTI, the total lending by IIFC (UK) to any Project Company shall not exceed 20 percent of the total cost of the project. Further, the amount of loan to be considered by the Company shall not exceed 80 percent of the lead bank's loan amount and the cost of import of capital equipment and machinery, whichever is lowest. Besides following above stipulations, the Company continued to implement also the exposure norms for approval of loans linked to 25 percent of NOF/Capital Funds of IIFCL for single entity exposure and 55 percent of NOF/Capital Funds for group exposure.

For seeking loan from IIFC (UK) Limited, the project company normally approaches a debt arranger or a lead bank/financial institution to arrange debt funding. Such institution syndicates the entire debt by approaching prospective lenders including IIFC (UK) Limited. IIFC (UK) participates only for funding the foreign currency loan component for import of capital goods of the project within the limits stated above.

IIFC (UK) Limited is a non-deposit taking, whole-sale lending entity. Since such lending is not a regulated activity in the United Kingdom, the Company is not under the regulatory ambit of Financial Services Authority. However, for compliance of the Money Laundering Regulations 2007, the Company is registered with Financial Services Authority as "Annex-I Financial Institution" with effect from 31st March 2009 and has put in place a comprehensive Know Your Customer Policy.

SOURCES OF FUNDS

Apart from equity from IIFCL, IIFC (UK) Limited is funded by way of subscription by the Reserve Bank of India in the US dollar denominated bonds issued by IIFC (UK) Limited. The RBI has accorded approval to the proposal for subscription in IIFC (UK) Bonds up to a maximum aggregate issuance of USD 5 billion. The borrowings of IIFC (UK) from the RBI are guaranteed by the Government of India. In terms of Article 1.1.3 of the Subscription Agreement entered into between the Reserve Bank of India (RBI) and India Infrastructure Finance Company (UK) Limited, on 6 March 2009, the RBI agreed to subscribe to IIFC (UK) bonds up to a period of three years from the date of the Agreement. In the infrastructure sector projects, generally, there is considerable time lag between the sanction and disbursement of loans, more so in respect of the loans approved by IIFC (UK) Limited to the projects, where the import of capital equipment gets effected only after civil construction work at the project site has progressed substantially. Also, the projects are required to fulfil extant regulatory compliances prior to seeking disbursement of loans in foreign currency in the form of External Commercial Borrowings.

In view of the huge requirement of funds for the infrastructure sector, RBI was approached to extend the time limit for utilization of allocated amount of USD 5 billion for two more years till 6th March 2014.The Company's request for extension in time was approved by the Reserve Bank of India and the Government of India. The Government of India also approved the availability of guarantee during the extended period. Accordingly, an Amendment Agreement to this effect was executed by the Company with the Reserve Bank of India on 27th March 2012.

During the year ended March 2012, the Company issued three tranches of USD dollar denominated bonds to the RBI for an aggregate value of USD 423 million (FY 2010-11: Nil), of which two tranches aggregating to an amount of USD 293 million were raised in February-March 2012, as per the details given below.

Table 1

Series	Amount In USD	Date of Issue
USD Dollar Denominated Guaranteed Bonds 2021 (Series II)	130,000,000	16-09-2011
USD Dollar Denominated Guaranteed Bonds 2022 (Series III)	170,000,000	27-02-2012
USD Dollar Denominated Guaranteed Bonds 2022 (Series IV)	123,000,000	30-03-2012
Total	**423,000,000**	

The borrowings of the Company are guaranteed by the Government of India. During the year, the GoI approved guarantee for aggregate value of USD 700 million. In addition to the two guarantees for USD 130 million and USD 170 million executed in favour of the Reserve Bank of India on 14th September 2011 and 27th February 2012 respectively, a further guarantee of USD 400 million was issued on 27th March 2012. This amount is proposed to be utilized in two/three instalments over the period of about four months; of which first tranche of USD 123 million was used on 30th March 2012.

The authorised capital of IIFC (UK) Limited is USD 500 million. Paid-up and issued share capital of the Company at USD 50,000,000 continued to remain unchanged as at the end of March 2012. It was USD 50,000,000 as on 31st March 2011 and also the same on 31st March 2010.

SANCTION OF LOANS

IIFC (UK) Limited had, by the end of March 2012, received a cumulative number of 88 proposals for aggregate loan request of over USD 10 billion. Of these, 38 proposals with aggregate loan amount of USD 4075 million were approved, including in principle approvals. Of the total of 38 proposals, 2 proposals for loan of USD 110 million were cancelled and in respect of two other proposals, approved loan amount was reduced by USD 60 million, at the request of the borrowers. After net of cancellations, the cumulative loan sanctions aggregated USD 3905 million. A status of the activity-wise/sector-wise gross approvals accorded up to end-March 2012 is presented in Table 2 and Table 3 below.

Table 2 (Figures in USD Million)

Activity/Sector	No. of projects	Gross Loan Approvals (USD mio)	Loan Cancelled (USD mio)	Loan approvals, net of cancellations	Share in total (%)
Power	**23**	**2740**	**110**	**2630**	**67.35**
Public Sector	2	370	370	9.47	
PPP Sector	10	1583	1583	40.54	
Private Sector	11	787	110	677	17.34
MRTS-Metro Rail	**4**	**302**	**-**	**302**	**7.73**
PPP Sector	4	302	302	7.73	
Ports	**7**	**583**	**60**	**523**	**13.39**
Public	1	100	100	2.56	
PPP	5	446	42	404	10.35
Private Sector	1	37	18	19	0.49
Gas Pipelines	**3**	**365**	**-**	**365**	**9.35**
Public Sector	3	365	365	9.35	
Fertilizers Mfg.	**1**	**85**	**-**	**85**	**2.18**
Private Sector	1	85	85	2.18	
Total	**38**	**4075**	**170**	**3905**	**100.00**

Table: 3 (Figures in USD Million)

Activity/Sector	No. of projects	Gross Loan Approvals (USD mio)	Loan Cancelled (USD mio)	Loan approvals, net of cancellations	Share in total (%)
Public Sector	**6**	**835**	**-**	**835**	**21.38**
Power	2	370	370	9.47	
Ports	1	100	100	2.56	
Gas Pipeline	3	365	365	9.35	
PPP Sector	**19**	**2331**	**42**	**2289**	**58.62**
Power	10	1583	1583	40.54	
MRTS-Metro Rail	4	302	302	7.73	
Ports	5	446	42	404	10.35
Private Sector	**13**	**909**	**128**	**781**	**20.00**
Power	11	787	110	677	17.34
Port	1	37	18	19	0.49
Fertilizers Mfg.	1	85	85	2.17	
Total	**38**	**4075**	**170**	**3905**	**100.00**

Year-wise desegregated information in respect of the loan approvals for the period FY 2008-09 to FY 2011-12 is furnished in Table 4 below.

Table: 4 (Figures in USD Million)

Year	Approvals During the year	Cumulative approvals	Power	Metro Rail	Ports	Gas Pipeline	Fertilizers Manufact.	Private Sector Share
2008-09	**1241**	**1241**	1081	160	-	-	-	240
		(100.00)	(87.10)	(12.89)	(19.34)			
2009-10	**338**	**1579**	1385	160	34	-	-	304
		(100.00)	(87.72)	(10.13)	(2.15)	(19.25)		
2010-11	**875**	**2454**	2003	302	34	115	-	535-110
		(100.00)	(81.62)	(12.31)	(1.38)	(4.69)	(18.13)	
2011-12	**1621**	**4075**	2740	302	583	365	85	781
		(100.00)	(67.24)	(7.41)	(14.31)	(8.96)	(2.08)	(19.16)
2011-12 Net of		**3905**	2630	302	523	365	85	781
Cancellations		**(100.00)**	(67.35)	(7.73)	(13.39)	(9.35)	(2.18)	(20.00)

During the financial year 2011-12, the Company achieved a growth of 85 percent in terms of loan approvals at USD 1621 million as compared to aggregate loan approvals of USD 875 million in FY 2010-11. The projects assisted by the Company, along-with other banks and financial institutions, shall facilitate additional capacity generation of 28530MW of power, over 11o kilometres of Metro Rail, 2870 kilometres of gas pipeline and 6050 tpd of fertilizers. The total cost of the assisted projects is over USD 45 billion.

DISBURSEMENT OF LOANS

As at the end of March 2012, cumulative disbursements including Letters of Comfort issued by the Company, aggregated USD 740,289,071. The Letters of Comfort for outstanding value of USD 316,800,545 comprised of (i) USD 294,523,740 of cumulative drawl commitment, with a face value of USD 92,520,400, issued on 1st December 2010, in favour of State Bank of India in respect of a revolving and self-reinstating Letter of Credit opened by SBI for import of capital equipment for a power sector project, and (ii) USD 22,276,805 for which the Company has, on 30th March 2012, consented to issue to LOC in favour of IDBI Bank for import of capital equipment for a Metro rail project. Excluding the value of outstanding LoCs, the cumulative disbursements as at end-March 2012 aggregated USD 423,488,526. The details of cumulative disbursement of loans as at end-March 2012 are furnished in Table 5 given below.

Table: 5 (Figures in USD million)

Sector/Activity	No. of projects	Loan approved	Loan allocated	Disbursement	Outstanding LoC	Total
Power Sector	4	791	764	345.608	294.524	640.132
PPP Sector	4	791	764	345.608	294.524	640.132
MRTS-Metro Rail	2	160	124	77.880	22.277	100.157
PPP Sector	2	160	124	77.880	22.277	100.157
Total	**6**	**951**	**888**	**423.488**	**316.801**	**740.289**

During the financial year 2011-12, a growth of 44 percent was recorded in terms of disbursement of loans at USD 215.026 million as compared to USD 149.713 million in the previous year 2010-11. Further request for disbursement of loans of around USD 100 million were received before 31st March 2012 but were not affected for want of fulfilment of regulatory and other pre-disbursement compliances to be completed by the projects concerned. Disbursement of loans in respect of these projects is expected to materialise shortly.

The Company undertakes monitoring and review of its portfolio on a regular basis, including the reviews undertaken by the Risk Management Committee of the Board and quarterly/half-yearly reviews at the Board level. The Company's all loan assets are of standard category and regular. In one of the power sector projects assisted by the Company in a consortium with 13 other banks/financial institutions, there has been shift in the Commercial Operations Date mainly due to delay in getting possession of the land by the project. This has resulted into a lateral shift in the loan repayment schedule by 15 months. The current progress of the project is in line with the revised time schedule. The increase in project cost of around 10 percent (total cost of the project USD 4 billion) in the project is being funded by the promoters through additional equity contribution without any increase in the debt. In order to rationalise costs, the project intends to induct new foreign currency lenders in the consortium and reduce the loan allocation of existing lenders, including IIFC (UK) Limited. The proposals for induction of new lenders, reduction in loans, execution of amended financing documentation and restructuring, etc. are under different stages of process by the participating banks/ institutions and may take time to conclude. On the basis of a review and above factors, no impairment of the loan is considered in the instant case at this stage. Based on the developments as may happen, the Company shall initiate further necessary action.

BOARD OF DIRECTORS

During the year, Mr. G C Tewari, General Manager, Bank of India was appointed as the GoI nominee Director on the Board of IIFC (UK) Limited in place of Mr. N S Srinath, Executive Director, Bank of Baroda with effect from 31st October 2011, until further orders. Mr. D K Mittal, Secretary (Financial Services), Department of Financial Services, Ministry of Finance, Government of India was appointed as a Director on the Board of the Company with effect from 17th January 2012, until further orders. Five meetings of the Board were held during the year.

COMMITTEES OF THE BOARD OF DIRECTORS

Management Committee

During the year, the Board constituted a Management Committee of the Board comprising 4 directors, including the Chairman, Government of India Nominee Director, Non-Executive Director and the Managing Director. The quorum of the MC is three and the meetings of the MC are convened by the Managing Director and chaired by the Chairman of the Board. The Board decided that all the proposals relating to credit and other important issues may be placed before the MC and the decision taken in the meetings be placed before the Board for ratification. First meeting of the Committee was held on 30th March 2012.

Risk Management Committee

During the year, the Risk Management Committee of the Board was expanded with the induction of the GoI nominee director, besides the Non-Executive Director and the Managing Director. The RiMC held five meetings during the year.

FINANCIAL RESULTS

The financial statements for the reporting year ended 31st March 2012 are placed at pages 15 to 37. The profit after taxation for the year 2011-12 was USD 20,286,463 as compared to USD 7,425,246 in FY 2010-11, recording a growth of 173 percent. During the year 2011-12, the operating profit of the Company was USD 30,231,136 as compared to USD 11,861,910 in the previous year, showing a growth of 155 percent. The core income from interest on long term loans surged from USD 6,388,026 in FY 2010-11 to USD 19,025,865 in FY 2011-12, registering a growth of 198 percent. Cumulative reserves increased to USD 42,423,022 over an equity base of USD 50,000,000. Net interest margin on the term loans is over 4 percent and cost to income ratio is 0.017. Return on Assets during the year also surpassed 4 percent. Earning per share, after tax, during the year under review was 41 percent. Enhanced sanctions and disbursements are expected to fetch increased income during the current and subsequent years.

	Key data (Figures in USD million)	FY 2011-12/ 31st March 2012	FY 2010-11/ 31st March 2011	Growth over the previous year
1	Sanctions	1621	875	85%
2	Disbursements* (exc. LoC)	215	150	43%
3	Resources	673	250	169%
4	Operating profit	30.23	11.86	155%
5	Net profit	20.29	7.42	173%
6	Interest on Long Term Loans	19.03	6.39	198%
8	Return on Assets (post tax)	4%	2.5%	
9	Cumulative Return on Equity	85%	44%	
10	Earning Per Share (Face value USD 1)	USD 0.41	USD 0.15	
11	Cost to Income Ratio	0.017	0.048	

*Further draw-down requests for USD 100 million were received before 31st March 2012 but not effected for want of compliance of PDCs and other regulatory norms by the projects concerned. Disbursement in these cases is expected to materialise shortly.

KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

The World Economic Outlook projections indicate the global growth taking place at about 4 percent in 2012. Real GDP in advanced economies and emerging economies is projected to grow at around 2 percent and 6 percent, respectively in 2012. The outcome, however, would depend upon maintaining a judicious balance between the support for economies and the medium term fiscal consolidation. A pause in the growth of developed economies has impact on lowering the growth in developing world. The Fed rates and UK Bank Rate continued to remain unchanged. The Recession has amplified a number of real sector problems, especially in the advanced countries, and has warranted major changes in the macroeconomic policies. In the Euro area, the key structural challenge is to adopt reforms that improve their capacity to rebuild and maintain competitiveness. The financial crisis has also brought to the fore the vulnerability of the global financial system and the need to strengthen it. There are potential major benefits to stronger, collaborative policy initiatives.

With regard to the prospects of investment and growth in Indian economy, notwithstanding difficult conditions in the global markets, a possibility of improvement in the investment is visualised. The Union Budget of India for 2012-13 emphasises the need for enhanced investment in infrastructure through a combination of public investment and private public partnerships.

Total investment in infrastructure during the Eleventh Five Year Plan is estimated to have increased over 8 per cent of the Gross Domestic Product in the terminal year of the 11th Plan, as compared to 5.7 percent in the Tenth Plan. The contribution of private sector in the total investment has also been encouraging at 36 percent level. The performance of broad sectors in key infrastructure areas still represents dependence on the public sector projects to a large extent. The global competitiveness of the Indian economy depends upon building adequate infrastructure in the country. The performance of the sector in the 11th Plan supports higher level of investments in the Twelfth Five Year Plan. Achieving the target of 9 percent growth in GDP during the Plan period would require a further step up in the pace of infrastructure investment at around 10.7 of GDP in the terminal year of the Plan. These projections imply an investment of the order of over USD 1 trillion in the sector during the Twelfth Plan. At least 50 percent of this investment is projected to come from the private sector.

As per the Government of India Economic Survey 2011-12, the Net Bank Credit to infrastructure had a healthy growth of 48 percent per annum during the period 2006-11, increasing from approximately Rs. 303 billion to Rs. 1468 billion. The provisional figures of NBC during April-December 2011 indicate a decline in the rate of increase as noted in the previous years. The FDI inflow into major infrastructure sector during this period, however, registered a growth of 23.6 percent over the previous year.

IIFC (UK) Limited had, by the end of March 2012, received a cumulative number of 88 proposals for aggregate loan request of over USD 10 billion. Of these, 38 proposals with aggregate loan amount of USD 4075 million were approved, including in principle approvals. After net of cancellations and reductions, the cumulative loan sanctions aggregated USD 3905 million. The other proposals could not be considered mainly due to (i) project-wise/group-wise exposure limits, (ii) non-availability of lending space for the private sector projects, and (iii) non-compliance of SIFTI norms in respect of some proposals. During FY 2011-12, the Company accorded aggregate loan approvals of USD 1621 million, including in principle approvals, and achieved a growth of 85 per cent over the previous year. The projects assisted by the Company, along-with other banks and financial institutions, shall facilitate additional capacity generation of 28530 MW of power, over 110 kilometres of Metro Rail, 2870 kilometres of gas pipelines and 6050 tpd of fertilizers manufacturing. The total cost of the assisted projects is over USD 45 billion.

FUTURE DEVELOPMENTS

Achieving infrastructure spending at the level of around 10.7 of GDP in the terminal year of the Twelfth Five Year Plan is a challenging task and requires concerted efforts to channelize long term funds to the infrastructure sector at a much larger scale. The Government of India has announced setting up of Infrastructure Debt Funds to tap the overseas markets for long tenor pension and insurance funds. The Government has also approved a harmonised master list of infrastructure removing ambiguity in the policy and regulatory domain in the sector. The master list includes the following 5 main sectors and 29 sub-sectors.

Sr.	Category	Infrastructure sub-sectors
1.	Transport	(i) Roads and bridges, (ii) Ports, (iii) Inland waterways, (iv) Airport, (v) Railway track, tunnels, viaducts, bridges (including supporting terminals), (vi) Urban Public Transport (except rolling stock in case of urban road transport)
2.	Energy	(vii) Electricity Generation, (viii) Electricity Transmission, (ix) Electricity Distribution, (x) Oil Pipelines, (xi) Oil/Gas/Liquefied Natural Gas (LNG) Storage facility(includes strategic storage of crude oil), (xii) Gas pipelines (includes city gas distribution network)
3.	Water Sanitation	(xiii) Solid Waste Management, (xiv) Water supply pipelines, (xv) Water treatment plants, (xvi) Sewage collection treatment and disposal systems, (xvii) Irrigation(dams, channels, embankments etc.), (xviii) Storm Water Drainage System
4.	Communication	(xix) Telecommunication(fixed network) - includes optic fibre / cable networks which provide broadband/internet, (xx) Telecommunication towers
5.	Social and Commercial Infrastructure	(xxi) Education Institutions (Capital stock), (xxii) Hospitals (Capital stock) - Includes Medical Colleges, Para Medical Training Institutes and Diagnostic Centres, (xxiii) Three-star of higher category classified hotels located outside cities with population of more than one million, (xxiv) Common infrastructure for industrial parks, ESZ, tourism facilities and agriculture markets, (xxv) Fertilizers (Capital investment), (xxvi) Post harvest storage infrastructure for agriculture and horticultural produce including cold storage, (xxvii) Terminal Markets, (xxviii) Soil-testing laboratories, and (xxix) Cold Chain (Include cold room facility for farm level pre-cooling, for preservation or storage of agriculture and allied produce, marine products and meat.

Harmonization of the existing definitions of infrastructure sectors is also expected to facilitate coordinated approach amongst agencies providing support to infrastructure and thus spur infrastructure development in a more optimal manner. For IIFC (UK), this is a very significant development and is expected to broad-base the business domain of the Company, for which IIFC (UK) has been representing from time to time. In medium term, IIFC (UK) aims to accelerate the quantum of assistance to infrastructure projects eligible under SIFTI.

The directors thankfully acknowledge the support of the Government of India, Reserve of Bank of India and India Infrastructure Finance Company Limited. The directors also acknowledge with thanks the guidance extended by Mr. N S Srinath, currently ED, Bank of Baroda and earlier GoI nominee director on the Board of IIFC (UK), during his tenure.

In terms of non-financial Key Performance Indicators, the Company has the necessary infrastructure and other required facilities for its operations in the near future.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given, and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITORS

King & King Chartered Accountants & Statutory Auditors have signified their willingness to be re-appointed under Section 487(2) of the Companies Act 2006.

Approved by the Board on 13th April 2012
and signed on its behalf by

Sd/-
N K Madan
Managing Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires faithful representation of the effect of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out on the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all situations, a fair presentation will be achieved by complying with all applicable IFRSs. In preparing these financial statements, the directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance;
- state that the company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the board on 13th April 2012
and signed on its behalf by

Sd/-
N K Madan
Managing Director

Independent Auditor’s Report to the Shareholders of India Infrastructure Finance Company (UK) Limited

For the Year Ended 31 March 2012

We have audited the financial statements of India Infrastructure Finance Company (UK) Limited for the year ended 31st March 2012 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to report them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL ACCOUNTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

BASIS OF OPINION

We conducted our audit work in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in preparation of the financial statements, and of whether the accounting policies are appropriate for the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2012 and of its profit for the period then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters under the Companies Act 2006, we required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

Sd/-

R C Patel
(Senior Statutory Auditor)

For and on behalf of:
King & King Chartered Accountants & Statutory Auditor
Roxburghe House, 273-287 Regent Street
London W1B 2HA

13th April 2012

Income Statement

For the Year Ended 31st March 2012

	Notes	2012 $	2011 $
Revenue		**19,025,865**	6,388,026
Other operating income		**11,670,693**	5,967,577
Marketing costs		**-**	-
Administrative expenses		**(465,422)**	(493,693)
OPERATING PROFIT	3	**30,231,136**	11,861,910
Finance costs	6	**(2,809,360)**	(1,744,211)
PROFIT BEFORE TAX		**27,421,776**	10,117,699
Income tax expense	7	**(7,135,313)**	(2,692,453)
PROFIT FOR THE YEAR		**20,286,463**	7,425,246
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**20,286,463**	7,425,746

Profit for the current year and preceding year is solely from continuing operations.

Statement of Changes in Equity

For the Year Ended 31st March 2012

31st March 2012	**Issued capital $**	**Retained earnings $**	**Total equity $**
Balance at 1st April 2011	50,000,000	22,136,559	72,136,559
Profit for the year	-	20,286,463	20,286,463
Total recognised income for the year	-	20,286,463	20,286,463
Balance at 31st March 2012	50,000,000	42,423,022	92,423,022
31st March 2011	**Issued capital $**	**Retained earnings $**	**Total equity $**
Balance at 1st April 2010	50,000,000	14,711,313	64,711,313
Profit for the year	-	7,425,246	7,425,246
Total recognised income for the year	-	7,425,246	7,425,246
Balance at 31st March 2011	50,000,000	22,136,559	72,136,559

Statement of the Financial Position
For the Year Ended 31st March 2012

	Notes	2012 $	2011 $
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	**12,685**	32,711
Loans and receivables	10	**420,291,326**	208,461,313
		420,304,011	208,494,024
CURRENT ASSETS			
Loans and receivables	10	**2,988,600**	-
Trade and other receivables	11	**1,707,998**	114,581
Cash and cash equivalents	13	**348,803,846**	116,423,034
		353,500,444	116,537,615
TOTAL ASSETS		**773,804,455**	325,031,639
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	14	**50,000,000**	50,000,000
Retained profits		**42,423,022**	22,136,559
TOTAL EQUITY		**92,423,022**	72,136,559
NON CURRENT LIABILITIES			
Interest bearing borrowings	15	**673,000,000**	250,000,000
Deferred tax payables	16	**-**	1,262
		673,000,000	250,001,262
CURRENT LIABILITIES			
Trade and other payables	17	**8,381,433**	2,893,818
TOTAL EQUITY AND LIABILITIES		**773,804,455**	325,031,639

Approved by the Board on 13th April 2012 and signed on its behalf by

....	....	....	....
S K Goel	**G C Tewari**	**G George**	**N K Madan**
Chairman	Director, Government of India Nominee	Non-Executive Director	Managing Director

Company registration number: 06496661

Statement of Cash Flow
For the Year Ended 31st March 2012

	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Total operating Profit-after tax	**20,286,463**	7,425,246
ADJUSTMENTS TO RECONCILE TO PROFIT FROM OPERATIONS		
Interest income	**(3,275,110)**	(5,396,037)
Income tax expense	**7,135,313**	2,692,453
	3,860,203	(2,703,584)
ADJUSTED PROFIT FROM OPERATIONS	**24,146,666**	4,721,662
NON-CASH ADJUSTMENTS		
Depreciation	**23,593**	22,702
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	**24,170,259**	4,744,364
DECREASE IN WORKING CAPITAL		
Increase in loan and other receivables	**(216,412,030)**	(149,419,393)
(Decrease)/Increase in trade and other payables	**3,487,959**	2,060,227
DECREASE IN WORKING CAPITAL	**(212,924,071)**	(147,359,166)
CASH FLOWS USED IN OPERATING ACTIVITIES	**(188,753,812)**	(142,614,802)
CASH FLOWS USED IN OTHER OPERATING ACTIVITIES		
Income tax paid less received	**(5,136,919)**	(7,477,635)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	**(3,567)**	(896)
Interest received, classified as investing	**3,275,110**	5,396,037
NET CASH FLOWS FROM INVESTING ACTIVITIES	**3,271,543**	5,395,141
	(190,619,188)	(144,697,296)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gross proceeds from issue of equity share capital	-	-
Gross proceeds from bond issued	**423,000,000**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**423,000,000**	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	**232,380,812**	(144,697,296)
Cash and cash equivalents as at 1st April 2011	**116,423,034**	261,120,330
CASH AND CASH EQUIVALENTS AS AT 31st MARCH 2012	**348,803,846**	116,423,034

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The company's financial statements for the period were authorised for issue on 13th April 2012 and the statement of financial position signed on behalf of the board's directors in attendance. India Infrastructure Finance Company (UK) Limited is a limited company incorporated and domiciled in England & Wales.

The company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

Adoption of new and revised standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- Amendments to IAS 32 (October 2009) Financial Instruments: Classification of Rights Issues
- Amendments to IFRS 1 (2009) Additional Exemptions for First-time Adoptors
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IAS 1 (revised June 2011) Presentation of Financial Statements : Items of Other Comprehensive Income
- Amendment to IAS 12 Deferred Tax : Recovery of Underlying assets
- IAS 19 (revised June 2011) Employee Benefits
- IAS 24 (revised November 2009) Related Party Disclosures
- Amendments to IAS 27 (May 2011) Consolidated and Separate Financial Statements
- Amendments to IAS 28 (May 2011) Investments in Associates and Joint Ventures
- Amendments to IAS 32 (December 2011) Financial Instruments Presentation - Amendments to Application Guidance on the Offsetting of Financial Assets and Financial Liabilities
- Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-Time Adoptors
- Amendments to IFRS 7 Disclosures - Transfers of Financial Assets
- IFRS 9 Financial Instruments - Classification and Measurement of Financial assets and - Accounting for Financial Liabilities and Derecognition
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurements
- Amendments to IFRIC 14 (November 2009) Prepayments of Minimum Funding Requirements

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements in the period of its initial application.

Critical accounting judgements and key sources of estimation uncertainty

In application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources and may make necessary provisions in accordance with their assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

2. ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and valued added tax. It is the company's policy to recognise unconditional upfront fees on the actual allocated loan amount where loan documents have been executed or likely to be executed in the immediate period.

Interest income and expense for all interest bearing financial instruments are recognised in Interest and similar income and interest expenses and similar charges in the income statement using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The method applies where the loan repayment term is shortened for the same cash flow. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

Interest and other income is credited to the income statement as it accrues unless there is a significant doubt that it can be collected.

Functional currency and foreign currency transactions

The US Dollar is regarded as being the functional currency, which is also the reporting currency of the Company.

Transactions in foreign currencies are recorded in US Dollars at the rate of exchange prevailing at the rates ruling at the end of the day in which the transaction arose. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement.

Financial assets

The company classifies its financial assets in the following categories: financial assets at fair value through the income statement and loans and receivables.

i. Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets in this category are stated at fair value within any resultant gain or loss recognised in the Income Statement.

The Company's management has not identified any assets as falling into this category.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services to a debtor with no intention of trading the receivable. Loans and receivables are initially measured at fair value and measured at amortised cost using the effective interest method less any impairment.

De-recognition of financial assets and liabilities

Financial assets are de-recognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual right to receive the cash flows of the financial assets and either (i) substantially all the risks and rewards of ownership have been transferred; or (ii) substantially all the risks and rewards have neither been retained nor transferred but control is retained.

Financial liabilities are de-recognised when they are extinguished, i.e. when the obligation is discharged or cancelled or expires.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company management has not identified any impairment of financial assets for the year.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it is now excessive by reducing the loan impairment allowance account. The amount of any reversal is recognised in the income statement.

The company management has not identified any impairment of financial assets for the year.

Property, plant and equipment

Items of property, plant and equipment are stated at cost of acquisition or production cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Plant and machinery	25%
Fixtures and fittings	25%

Trade and other receivables

Trade and other receivables are recognised by the company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred income tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxed levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

3. OPERATING PROFIT

The company undertakes the business of commercial financial lending from the United Kingdom.

The company has one class of business and all other services are ancillary to this. The Chief Operating Decision Maker of the company is the Board of Directors. The Board reviews all the information for the business as a whole as these ancillary activities do not have their own standalone reporting environment and protocols internally.

Segmental income

Revenue is derived from lending to borrowers located in India.

Income is derived from a range of products and the split is shown below:

	2012 $	2011 $
Fees	**8,394,847**	571,529
Interest Income		
Term Loan	**19,025,865**	6,388,026
Inter Bank Placements and other interest	**3,275,846**	5,396,048
	30,696,558	12,355,603

Operating profit is stated after charging/(crediting) the following:

	2012 $	2011 $
Depreciation of property, plant and equipment	**23,593**	22,702
Auditor's remuneration - audit services	**20,000**	19,238
Auditor's remuneration - non-audit services	**2,400**	2,405
	22,400	21,643

	2012 $	2011 $
Included in administrative expenses:		
Employee remuneration and benefit expenses	**247,599**	244,520
Depreciation and amortisation	**23,593**	22,702
	271,192	267,222

4. EMPLOYEE EXPENSES

	2012 $	2011 $
Gross wages and salaries	**80,260**	110,198
Other employee benefits and income tax	**150,149**	121,765
Post employment expense for provident fund (India)	**3,802**	1,159
Social security costs	**13,388**	11,398
	247,599	244,520

The average monthly number of employees during the period was made up as follows:

	2012 No.	2011 No.
Management	**1**	1
Administration	**2**	2

5. DIRECTORS' REMUNERATION

	2012 $	2011 $
Gross salaries, benefits, income tax & social security costs	**185,941**	171,306
Contributions to provident fund (India)	**3,399**	982

6. FINANCE COSTS

	2012 $	2011 $
Financing instruments	**1,779,916**	1,100,609
Foreign exchange difference	**4,388**	13,062
Financing fees and charges	**1,025,056**	630,540
	2,809,360	1,744,211

7. INCOME TAX

Components of income tax expense

	2012 $	2011 $
Current income tax expense		
Current income tax charge	**7,136,575**	2,696,105
Deferred income tax expense		
Relating to origination and reversal of temporary differences	**(1,262)**	(3,652)
Income tax expense reported in income statement	**7,135,313**	2,692,453

Reconciliation of income tax charge to accounting profit

	2012 % age	2012 $	2011 % age	2011 $
Profit before tax		**27,421,776**		10,117,699
Tax at the domestic income tax rate	**26.00**	**7,129,662**	28.00	2,832,956
Tax effect of capital allowances		**(2,756)**		(4,581)
Tax effect of non deductible expenses		**7,841**		6,357
(Under)/overprovision in previous year		**566**		(142,279)
Tax expense using effective rate	**26.02**	**7,135,313**	26.61	2,692,453

8. PROPERTY, PLANT AND EQUIPMENT

At 31st March 2012

	Plant and equipment $	Fixtures and fittings $	Total $
Cost			
At 1st April 2011	43,203	47,603	90,806
Additions	3,567	-	3,567
At 31st March 2012	46,770	47,603	94,373
Depreciation			
At 1st April 2011	(28,109)	(29,986)	(58,095)
Charge for period	(12,718)	(10,875)	(23,593)
At 31st March 2012	(40,827)	(40,861)	(81,688)
Net book value			
At 31st March 2012	5,946	6,742	12,685
At 31st March 2011	15,094	17,617	32,711

At 31st March 2011

	Plant and equipment $	Fixtures and fittings $	Total $
Cost			
At 1st April 2010	42,307	47,603	89,910
Additions	896	-	896
At 31st March 2011	43,203	47,603	90,806
Depreciation			
At 1st April 2010	(17,308)	(18,085)	(35,393)
Charge for period	(10,801)	(11,901)	(22,702)
At 31st March 2011	(28,109)	(29,986)	(58,095)
Net book value			
At 31st March 2011	15,094	17,617	32,711
At 31st March 2010	24,999	29,518	54,517

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors have overall responsibility of risk management of the company. The Board has formed a Management Committee (MC) of the Board and a Risk Management Committee (RiMC) for overseeing the credit approvals and the risk management function. The role and responsibilities of the MC and RiMC are set out below.

The objective of the company's Risk Management Strategy is to ensure that the company maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The Company manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the Company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the period ended 31st March 2012.

Management Committee of the Board (MC)

During the year, the Board constituted a Management Committee of the Board comprising 4 directors, including the Government of India Nominee Director. The quorum of the MC is three and the meetings of the MC are convened by the Managing Director and chaired by the Chairman of the Board.

All the proposals related to Credit and other important issues are placed before the MC. The decisions taken in the committee meetings are placed before the Board for ratification.

Risk Management Committee (RiMC)

The RiMC is formed as an executive committee of the Board and is responsible for :

- Oversight of management of Operational Risk, Market Risk, Credit Risk and residual risks;
- Recommend modification in policies and submit for the approval of the Board; and
- Periodically apprise the Board on Risk management issues.

During the year, the composition of RiMC was expanded with the induction of the Government of India Nominee Director into it.

Risk Governance

The Board of Directors (Board), comprising of five directors including one non executive director is responsible for governance, approval of all loan proposals, etc. The Board is also responsible for the periodical review of assets and finalising provisioning requirements, taking stock of any breaches in any of the policies and identifying the resolution there to and periodical review of business strategy and expansion plans. The Board has the responsibility of oversight into the compliance aspects of the Company. The status of the required compliances is reviewed in the Board meeting on a quarterly basis.

Compliance

The Board supports the senior management in fulfilling their regulatory obligations and to help maintain the Company as a 'fit and proper' institution in whatever form of business it undertakes; by helping to ensure compliance with the voluntary codes, principles, rules and regulations established by the various financial services regulatory organisations.

The Board sets the overall regulatory governance arrangements and provides information, advice and guidance to business on financial services regulations. It also monitors business activities to ensure that improper conduct and failures to comply with regulatory requirements are brought to the attention of management for appropriate corrective action.

The Board provides a focal point to coordinate communications and consultations with regulatory authorities and also carries out review of business against applicable rules, guidance and the company's internal policies and procedures.

Risk Categorization

The Company has categorized various risks under following heads:

Credit risk

The Company extends financial assistance in terms of Scheme for Infrastructure Financing through IIFCL (SIFTI), a scheme framed by the Government of India. IIFC (UK) Limited considers only those projects which are found commercially viable based on the appraisal done by the reputed appraising institutions. All the proposals are processed by the Company for their compliance with SIFTI and other guidelines. All the proposals are approved by the Board of Directors of the Company.

The top five exposures as at 31st March 2012 are as follows:

Sr. No	Industry	Country of exposure	Type of account	Amount of Loan $
1	Sasan Power Limited	India	Syndication	157,784,917
2	Jhajjar Power Limited	India	Syndication	112,000,000
3	Adani Power Rajasthan Limited	India	Syndication	54,963,609
4	Delhi Airport Metro Express Private Limited	India	Syndication	54,000,000
5	Mumbai Metro One Private Limited	India	Syndication	23,880,000

In addition, there are outstanding Letters of Credit (LoC) for value of USD 92,520,400 in respect of (1) above and USD 22,276,805 in respect of (5) above.

The carrying value of financial assets recorded in the financial statements represents the company's maximum exposure to credit risk.

SIFTI and other guidelines provide that the Company can lend up to a maximum of (i) 20 percent of the estimated project cost, (ii) 80 percent of the exposure taken by the Lead Bank/Institution in the project and (iii) the cost of import of capital equipment and machinery, whichever is the lowest. As per SIFTI, monitoring and supervision of the projects is done by the Lead Bank/Institution, reports of which are made available to IIFC (UK) Limited. The project assets, cash flows and other benefits accruing from project documents such as liquidated damages, insurance claims are charged to IIFC (UK) Limited on a pari passu basis with other lenders to the project.

IIFC (UK) Limited is mandated to provide long term foreign currency loans for financing the import of capital equipment and machinery by Indian companies implementing infrastructure projects in India. During the period under review, the company continued to obtain ratings of the projects based on the CRISIL Risk Assessment Model. In determining the pricing of the loans, the ratings score of the projects were given due weight.

IIFC (UK) Limited has continued, for the present, the implementation of exposure norms for approval of loans linked to 25 percent of Net Owned Funds/Capital Funds of IIFCL and IIFC (UK) Limited for single entity exposure and 55 percent of Net Owned Funds/Capital Funds for group exposure.

Liquidity risk

IIFC (UK) Limited has got in place an approval to draw an aggregate amount up to USD 5 billion from the Reserve Bank of India, of which a total of USD 673 million has been drawn. Further funds can be drawn at a monthly interval corresponding to the extent of incremental deployment. These funds are repayable in bullet payment on 10 year maturity, with a prepayment facility without any financial penalty. The loans sanctioned by IIFC (UK) Limited stipulate repayment in instalments ensuring steady cash flows over period of time. Hence, IIFC(UK) Limited has an assured availability of funds and does not perceive any liquidity risk in short to medium term.

Market risk

IIFC (UK) Limited does not have a trading book. The borrowing and lending are based on Libor linked floating rates and are in US Dollar denomination, the accounting currency of the company.

Exchange Risk

The company is exposed to nominal foreign exchange risk to the extent of holding assets and liabilities in certain currencies.

The financial statements are drawn up in US Dollars, which represent the currency of the primary economic environment in which the company operates and a significant portion of the company's assets and liabilities, revenues and expenses are transacted in US Dollars.

Monetary assets and liabilities denominated in other currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. Similarly, income and expenses denominated in foreign currencies are converted into US Dollars from time to time at the prevailing exchange rate and remaining balances on the balance sheet date are translated into

US Dollars at the ruling exchange rate on the balance sheet date. Resulting gains or losses on these translations are included in the income statement.

Operational Risk

Operational risk is defined as the potential risk of financial loss resulting from inadequate or failed internal process systems, people or external events.

Major sources of operational risks for the company are identified as IT security, internal and external fraud, process errors, money laundering risks and external events like failure of transportation, non- availability of utilities, etc.

The company has identified each of such possible eventualities and established mitigation processes and internal controls, documentation of processes and procedures which are reviewed periodically.

The company conducts its operations under the Government of India Scheme for infrastructure financing. The scheme stipulates a series of operational norms which the company follows in its lending operations. All the lending powers vest with the Board of Directors.

The company has an investment policy in place which is based on the terms and conditions issued by the Government of India and the Reserve Bank of India.

To address the risks relating to money laundering, the company has put into place a KYC policy; a maker checker for all financial transactions; a system for reviewing and monitoring of activities at the Board level and management level; record retention; and an internal control process to ensure that Board, the Government of India and Reserve Bank of India and promoter companies are kept informed of the company's operations.

The company also draws on the policies of its parent company to identify operational risk in terms of credit risk, corporate governance, fraud detection and prevention and compliance code of conduct.

Capital management

	2012	2011
	$	$
Interest bearing loans and borrowings	**673,000,000**	250,000,000
Less: Cash and short term deposits	**(348,803,846)**	(116,423,034)
Net (debt)/funds	**324,196,154**	133,576,966
Equity including reserves carried forward	**92,423,022**	72,136,559
Total capital	**92,423,022**	72,136,559
Capital and net (debt)/funds	**416,619,176**	205,713,525
Net (debt)/funds to equity ratio	**3.51**	1.85

The Company has an authorised capital of USD 500 million, of which an amount of USD 50 million has been subscribed by the holding company. During the financial year to 31st March 2012, the Company has added reserves of USD 20,286,463 to its net-worth. As such, the Company does not perceive any difficulty in capital management.

10. FINANCIAL INSTRUMENTS

	Carrying amount		Fair value	
	2012	2011	**2012**	2011
	$	$	**$**	$
Financial assets				
Cash and cash equivalents	**348,803,846**	116,423,034	**348,803,846**	116,423,034
Loans and receivables				
Trade and other receivables	**423,279,926**	208,461,313	**423,279,926**	208,461,313
	1,704,075	111,223	**1,704,075**	111,223
Financial liabilities				
Fixed rate borrowings	**(673,000,000)**	(250,000,000)	**(673,000,000)**	(250,000,000)

Exposure to Credit Risk and Availability of Collateral Security:

The table below presents the company's maximum exposure to credit risk of its on-balance sheet financial instruments at 31st March 2012, before taking into account any collateral held or other credit enhancements. For on-balance sheet instruments, the maximum exposure to credit risk is the carrying amount reported on the balance sheet. The company does not have any off-balance sheet instruments, except for the issue of LoCs in favour of the Issuing Banks on behalf of the Borrowers. The LoC is issued within the overall cap of the approved amount of loans. The issuance of LoC has the same comfort of collaterals as those available for the Balance Sheet transactions. The company's exposure to credit risk is spread across different sectors. The company is affected by the general economic conditions in the territory in which it operates. The company has set limits on the exposure to any counterparty and group of counterparties and credit risk is also spread over other syndicated Banks.

The company's exposure to credit risk has increased by USD 214,818,613 when compared to March 2011 due to growth in the lending portfolio.

	2012	2011
	$	$
On Balance Sheet Exposure :		
Loans and Advances to Customers	**423,279,926**	208,461,313
Off Balance Sheet Exposure :		
LoC to borrowers	**114,797,205**	92,520,400
Total Exposure subject to Credit Risk	**538,077,131**	300,981,713

Bifurcation of total exposure of company subject to Credit Risk into company and non company exposure is as below:

	2012	2011
	$	$
Exposure on Company	**538,077,131**	300,981,713
Non Exposure on Company	**-**	-
Total	**538,077,131**	300,981,713

Collateral:

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types. Collateral types that are eligible for risk mitigation include: Deposits which are held under lien; commercial and industrial property; fixed assets such as land, plant and machinery; commodities; current assets including book debts; bank guarantees; and letters of credit. The right to take charge over physical assets is significant in terms of determining appropriate pricing and recoverability in the event of default.

The requirement for collateral is not a substitute for the ability to pay, which is the primary consideration for any lending decisions. In determining the financial effect of collateral held against loans neither past due or impaired, we have assessed the significance of the collateral held in relation to the type of lending. For loans and advances to customers, the company held the following amounts of collateral, adjusted where appropriate as discussed above.

A. Exposure on company: due to Letter of Credit/ Guarantee/ Letter of Comfort issued by the Banks, there are no separate collateral securities.

B. Company Exposure is collaterally secured as below:

First ranking pari-pasu interest / charge on Borrower's

- All immovable properties, present and future including land plant and machinery, equipment, furniture, fixtures, vehicles and all other movable assets.
- Book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, present or future, intangibles, goodwill, uncalled capital, present and future.
- All rights, titles, interests, benefits, claims and demands, whatsoever of the Borrower in the project documents, Letters of Credit, guarantees, performance bonds, insurance contracts, insurance proceeds.
- First ranking pari-pasu charge on Escrow Account, Trust and Retention Account, Debt Service Reserve Account and other bank accounts of the Borrower, wherever maintained.
- First ranking pari-pasu pledge of shares held by sponsors in the Borrower representing 51% of equity (including 21% of Non-Disposal Undertaking), assignment of mining lease etc., and corporate guarantee in the event of shortfalls.

	Non-Retail Loans		
	Total	**Past Due but not Individually Impaired**	**Individually Impaired Loans**
Amount Outstanding	423,279,926	423,279,926	-
Amount Collateralised	423,279,926	423,279,926	-

Comparative figures for the year ended 31st March 2011 have not been provided because this is a new disclosure under IFRS 7 which commenced this year.

11. TRADE AND OTHER RECEIVABLES

	2012 $	2011 $
Current		
Other receivables	**1,704,075**	111,223
Tax receivables	**3,923**	3,358
	1,707,998	114,581

Movements in the provision for other receivables were as follows:

	2012 $	2011 $
In respect of VAT recoverable	**(3,923)**	(3,358)

12. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The company is a wholly owned subsidiary of India Infrastructure Finance Company Limited, a company incorporated in India. The financial statements will be consolidated with those of its parent company and are publicly available in India.

Key management compensation

	2012 $	2011 $
Gross salaries and wages	**57,904**	57,318
Short term employee benefits	**121,573**	107,789
Post employment benefits: Defined contribution	**3,399**	982
Social security costs	**6,464**	6,199
	189,340	172,288

13. CASH AND CASH EQUIVALENTS

	2012 $	2011 $
Cash on hand	**1**	103
Cash at bank	**348,803,845**	116,422,931
	348,803,846	116,423,034

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31st March 2012.

	2012 $	2011 $
Cash on hand	**1**	103
Cash at bank	**348,803,845**	116,422,931
	348,803,846	116,423,034

14. SHARE CAPITAL

Authorised share capital

	Ordinary shares	**2012 $**	Ordinary shares	2011 $
Ordinary share capital	**500,000,000**	**500,000,000**	500,000,000	500,000,000

Issued share capital

	No.	**2012 $**	No.	2011 $
Issued and fully paid				
Ordinary share capital				
At 1st April 2011	**50,000,000**	**50,000,000**	50,000,000	50,000,000
New issues of share capital	**-**	**-**	-	-
At 31st March 2012	**50,000,000**	**50,000,000**	50,000,000	50,000,000

All issued share capital is classified as equity.

15. FINANCIAL LIABILITIES

	2012 $	2011 $
Bonds issued	**673,000,000**	250,000,000

The Bonds issued refer four tranches of ten year bonds maturing at various on dates bearing interest linked to the USD Six month LIBOR. The first tranche of USD 250,000,000 was issued on 19th March 2009 and matures on 19th March 2019; the second tranche of USD 130,000,000 was issued on 16th September 2011 and matures on 16th September 2021; the thirds tranche of USD 170,000,000 was issued on 27th February 2012 and matures on 27th February 2022; and the fourth tranche of USD 123,000,000 was issued on 30th March 2012 and matures on 30th March 2022. The bonds are secured by a sovereign guarantee of the Government of India. The bonds are repayable on maturity by way of a bullet payment. An option to prepay the bond earlier is available without any financial penalties.

Bank loans and other borrowings

	2012 $	2011 $
Other fixed rate borrowing	**673,000,000**	250,000,000

16. DEFERRED TAX

	Statement of financial position		Income statement (Credit)	
	2012 $	2011 $	**2012 $**	2011 $
Deferred tax liabilities				
Relating to depreciation	-	1,262	**(1,262)**	(3,652)

17. TRADE AND OTHER PAYABLES

	2012 $	2011 $
Accrued liabilities	**5,695,493**	2,207,534
Tax payable	**2,685,940**	686,284
	8,381,433	2,893,818

18. OTHER COMMITMENTS AND CONTINGENCIES

The company has an outstanding commitment of USD 114,797,205 on letters of comfort issued on behalf of customers for loans to be disbursed after the balance sheet date.

19. EVENTS AFTER THE BALANCE SHEET DATE

There have been no reportable events after the balance sheet date.

The Directors
India Infrastructure Finance Company (UK) Limited
UK

FIT FOR CONSOLIDATION REPORT

We present the **Balance Sheet, Profit & Loss Account and Cash Flow (India GAAP For Consolidation Purpose) Statement of India Infrastructure Finance Company (UK) Limited** - (in UK) for the year ended as at 31st March 2012.

This statement has been prepared to provide the financial details relating to India Infrastructure Finance Company (UK) Limited for the purpose of consolidation of its financial statements with that of its Parent Company - **India Infrastructure Finance Company Limited** (in INDIA) & to present before the Board of Directors of India Infrastructure Finance Company Limited, the Consolidated Financial Statements of India Infrastructure Finance Company Limited as required by Accounting Standard 21 - Consolidated Financial Statements issued by The Institute of Chartered Accountants of India (ICAI).

We have examined the financial statements of India Infrastructure Finance Company (UK) Limited which comprise the Balance Sheet, Profit & Loss Statement, Cash Flow Statement and the schedules referred to therein, prepared in accordance with the requirements of India GAAP (for consolidation purpose).

Based on our examination, and on the basis of the information and explanations given to us, in our opinion, the accompanying statements read with the notes thereon and attached thereto, give a true and fair view for the purposes of consolidation with parent company in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet (India GAAP for Consolidation Purpose) Statement, of the state of affairs as at 31st March 2012;
- in the case of the Profit and Loss Account (India GAAP for Consolidation Purpose) Statement, of the profit for the period ended on that date; and
- in the case of the Cash Flow (India GAAP for Consolidation Purpose) Statement, of the cash flow for the period ended on that date.

R C Patel ICAEW 7285553
(Senior Statutory Auditor)
For and behalf of:
Kind & King Chartered Accountants & Statutory Auditor
Roxburghe House, 273-287 Regent Street
London W1B 2HA

Place: London
Date: 13.04.2012

IIFCL

BALANCE SHEET

AS AT 31ST MARCH, 2012 (INDIA GAAP FOR CONSOLIDATION PURPOSE) STATEMENT

(Amount USD)

PARTICULARS	Schedule No.	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share capital	**1**	50,000,000.00	50,000,000.00
(b) Reserves and Surplus	**2**	41,386,999.84	22,147,737.36
(2) Non-current liabilities			
(a) Long-term borrowings	**3**	673,000,000.00	250,000,000.00
(b) Deferred tax liabilities (Net)	**4**	–	–
(c) Other long term liabilities		–	–
(d) Long-term provisions		–	–
TOTAL		**764,386,999.84**	**322,148,999.62**
II ASSETS			
(1) Non-current assets			
(a) Fixed Assets	**5**		
(i) Tangible assets			
Gross Block		94,373.00	90,806.08
Less: Depreciation		59,509.61	46,91.90
Net Block		34,863.39	43,890.18
(ii) Intangible assets			
Gross Block		-	-
Less: Depreciation		-	-
Net Block		-	-
(b) Non-current investments		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Long term loans and advances (for FY 2011-12 other than installments receivable in next 12 months)		420,291,326.00	208,461,312.70
(2) Current assets			
(a) Current Investments		-	-
(b) Cash and Cash Equivalent	**6**	348,803,846.00	116,423,033.67
(c) Short term loans and advances		-	-
(d) Other current assets	**7**	4,696,598.00	114,581.07
	A	353,500,444.00	116,537,614.74
(3) Current Liabilities & Provisions			
(a) Short-term borrowings	**8**	-	-
(b) Trade payables		-	-
(c) Other Current Liabilities		8,381,433.00	2,893,818.00
(d) Other Provisions		1,058,199.82	-
	B	9,439,632.82	2,893,818.00
(4) Net Current Assets	**A - B**	344,060,811.19	113,643,796.74
Notes on significant accounting policies and statutory disclosures as per Accounting Standards	**13**		
TOTAL		**764,387,000.58**	**322,148,999.62**

The Note nos 1 to 13 are integrat part of these Financial Statements

Consolidated Profit And Loss Account

AS AT 31ST MARCH, 2012 (INDIA GAAP FOR CONSOLIDATION PURPOSE) STATEMENT

(Amount USD)

PARTICULARS	Schedule No.	Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
I. Income from Operations	9	30,696,558.00	12,355,605.03
II. Other Income		-	-
III. Total Revenue (I+II)		**30,696,558.00**	**12,355,605.03**
IV. Expenses			
Finance Costs	10	2,809,360.00	1,744,211.00
Employee Benefits Expense	11	289,265.00	281,892.00
Depreciation/Amortisation Expense	5	12,593.71	16,258.16
Establishment and other Expenses	12	152,564.00	189,100.00
Total Expenses		**3,263,782.71**	**2,231,461.16**
V. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS (III-IV)		27,432,775.29	10,124,143.87
VI. Exceptional Items			
Contingent Provisions against Standard Assets @0.25% of Standard Loan Assets as on 31.03.12		1,058,199.82	-
VII. PROFIT BEFORE PRIOR PERIOD ITEMS AND TAX		**26,374,575.48**	**10,124,143.87**
VIII. Prior Period Items		-	-
IX. PROFIT BEFORE TAX		**26,374,575.48**	**10,124,143.87**
X. Tax Expense:			
(1) Current Tax			
- Current Year		7,136,575.00	2,696,104.95
- Earlier Year		-	-
(2) Deferred Tax			
- Current Year		1,262.00	-3,652.00
- Earlier Year		-	-
XI Profit/(Loss) for the period (IX-X)		**19,239,262.48**	**7.431,690.92**
XII Earnings per equity share (face value of US$1 Each)			
Basic		0.38	0.15
Diluted		0.38	0.15
Weighted average equity shares used in computing earnings per equity share			
Basic		50,000,000	50,000,000
Diluted		50,000,000	50,000,000
Notes on significant accounting policies and statutory disclosures as per Accounting Standards	13		

The Note nos 1 to 13 are integrat part of these Financial Statements

Schedule to Balance Sheet

AS AT 31ST MARCH, 2012 (INDIA GAAP FOR CONSOLIDATION PURPOSE) STATEMENT

(Amount USD)

DESCRIPTION	Schedule No.	As at 31st March 2012	As at 31st March 2011
SHARE CAPITAL	1		
Authorised Share Capital			
50,000,000 Equity Share of $1 each		50,000,000.00	50,000,000.00
Issued Share Capital			
50,000,000 (Previous Yr 50,000,000) Equity Share of $1 each		50,000,000.00	50,000,000.00
Total		**50,000,000.00**	**50,000,000.00**
RESERVE & SURPLUS	2		
Profit and Loss Account			
Opening Balance as on		**01.04.2011**	**02.04.2010**
Opening Balance		21,313,892.11	14,711,313.26
Addition during the year		19,239,262.48	7,431,690.92
Less: Transfer towards Reserve for Bad & Doubtful Loan Assets		-	833,845.25
Add: Adjustment for Change in Depreciation Method		-	4,735.67
		19,239,262.48	6,602,581.25
Reserve for Bad & Doubtful Loan Assets		833,845.25	833,845.25
Balance Carried to Balance Sheet		**41,386,999.84**	**22,147,739.85**
LONG TERM BORROWINGS	3		
Bonds Issued (Note 1)		**673,000,000.00**	**250,000,000.00**

Note 1

Bond Issued

The Bonds issued refer you tranches of ten year bonds maturing at various on dates bearing interest linked to the USD Six Monts LIBOR. The first tranche of USD 250,000,000 was issued on 19th March 2009 and matures on 19th March 2019; the second tranche of USD 130,000,000 was issued on 16th September 2011 and matures on 16th September 2021; the third tranche of USD 170,000,000 was issued on 27th February 2011 and matures on 27th February 2022; the thr fourth tranche of USD 123,000,000 was issued on 30th March 2012 and matures on 30th March 2022. The bonds are secured by a soverign guarantee of the Government of India. The bonds are repayable on maturity by way of a bullet payment. An option to prepay the bonds earlier is available without any financial penalties.

DESCRIPTION	Schedule No.	As at 31st March 2012	As at 31st March 2011
DEFERRED TAX LIABILITY	4		
Relating to Depreciation		-	1,262.26
OTHER CURRENT LIABILITIES	8		
Accured Liabilities		5,695,493.00	2,207,534.00
Tax Payable		2,685,940.00	686,284.00
Total		**8,381,433.00**	**2,893,818.00**
OTHER PROVISIONS	8		
Contigent Provisions against Standard Assets @0.25% of Standard Loan Assets as on 31.03.12		1,058,199.82	-
Total		**1,058,199.82**	**-**
CASH AND CASH EQUIVALENTS	6		
Cash in Hand		1.00	103.10
Cash at Bank		348,803,845.00	116,422,930.57
Total		**348,803,846.00**	**116,423,033.67**
OTHER CURRENT ASSETS	7		
Other Receivables		1,704,075.00	111,223.28
Tax Receivables		3,923.00	3,357.79
Loan Installments Receivable in Next 12 Months		2,988,600.00	-
Total		**4,696,598.00**	**114,581.07**

SCHEDULE 5 :

Fixed Assets details for the period ended 31st March 2012 as per Indian Accounting Standards

(Amount USD)

DESCRIPTION	Rate of Depreciation applied	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2011	Addition	Deductions/ Transfer	**As on 31.03.2012**	As on 01.04.2011	Addition	Deductions/ Transfers	**As on 31.03.2012**	**As on 31.03.2012**	As on 31.03.2011
Plant & Machinery (Computer)	40%	43,202.00	3,567.00	0.00	46,769.68	28,486.77	7,313.16	0.00	35,799.93	14,715.91	10,696.00
Furnithre & Fittings	18.10%	47,603.40	0.00	0.00	47,603.40	18,429.13	5,280.54	0.00	23,709.68	29,174.27	23,893.72
Plant & Machinery	13.91%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		**90,806.08**	**3,567.00**	**0.00**	**94,373.08**	**46,915.90**	**12,593.71**	**0.00**	**59,509.61**	**43,890.18**	**34,863.47**

SCHEDULE 5 :

Fixed Assets details for the period ended 31st March 2011 as per Indian Accounting Standards

(Amount USD)

DESCRIPTION	Rate of Depreciation applied	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As on 01.04.2011	Addition	Deductions/ Transfer	**As on 31.03.2012**	As on 01.04.2011	Addition	Deductions/ Transfers	**As on 31.03.2012**	**As on 31.03.2012**	As on 31.03.2011
Plant & Machinery (Computer)	40%	42,307.11	895.57	0.00	43,202.68	18,676.16	9,810.61	0.00	28,486.77	23,630.95	14,751.91
Furnithre & Fittings	18.10%	47,603.40	0.00	0.00	47,603.40	11,981.59	6,447.55	0.00	18,429.13	35,621.81	29,174.27
Plant & Machinery	13.91%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total		**89,910.51**	**895.57**	**0.00**	**90,806.08**	**30,657.75**	**16,258.16**	**0.00**	**46,915.90**	**59,252.76**	**43,890.18**

Schedule to Profit and Loss Account

STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2012 (INDIA GAAP FOR CONSOLIDATION PURPOSE)

(Amount USD)

DESCRIPTION	Schedule No.	As at 31st March 2012	As at 31st March 2011
REVENUE FROM OPERATIONS	**9**		
INTEREST			
Interest on Loans & Advances		19,025,865.00	6,388,026.00
Bank Interest		3,275,110.00	5,396,048.00
Other Interest		737.00	-
OTHER OPERATING INCOME			
Fee Income		8,394.847.00	571,529.00
Total		**30,696,559.00**	**12,355,603.00**
FINANCE COSTS	**10**		
Interest Expenses		1,779,916.00	1,100,609.00
Other Financial Expenses			
Guarantee Fee to GOI		1,016,545.00	625,090.00
Bank Charges		8.511.00	5,450.00
Exchange Loss/(gain)		4,388.00	13,062.00
Total		**2,809,360.00**	**1,744,211.00**
EMPLOYEE BENEFITS EXPENSE	**11**		
Salaries & Wages		105,986.00	109,428.00
Director's Remuneration		179,477.00	171,305.00
Contribution to Provident and Other Funds		3,802.00	1,159.00
Total		**289,265.00**	**281,892.00**
OTHER EXPENSES/PROVISIONS	**12**		
Power and Fuel		66,928.00	64,970.00
Lease Rent		613.00	496.00
Insurance		85,023.00	123,634.00
Total		**152,564.00**	**189,100.00**

CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2012 (INDIA GAAP FOR CONSOLIDATION PURPOSE)

(Amount in USD)

	PARTICULARS		Figures as at the end of current reporting year ended 31st March 2012	Figures as at the end of previous reporting year ended 31st March 2011
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
(i)	Net Profit/(Loss) before Tax		26,374,575.48	10,124,141.38
	Adjustments for:			
(ii)	Depreciation and amortisation expense		12,593.71	16,258.16
(iii)	Provision - Contigent Provisions against Std Assets		1,058,199.82	-
(iv)	Profit on sale of fixed assets		-	-
(v)	Loss on sale of fixed assets		-	-
(vI)	Unexpired gain on Interest Swaps		-	-
(vii)	Stamp Duty on Bonds written back		-	-
(viii)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings		-	-
(ix)	Interest / other charges paid on borrowings		-	-
(x)	Bonds issue and servicing expenses		-	-
(xi)	Interest on Income Tax		-	-
(xii)	Interest income, classified as investing		-3,275,110.00	-5,396,037.23
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**24,170,259.00**	**4,744,362.31**
(i)	Cash Flow From Lending of Funds		-	-
(ii)	Sale of/ (Addition) to Investments (including) Application		-	-
(iii)	(Increase)/decrease in Current Assets, Loans and Advances		-216,412,030.23	-149,419,393.00
(iv)	(Increase)/decrease in Current Liabilities		3,487,959.00	2,060,227.00
	CASH FLOW FROM OPERATIONS BEFORE TAX			
(i)	Taxes paid (Net)		-5,136,919.00	-7,477,635.00
	NET CASH FROM OPERATIONS	**A**	**-193,890,731.23**	**-150,092,438.69**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
(i)	Purchase of / Advance for Fixed Assets (including Leased Assets)		-3,566.92	-895.57
(ii)	Sale Proceeds of Fixed Assets (including disposal proceeds of Capital work in progress)		-	-
(iii)	Investments in Subsidiary Company and Venture Capital Units		-	-
(iv)	Redemption of Investments in Venture Capital Units		-	-
(v)	Interest received, classified as investing		3,275,110.00	5,396,037.00
	NET CASH FROM INVESTING ACTVITIES	**B**	**3,271,543.08**	**5,395,141.66**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
(i)	Proceeds from Issue of Share Capital		-	-
(ii)	Proceeds from Short term Borrowings		-	-
(iii)	Proceeds from Long term Borrowings		423,000,000.00	-
(Iv)	Interest / Other Charges paid on Borrowings		-	-
(v)	Bonds issue and servicing expenses		-	-
(vi)	Foreign Exchange Difference on Borrowings		-	-
	NET CASH FROM FINANCING ACTIVITIES	**C**	**423,000,000.00**	**-**
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C)		**232,380,811.85**	**-144,697,297.00**
	Add: Opening Cash and Cash Equivalent		116,423,032.97	261,120,330.00
	Closing Cash and Cash Equivalent		**348,803,844.82**	**116,423,032.97**
	Closing Cash and Cash Equivalent Comprises of :-			
	1 Cash in hand		1.00	103.10
	2 Cash in Bank		348,803,845.00	116,422,930.57
	TOTAL		**348,803,846.00**	**116,423,033.67**

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

Schedule 13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT (INDIA GAAP FOR CONOLIDATION PURPOSE) STATEMENT FOR THE YEAR ENDED AS AT 31ST MARCH 2012

1. Significant Accounting Policies

The Balance Sheet, Profit & Loss Account and Cash Flow (For Consolidation Purpose) Statement have been prepared to provide the details as required in accordance with Accounting Standard 21 on 'Consolidated Financial Statement' and are prepared on the following basis:

The financial accounts have been prepared on the going concern basis and in accordance with the accounting policies and practices consistently followed unless otherwise stated. The statement is prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any and to the extent possible, are made in the statement and are present in the same manner as the Company's separate financial statements

2. Revenue Recognition

Revenue is recognised to the extent that it is probable that the benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added tax. It is the company's policy to recognise unconditional upfront fees on the actual allocated loan amount where loan documents have been executed or likely to be executed in the immediate period.

Interest income and expense for all interest bearing financial instruments are recognised in Interest and similar income and interest expenses and similar charges in the income statement using the effective interest rates of the financial assets or financial liabilities to which they relate.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The method applies where the loan repayment term is shortened for the same cash flow. When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

Interest and other income is credited to the income statement as it accrues unless there is a significant doubt that it can be collected.

3. Reserve for Loan Assets

Reserve on Loan Assets created @0.40% of Loan Assets held on books up to 31st December 2011. From FY2011-12, as per the Reserve Bank of India notification 'Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007' Guidelines, the company has created provision toward standard assets shown separately as 'Contingent Provisions against Standard Assets' @0.25% on Standard Loan Assets held as on March 2012.

4. Functional Currency and Foreign Currency Transactions

The US Dollar is regarded as being the functional currency, which is also the reporting currency of the Company. Transactions in foreign currencies are recorded in US Dollars at the rate of exchange prevailing at the rates at the end of the day in which the transaction arose. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in the income statement.

5. Market Risk

IIFC (UK) Limited does not have a trading book. The borrowing and lending are based on Libor linked floating rates and are in US Dollar denomination, the accounting currency of the currency.

6. Exchange Risk

The company is exposed to nominal foreign exchange risk to the extent of holding assets and liabilities in certain currencies.

The financial statements are drawn up in US Dollars, which represent the currency of the primary economic environment in which the company operates and a significant portion of the company's assets and liabilities, revenue and expenses are transacted in US Dollars.

Monetary assets and liabilities denominated in other currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. Similarly, income and expenses denominated in foreign currencies are converted into US Dollars from time to time at the prevailing exchange rate and remaining balances on the balance sheet date are translated into US Dollars at the ruling exchange rate on the balance sheet date. Resulting gains or losses on these translations are included in the income statement.

7. Fixed Assets and Depreciation

Fixed assets are carried at cost less accumulated depreciation. Depreciation on fixed assets provided at the rates and manner provided in Schedule XIV of the Companies Act, 1956 following written down value method.

8. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred income tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is provided in full, using the statement of financial position liability method, on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than as a business combination) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interest in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax is determined using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

9. Trade and other receivables

Trade and other receivables are recognised by the company and carried at original invoice amount less an allowance for any uncollectible or impaired amounts

10. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purposes of the statement of cash flows.

11. Provisions, Contingent Liabilities and Contingent Assets

The company has an outstanding commitment of USD 114,797,205 on letters of comfort issued on behalf of customers for loans to be disbursed after the balance sheet date.

12. Segment Reporting

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

13. Related Party Transactions

Ultimate controlling party

The company is a wholly owned subsidiary of India Infrastructure Finance Company Limited, a company incorporated in India. The financial statements will be consolidated with those of its parent company and are publicly available in India

14. 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	Year ended 31.03.2012		Year ended 31.03.2011	
	Amount	Shares	Amount	Shares
Nominal Value per share ($)	1		1	
Number of Equity Shares (in million)				
Basic		50		50
Diluted		50		50
Net Profit after Tax ($ in million)	19.239		7.432	
Earnings Per Share ($)				
Basic	0.38		0.15	
Diluted	0.38		0.15	

15. Previous period figures have been re-grouped/re-arranged wherever practicable to make them comparable to the current period presentation

16. Schedule 1 to 13 form an integral part of Balance Sheet and Profit & Loss Account (India GAAP for Consolidation Purpose) Statement

Hon'ble Union Finance Minister Shri Pranab Mukherjee launching the Pilot Transaction Credit Enhancement Scheme of India Infrastructure Finance Company Ltd. (IIFCL), in New Delhi. Also in the picture on the left Shri D.K. Mittal (Secretary, Department of Financial Services, Ministry of Finance) on the right Shri S.K. Goel (CMD, IIFCL)

Exchange of MOU for Take-out financing by Shri S.K. Goel , CMD IIFCL, Shri D.K. Mehrotra, Chairman LIC of India and Shri Sunil Kakar, Group CFO, IDFC in the presence of Hon'ble Union Finance Minister Shri Pranab Mukherjee, Shri Prithviraj Chavan, CM, Maharashtra and Shri D.K. Mittal, Secretary, Department of Financial Services, Ministry of Finance.

IIFCL
ISO 9001:2008

भारत संरचना वित्त कम्पनी लिमिटेड
(भारत सरकार का उपक्रम)
India Infrastructure Finance Company Limited
(A Govt. of India Enterprise)
हिन्दूस्तान टाइम्स हाऊस, 8वीं मंजिल 18–20,
कस्तूरबा गांधी मार्ग, नई दिल्ली 110001
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