IIFCL

Annual Report
2010-2011

Funding Foundation of the Future...

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."

IIFCL

From the Chairman's Desk

Ladies & Gentlemen,

It gives me great pleasure to welcome you to the Sixth Annual General Meeting of the India Infrastructure Finance Company Ltd. The audited annual accounts of the company for the year ended March 31, 2011 together with the Directors' Report are with you and with your permission, I take them as read.

I take this opportunity to share with you the macro economic developments and the performance of the company during the financial year 2010-11. Global economies continued their slow recovery process in 2010-11 amidst uncertainty of entering a double-dip recession due to downside risk factors like weak sovereign balance sheet in Euro zone, political strife in the Middle-East, earthquake in Japan, rise in global crude oil prices and fiscal and debt problems in United States. The Indian economy however continued its high growth trajectory clocking growth rate of 8.6% in 2010-11 compared to moderate growth of 8% and 6.7% in the previous two years. During 2010-11, the Indian economy continued to outperform most emerging markets retaining its position as the second fastest growing economy, after China. As per June 2011 World Economic Outlook report by International Monetary Fund (IMF), global growth projection for the year 2011 is lower at 4.3% compared to 5.1% in 2010 and India is expected to grow at 8.2% as against 10.4% in 2010. During 15 months since March 2010, RBI adopted contradictory monetary policy to fight inflationary pressures building up due to supply-side shocks by raising operational policy rates by 425bps. Thus, the downside risks of persistent inflationary pressures and uncertain macro-economic environment continue.

As reiterated in First Quarter Monetary Policy Review 2011-12, addressing supply-side bottlenecks by building adequate and quality infrastructure is important for the economy to sustain the current growth rate without significant inflationary pressures come to the fore. Government has also taken several measures during the year to enable flow of investment into infrastructure sector. In the Union Budget 2010-11, allocation of ₹2,14,000 crore has been made for infrastructure development which accounts for around 48.5% of the Gross Budgetary Support to plan expenditure. It also allowed continuation of tax deduction ₹20,000 for investment in long-term infrastructure bonds (under Section 80CCF) as notified by the Central Government for one more year.

Towards attracting long-term resources including from off-shore funds, Hon'ble Finance Minister also announced creation of special vehicles in the form of notified Infrastructure Debt Funds (IDFs) wherein withholding tax on interest payments on the borrowings by the IDFs would be reduced from 20% to 5%. Further, income of the IDFs would also been exempt from income tax. Recently, Ministry of Finance released the two broad structures for setting up of IDF. It can be in the form of a trust (Mutual Fund) to be regulated by SEBI which can raise funds by issuing units of minimum 5 year maturity, and invest minimum 90% of its assets in the debt securities of infrastructure companies or SPVs.

Further, SEBI has approved a framework for setting up of Infrastructure Debt Funds (IDFs) through amendment of SEBI (Mutual Funds) Regulations, 1996. In such a structure, credit risk shall be borne by investors. The second structure proposed for IDF is in the form of company (NBFC, IFCs or banks) to be regulated by RBI, which would issue rupee or dollar denominated bonds of minimum 5 year maturity to raise resources and invest in debt securities of only PPP projects that have a buyout guarantee and have successfully operated for at least one year. The investors in both structures would primarily be domestic and off-shore institutional investors, especially Insurance and Pension Funds who have long term resources. Banks and FIs can invest only as sponsors of an IDF. To make the debt market vibrant, SEBI and RBI have issued regulations to allow acceptance of subscriptions from Qualified Foreign Investors in the debt and equity schemes in the infrastructure sector by SEBI registered Mutual Funds. QF Is have been allowed to invest in equity schemes of MFs subject to a ceiling of USD 10 billion. Further, an additional amount of USD 3 billion can be invested in the units of MF schemes which invest in infrastructure debt of minimum residual maturity of 5 years within the existing ceiling of USD 25 billion for FII Investment in corporate bonds as announced in the Union Budget 2011-12.

Brief review of performance of infrastructure sectors

In the road sector, during 2010-11, National Highways Authority of India (NHAI) awarded projects for a length of 5,059 km. Further, as against target of completing 2500km, NHAI has completed 1780 km at construction rate of 4.9 km per day under National Highways Development Project. As per NHAI, during 2011-12, 59 projects worth ₹ 56,939 crore are targeted to be awarded for constructing 7994 km of roads. As per NHAI, till 30th April 2011, of the total length of 48,642 Kms under the National Highways Development Plan (NHDP), 14,397 Kms has been 4-laned and 9,701 Kms is under implementation. The balance for award of is 24,386 Kms.

The major hurdles faced in development of the sector include poor performance of some contractors, delay in obtaining forest/wild life clearances from Ministry of Environment & Forest (MoEF), railway clearances, law & order problems in certain states, and delay in land acquisition etc. To reduce delays due to slow land acquisition progress, National Highway Authority of India (NHAI) has taken several measures such as strengthening of infrastructure provided to Competent Authority for Land Acquisitions (CALAs), facilitating better coordination with the State Governments by creating Regional/Zonal offices and persuading State Governments to set up high powered committees under Chief Secretaries for NHDP projects and setting up of Special Land Acquisition Units (SLAUs) in some states.

Another step taken by Ministry of Rural Development to address the issue of land acquisition and compensation and resettlement of project impacted is the new draft National Land Acquisition and Rehabilitation & Resettlement Bill, 2011. The bill seeks to balance the need of land acquisition for various public purposes including infrastructure development, industrialization and urbanisation, while at the same time meaningfully addressing the concerns of farmers and those persons whose livelihoods are dependent on the land being acquired.

In the power sector, against a revised capacity addition target of 62374 MW as per mid-term appraisal of the 11th Five Year Plan, till 31st July 2011, capacity of 48,029 MW (77% of the initial target of 78,700 MW) has been added, taking the total installed capacity to 1,80,358 MW. This is roughly double the capacity addition achieved during the 10th Five Year Plan. The National electricity policy aims to increase per capita comsumption of electricity to 1000 kwh by 2012. The average per capita consumption of electricity in India has increased to 779kwh during 2009-10 as against 704kwh during 2008-09, which is fairly low when compared to US (~13650kwh), China (~2471kwh) and world average (~2780kwh) during 2008-09

Number of steps to improve the power scenario during the remaining period of the Eleventh Five Year Plan and beyond have been taken. These include augmentation of manufacturing capacity of BHEL from 10,000 MW in December, 2007 to 20,000 MW by 2012; formation of several new joint ventures to manufacture supercritical boilers and turbine-generators for thermal power plants; bulk ordering of 11 units of 660 MW each with supercritical technology with mandatory phased indigenous manufacturing programme to promote indigenous manufacturing; rigorous monitoring of projects at different levels including by Ministry of Power, Central Electricity Authority, setting up of Power Project Monitoring Panel and Advisory Group under the chairmanship of Minister of Power; and introduction of web-based monitoring system.

Further, out of 11 identified UMPPs, four UMPPs have already been already awarded while two additional UMPPs namely Sarguja in Chhattishgarh and Bedabahal in Orissa are in the bidding process.

However, issues of lack of adequate domestic fuel linkage continue to affect the pace of capacity addition programme in the sector. As on 31st March 2011, there were 29 critical thermal power stations across India with coal stocks of less than 7 days. Coal imports by the power sector increased by 18% during 2010-11 to 29.1 mt from 24.6mt in the previous year. Development of the 94 allotted coal blocks to the power sector has been rather slow, with production only in eight blocks as of March 2011. Meanwhile, the definition of no-go zones by the MoEF in early 2010 meant that around 222 coal mines with reserves of over 660 mt per annum (mtpa) fall in such zones, where mining is prohibited. This includes about 43 coal blocks allocated to private power players, which have been cancelled by the MoEF.

To ensure sustainable development, India needs to reduce the dependency on coal-based power and increase the share of energy production through renewable energy resources such as hydro power which do not have the fuel supply risks. Government is also taking steps in this direction such as expediting preparation of Detailed Project Reports based on economic viability, streamlining clearances, simplifying approval procedures, facilitating early financial closure, high priority to smaller capacity run of the river type hydro projects having gestation period of less than five years and basin-wise optimization studies.

The Government has also initiated development of large transmission systems through private sector participation on the lines of UMPPs. Eleven such Independent Transmission Projects have been identified to be developed, out of which 6 have been awarded and 5 more are in the pipeline.

Ports play an important role in the overall development of the economy. India's 95% of trade by volume and 70% by value takes place through Ports. Hence it is imperative to augment and upgrade Port infrastructure. During the year 2009-10, 13 PPP projects were awarded at the Major Ports envisaging a capacity addition of 65.65 MTPA. In addition, till December, 2010, 6 PPP projects have been awarded. The capacity of major ports has increased from 575 million tonnes as on 31st March, 2009 to 617 million tonnes as on 31st March, 2010. During the year 2011-12, 23 Public Private Partnership (PPP) Projects have been identified for award with an estimated investment of ₹ 16744 crore and the corresponding capacity addition of 232 MMTPA.

As per Maritime Agenda 2010-2020, the traffic at Indian Ports (major and non-major) would be 2485 Million Tonnes by 2019-20 from the present level of 850 Million Tonnes at a CAGR of 11.32%. To achieve surplus capacity of above 25% over projected demand, the capacity of Indian Ports is estimated to be increased to 3230 million tonnes by 2020 which is more than 3 times the present level of 963 million tonnes entailing investment requirement of ₹ 2.77 lakh crore – ₹ 1.09 lakh crore for Major Ports and ₹1.68 lakh crore for non-major ports. Having set the tone for the growth path, the major and non-major Ports have formulated plans for development of new terminals, upgrading existing berths and modernising operations by inducting state of the art cargo handling equipment.

Under the Draft Port Regulatory Authority Bill 2011, released in March 2011, two types of regulatory bodies have been proposed to be set up viz. the Major Ports Regulatory Authority which shall have jurisdiction over all the major ports and a State Port Regulatory Authority having jurisdiction over all the ports, other than major ports, located within the concerned State. The Regulatory Authority would lay down guidelines for setting tariffs as well as performance norms for various facilities and services provided at the ports. The regulator will also monitor the performance standards of port authorities and private operators providing such facilities and services. Further, an Appellate Tribunal to be known as Port Regulatory Authority Appellate Tribunal is proposed to be set-up to adjudicate any dispute – between two or more service providers or between a service provider and a group of consumers.

The year 2010 has seen a robust growth in terms of aircraft movement and passengers handled after moderation of growth in 2008 and 2009 under the impact of global economic crisis. According to traffic data of Airports Authority of India (AAI), cargo and passengers traffic handled by airports registered growth rates of 0.2%, and 13.9% respectively in May 2011 over May 2010.

Phase-I of the Modernization of Delhi Airport was completed on 31 March 2010, at an estimated project cost of ₹ 12258 crores. A new integrated Terminal-3 having world-class infrastructure has become operational which can handle 34 million passengers per annum. Under the Policy for Greenfield Airports, the Government accorded "in-principle" approval for setting up of Greenfield airports at Dabra (Madhya Pradesh), Palladi (Rajasthan), Itanagar (Arunachal Pradesh), Kushi Nagar (Uttar Pradesh), taking total number of Greenfield projects to be developed in the country to 14.

Upto November 2010, 66% and 46% of work for modernization and development has been completed at Chennai and Kolkata Airports respectively. Further, work on the construction of new Greenfield Airports at Pakyong in Sikkim is in progress. To cater to increasing growth in international and domestic air passenger and cargo traffic at Mumbai International Airport, government had approved development of greenfield airport at Navi Mumbai in July 2007. The project to be developed through PPP has obtained environmental clearance in November 2010. It is projected to have sufficient capacity to handle the additional traffic around Mumbai, which is expected to go upto about 80 mppa by 2031-32.

Airports Economic Regulatory Authority (AERA) has been established and operationalised in 2009 as an independent regulatory authority for major airports and is the process of developing guidelines for regulation of tariffs of aeronautical services, user charges and monitoring of set performance standards in respect of major airports.

IIFCL's performance

Against this backdrop, I would now like to focus on the performance of the company during the year. The highlights of performance during 2010-11 are as under:

- During the year, the sanctions amounted to ₹ 7402 crore to 37 projects.
- On cumulative basis, gross sanctions as on 31.3.2011 were ₹ 31,778 crore to 176 projects involving project cost of ₹ 2,70,920 crore.

- At the end of March 2011, 158 projects with project cost of ₹ 2,14,747 crore had achieved financial closure.
- During the year, the company made disbursements of ₹ 5,349 crore (excluding balance letter of comfort of ₹ 323 crore issued during the year) as compared to ₹ 5,095 crore during 2009-10.
- Cumulative disbursement was ₹15,325 crore (excl. balance letter of comfort of ₹640 crore) in 133 cases including refinance of ₹ 3500 crore and takeout finance of ₹ 70 crore.
- Net profit (available for distribution) was ₹ 228.44 crore as on 31st March 2011 compared to ₹ 95.91 crore as on 31st March 2010, representing a growth of 138%.
- Balance Sheet size has increased by 15% to ₹ 23,662.07 crore as at end of March 2011 from ₹ 20,569.10 crore as at end of March 2010.
- Total income increased by 23% from ₹ 1,585.59 crore to ₹ 1,951.96 crore, while total expenses grew by 12% from ₹ 1,348.29 crore at the end of March 2010 to ₹ 1,505.42 crore at the end of March 2011
- Profit before Tax was ₹ 445.68 crore at the end of March 2011 compared to ₹ 237.87 crore at the end of March 2010.

Resource Mobilization

During the year, the company mobilized long term resources aggregating to ₹ 90.96 crore from the domestic market through issuance of long-term infrastructure bonds as notified under Section 80CCF of the Income Tax Act, 1961. The company continued to pursue with the bilateral/multilateral institutions for long term resources. Under the India Infrastructure Project Financing Facility (IIPFF-I and II) of USD 1200 million sanctioned by Asian Development Bank (ADB), the company has availed USD 640 million for financing projects in road, airport, and power sectors. Loan agreement for the second tranche of US$ 250 million under IIPFF-II was signed on 17th March 2011. Out of the line of credit of USD 1195 million from World Bank, the company has availed ₹ 73.92 crore as financing against disbursement in one power transmission project. In respect of the USD 5 million grant provided by World Bank for capacity building, 4 projects have been undertaken. In respect of bilateral institutions, out of the €50 million line of credit from Kreditanstalt fur Wiederaufbau (KfW), IIFCL has availed €28.24 million against disbursements in two hydro power projects.

Refinance

As part of the fiscal stimulus package, during 2008-09, IIFCL raised ₹ 10,000 crore through tax-free bonds to provide refinance to banks for their infrastructure loans. During the year 2010-11, the Refinance Scheme was modified, by increasing extent of refinance from 60% to 80% of the loan amount provided by the eligible institutions to infrastructure projects in eligible sectors. Accordingly, IIFCL was permitted to provide additional refinance upto ₹ 2000 crore to REC and PFC taking cumulative refinance extended to ₹ 3500 crore.

Takeout finance

Based on feedback from various stakeholders the modified Takeout Finance Scheme was implemented by the company in October 2010. As per the modified scheme the Takeout can occur in projects in which have completed 1 year of commercial operation instead of 3 -4 years earlier; 50% of the takeout fee paid by the original lender will be refunded in the event of non-occurrence of takeout; and extent of Takeout from individual lender(s) other than Lead Bank, has been increased from existing 75% to 100% to enable them to churn their asset portfolio. Out of 7 takeout proposals sanctioned during the year, the company has successfully completed the first takeout transaction for takeout amount of ₹ 70.30 crore in one road project.

Credit Enhancement

A study for evolving a framework for undertaking credit enhancement of bonds issued by infrastructure developers is being undertaken enabling them to raise funds at lower cost by a consultant in technical collaboration with ADB.

Credit Enhancement will help channelize the funds from institutional investors such as Insurance and Pension Funds to infrastructure sector, thus helping development of corporate debt market and release banks' capital for other new projects.

Risk management

The company has implemented the risk management model developed with the help of CRISIL Infrastructure and Risk Solutions. All credit proposals are subject to risk rating and reviewed by Risk Rating Committee before placing to the Board for approval. During the year the company also carried out model revalidation exercise to assess effectiveness of the usage of the rating model. Further, the company is in the process of development of Integrated Risk Management Framework with the help of consultants engaged under the World Bank grant of USD 5 million.

Environment and Social Safeguards

As a responsible corporate citizen, IIFCL has been making efforts to ensure that infrastructure projects financed by the company comply with the national Environmental & Social policy guidelines. Environment and Social Safeguards Management Unit (ESMU) of the company is in the process of enhancing the Environment and Social Safeguards Framework, to meet the requirements of its development partners. Further, the company is in the process of developing an MIS tracking system with the help of consultants to ensure and monitor the projects financed with all Environmental & Social safeguards during the project cycle.

Off-shore subsidiary

IIFC (UK) which is the wholly-owned subsidiary of the company provides foreign currency loans to infrastructure projects in India. For the purpose, Reserve Bank of India has provided line of credit of US$ 5 billion out of the foreign currency reserves.

The company till end March 2011 has sanctioned US$ 2.3 billion in 19 proposals (net of cancellations) and disbursed US$ 625 million (including balance LoC of US$ 416 million). During the year 2010-11, the company earned a Profit After Tax of US $ 7.43 million.

IIFCL's role

Indian economy has continued to grow at accelerated pace after moderation in previous two years. However, there are some serious challenges which continue to plague the pace of infrastructure development. Despite various constraints, progress in disbursements and sanctions by the company have reached greater heights. On the back of such strong performance, IIFCL is determined to continue to play its role of catalyzing investments through introduction of innovative financing solutions for building world-class infrastructure in our country.

Acknowledgements

I take this opportunity to acknowledge the guidance and support provided by the Hon'ble Prime Minister, Hon'ble Finance Minister, Deputy Chairman of the Planning Commission, Minister of State for Finance, Member Secretary, Planning Commission, Finance Secretary and Secretary, Department of Financial Services, Ministry of Finance. The officials of the Department of Financial Services, Department of Economic Affairs in the Ministry of Finance, Planning Commission have provided close cooperation and support for which I am grateful. The guidance and the support provided by the Comptroller and Auditor General of India, Reserve Bank of India and the statutory auditors are acknowledged by the company.

The company continues to remain a lean organization. The staff of the company have shown continued dedication and missionary enthusiasm in helping the company to improve its performance. I would like to place on record my appreciation of their contribution. I am confident that the company would continue to gain from their cooperation in its pursuit of achieving greater heights in future. Recognising the need to build the foundation of infrastructure for sustaining accelerating growth rate of the economy, IIFCL is committed to continue to play its special role in channelizing and catalyzing flow of resources for infrastructure development in the country.

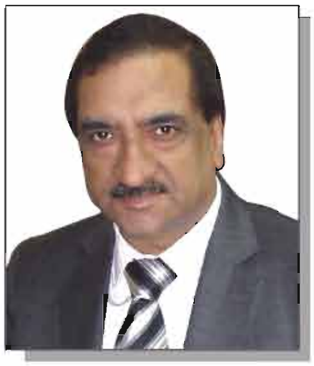
(S K Goel)

Chairman & Managing Director

Place : **New Delhi**

Date : **19.08.2011**

Board of Directors



Shri S K Goel
Chairman & Managing Director

Smt. Sudha Pillai
Member Secretary
Planning Commission,
Government of India

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

Prof. G Raghuram
Professor
Indian Institute of Management
Ahmedabad

Shri Pradeep Kumar
CEO

Chief General Managers

Sanjeev Ghai

Amareshwar Mishra

Emandi Sankara Rao

Harsh Kumar Bhanwala

S. Krishnan

Contents

STATUTORY AUDITORS
M/s P.R. Mehra & Co. Chartered Accountants
H.O.: 56, Darya Ganj
New Delhi - 110002
Phone : +91 - 11 - 23274910, 23271236

REGISTERED OFFICE
HT House, 8th Floor
18 & 20 Kasturba Gandhi Marg, New Delhi -110001
Phone :+91 - 11 - 23730270, 23708263
Fax : +91 - 11- 23730251

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

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED WILL BE HELD ON 14TH SEPTEMBER, 2011 WEDNESDAY AT 12.00 NOON 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 Sixth Audited Balance Sheet as on 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011.

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 5th Annual General Meeting held on 27th September 2010 had authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2010. Accordingly, the Board of Directors had fixed audit fee of ₹5 lakh plus service tax for the Statutory Auditors for the financial year 2010-11.

   The Statutory Auditors of the Company for the year 2011-12 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 : **19.08.2011**

K RENU
COMPANY SECRETARY

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED \ TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **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 Sixth Annual Report with audited statements of accounts for the financial year ended 31st March, 2011 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 2011 are as under:

(₹ crore)

Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010	Growth/ (Decline)
Total Income	1,951.96	1585.59	23%
Total Expenses	1,505.42	1348.29	12%
Operating Profit	446.53	237.30	88%
Prior period adjustments - Gains/(Losses)	(0.85)	0.57	(100%)
Profit Before Tax	445.68	237.87	87%
Less: Provision for Income Tax	132.46	78.21	69%
Less: Provision for Deferred Tax	17.42	5.90	195%
Net Profit	295.80	153.76	92%
Less: Appropriations from Net Profit	67.36	57.85	16%
Surplus carried forward to Balance sheet	228.44	95.91	138%

Your company is operating profitably since commencement of operations in April 2006. It has also maintained momentum in growth of operations and posted marked increase in revenues and profits during this period.

Continuing with this trend, your company has earned Profit After Tax of ₹ 295.80 crore for the year ended 31st March 2011 compared to Profit After Tax of ₹ 153.76 crore for the year ended 31st March 2010.

After statutory & other appropriations aggregating ₹ 67.36 crore, your company carried surplus profits of ₹228.44 crore to Balance-sheet during the year ended 31st March 2011 compared to surplus profits of ₹ 95.91 crore (after appropriations aggregating ₹57.85 crore) carried to Balance-sheet during the year ended 31st March 2010, representing growth of 138%.

The Earning per share of face value of ₹10 of your company for the year ended 31st March 2011 was ₹1.53 compared to ₹ 0.99 for the financial year ended 31st March 2010.

The other important highlights of growth in operations of your company during the year ended 31st March 2011 are as under:

- Total income increased by 23% to ₹1951.96 crore for the year ended 31st March 2011 from ₹ 1585.59 crore for the year ended 31st March 2010.
- Total expenses increased by 12% to ₹1505.43 crore for the year ended 31st March 2011 from ₹1348.29 crore for the year ended 31st March 2010.
- Profit before Tax at ₹445.68 crore for the financial year ended 31st March 2011 was 87% higher compared to Profit before Tax of ₹ 237.87 crore for the financial year ended 31st March 2010.
- Assets increased by 15% to ₹ 24,234.09 crore as at 31st March 2011 compared to ₹21,044.50 crore as at 31st March 2010.
- Net-worth of your company as at 31st March 2011 increased to ₹ 2582.25 crore against ₹2086.45 crore as at 31st March 2010.
- Loans taken by your company increased by 14% to ₹21,054.12 crore as at 31st March 2011 against ₹18,474.37 crore as at 31st March 2010.
- During the year, the company transferred ₹10.33 crore towards Reserve for Loan Assets out of Profit after Tax, in addition to ₹56.94 crore and ₹0.10 crore transferred towards Special Infrastructure Reserve u/s 36 (1) (viii) of Income Tax Act, 1961 and Debenture Redemption Reserve Account respectively.

Operational Performance

Your company continues to strictly follow the contours of the Scheme for Financing Viable Infrastructure Projects through a Special Purpose Vehicle called the India Infrastructure Finance Company Limited (SIFTI) with a clear vision to "Provide innovative financing solutions to promote and develop world class infrastructure in India".

Lending to Infrastructure projects

Within a short span of 5 years since commencement of operations in April 2006, your company has carved a niche for itself in infrastructure financing sector of the country by providing lending to projects widely spread across the country in diversified segments of infrastructure sector. Since April 2006, the company sanctioned loans to the tune of ₹ 31,778 crore to 176 infrastructure projects involving a project cost of ₹ 2,70,920 crore. The sector-wise amount of cumulative gross sanctions of your company are as under:

Cumulative Gross Sanctions # (As on 31st March 2011)

(₹crore)

Sector	No. of Projects	Project Cost	Loan Sanctioned
Road	103	1,05,872	14,369
Power	29	1,27,221	13,511
Airport	2	14,716	2,150
Port	8	5,702	925
Urban Infrastructure	3	12,767	704
PMDO*	31	4,643	119
Total	**176**	**2,70,920**	**31,778**

* Pooled Municipal Debt Obligations

Further, as at 31st March 2011, net sanctions' of your company in 172 projects amounted to ₹25,205 crore as detailed below:

Cumulative Net Sanctions # (As on 31st March 2011)

(₹Crore)

Sector	No. of Projects	Project Cost	Net Sanction
Road	100	1,01,820	10,489
Power	29	1, 27221	12,494
Airport	2	14,716	848
Port	8	5,702	711
Urban Infra	2	11,679	544
PMDO	31	4,643	119
Total	**172**	**2,65,781**	**25,205**

 # 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 2010-11, disbursements amounted to ₹5349 crore including refinance, takeout finance (excluding balance Letter of Comfort of Rs 323.45 crore issued during the year) compared to ₹ 5095 crore during 2009-10. The Cumulative disbursements at the end of March 2011 stood at ₹15,325 crore (excluding balance letter of comfort of ₹ 640.21 crore), including refinance of ₹3500 crore and takeout finance of ₹ 70 crore.

Sector - wise Cumulative Disbursement (As on 31st March 2011)

(₹crore)

Sector	No. of Projects	Project Cost	Amount disbursed
Road	80	75,893	5,020
Power*	25	97,748	5,638
Airport	2	14,716	726
Port	5	3,772	303
Urban infrastructure	1	70	13
PMDO	20	2,546	55
Sub Total	**133**	**1,94,745**	**11,755**
Refinance			3,500
Takeout Finance			70
Grand Total	**133**	**1,94,745**	**15,325**

** Excludes Letter of comfort (LoC) amounting to ₹ 640.21 Cr. issued to power projects outstanding as on 31st March, 2011*

Pooled Municipal Debt Obligation (PMDO) Facility

Pooled Municipal Debt Obligations Facility (PMDO) was set up with a corpus of ₹2750 crore in 2008 by 4 sponsors namely IL&FS, IIFCL, IDBI Bank and Canara Bank along with 14 other banks. The facility was set up to finance urban infrastructure projects such as 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. on PPP basis.

The corpus of PMDO was increased to ₹ 4755.30 crore during the year 2010-11, with Sponsors committing additional contribution towards increased corpus. Your company committed an additional contribution of ₹122.73 crore towards its share in the facility increasing the total committed contribution to ₹ 272.50 crore.

IIFCL has sanctioned loans of ₹ 119 crore to 31 projects involving a project cost of ₹ 4,643 crore under the facility, till 31st March 2011. 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. As on 31st March 2011, IIFCL had disbursed ₹55 crore under PMDO for setting up of 20 urban infrastructure projects involving cumulative project cost of ₹2546 crore.

The important features of lending activities of your company are as under:

a. Focus on Public-Private Partnership (PPP) Projects:

Your company is making best efforts to fulfill its mandate to finance Public-Private Partnership (PPP) projects on a priority basis. In line with mandate, the company sanctioned financial assistance for setting-up 123 projects, i.e. 85% of total number of projects under PPP mode out of 145 projects (excluding those under PMDO) sanctioned by it, as on 31st March 2011.

Mode- wise cumulative sanctions (excluding PMDO) as on 31st March 2011

Mode	No. of Projects	Amount Sanctioned (₹Crore)	Share to total no. of projects sanctioned
PPP	123	23,036	85%
Non-PPP	16	6,308	11%
PSU	6	2,315	4%
TOTAL	**145**	**31,659**	**100%**

The mode-wise, sector-wise cumulative number of projects sanctioned by company as on 31st March 2011, are as under:

Sector	Road	Power	Airport	Port	Urban Infra	Total
PPP	102	11	2	7	1	**123**
Non-PPP	–	15	–	1	–	**16**
PSU	1	3	–	–	2	**6**
PMDO	–	–	–	–	31	**31**
Total	**103**	**29**	**2**	**8**	**34**	**176**

b. Wide exposure in the infrastructure projects across the country

IIFCL continues to focus on widening presence geographically and has sanctioned loans for setting-up infrastructure projects spread across the country. Accordingly, it made gross sanction for setting up of 176 projects in 24 states of the country till 31st March 2011. The disbursements have been made for setting-up 133 projects across 20 states.

The projects sanctioned by IIFCL include maximum number of 24 projects in Maharashtra, followed by Andhra Pradesh (22 projects), Tamil Nadu (21 Projects), and Gujarat (17 Projects). In value terms, maximum amount of loans of ₹5,147 crore were sanctioned for setting up projects in Gujarat, followed by Maharashtra (₹3707crore) and Uttar Pradesh (₹ 2960 crore).

Cumulative State-wise Sanctions (As on 31st March 2011)

State	No. of Projects	Sanctions Gross Sanctions (₹crore)
Andhra Pradesh	22	2,287
Arunachal Pradesh	1	1,800
Bihar	6	1,790
Chhatishgarh	3	665
Delhi	4	1,109
Goa	1	40
Gujarat	17	5,147
Haryana	5	887
Himachal Pradesh	2	183
Jammu & Kashmir	1	375
Jharkhand	3	459
Karnataka	11	1,731
Kerala	2	200
Madhya Pradesh	11	1,259
Maharashtra	24	3,707
Orissa	4	750
Pondicherry	2	113
Punjab	4	480
Rajasthan	6	1,229
Sikkim	2	940
Tamil Nadu	21	1,630
Uttar Pradesh	12	2,960
Uttarakhand	3	590
West Bengal	9	1,447
Grand Total	**176**	**31,778**

c. Achievement of Financial Closure under Sanctioned Projects

As on 31st March 2011, out of 176 sanctioned projects, 158 projects i.e. 90% have achieved financial closure. Sector-wise details of financial closure achieved are as under:

Financial Closure Achieved (As on 31st March 2011)

(₹Crore)

Sector	No. of Projects	Project Cost	Sanctioned Amount	Net Sanction
Road	92	92,336	12,949	9,444
Power	25	97, 748	10,151	9,134
Airport	2	14, 716	2,150	848
Port	7	5,234	860	646
Urban Infra	1	70	14	14
PMDO	31	4,643	119	119
Total	**158**	**2, 14,747**	**26,243**	**20,204**

d. Achievement of CoD

At the end of March 2011, Commercial Operation Date (CoD) has been achieved in 26 projects which included 21 road projects,1 airport, 2 power projects and 2 port projects.

e. Adoption of prudential norms

As on 31st March 2011, the company is not required to adhere to any prudential norms for provisioning under regulations. Pending applicability of regulatory norms, IIFCL followed norms with effect from 1st April 2009, for Asset Classification and Provisioning as per the CRISIL report of "Developing Management Systems with Special Emphasis on Risk Assessment and Regulatory Norms that should govern IIFCL". Notwithstanding, that IIFCL is in the process of devising a new Risk Management Model in place of the above said CRISIL report and accordingly there was a need to change the prudential norms, the company has continued voluntarily creating reserves in respect of loan assets @ 0.40% on aggregate amount of loans at the end of financial period. Accordingly, the reserve for loan assets amounting ₹10.32 crore have been created for the year ended 31st March 2011. As on 31st March 2011, cumulative amount of Reserve for loan assets stood at ₹ 57.93 crore on loan assets of ₹ 14,482.35 crore.

Refinance Scheme

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. In 2009-10, after due approval of the Government of India, various modifications were made to the Scheme, which inter-alia included expansion in coverage of projects (to competitively bid power projects including UMPPs and railway projects in addition to road and port projects where competitive bids have been submitted on or after 31st January 2009), extending list of eligible institutions, permitting IIFCL to utilize ₹ 3000 crore for direct lending operations and to providing refinance of ₹ 1500 crore to Power Finance Corporation (PFC) and Rural Electrification Corporation (REC).

During the year 2010-11, the Refinance Scheme was further modified, by increasing extent of refinance from 60% to 80% of the loan amount provided by the eligible institutions to infrastructure projects in eligible sectors. Accordingly, IIFCL was permitted to provide additional refinance upto ₹2000 crore to Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) with relaxation in requirement of maintenance of RBI's exposure norms for bank lending to NBFCs.

Take-out Finance Scheme

The company has implemented Takeout Finance Scheme which is aimed at addressing the asset-liability mismatch issues and the prudential exposure constraints faced by banks. During the year, based on feedback from various stakeholders and after due approval of the government, the modified Takeout Finance Scheme was announced by the company in October 2010. As per the modified scheme the Scheduled Date of Occurrence of Takeout will be 1 year after Commercial Operation Date (CoD) of the project instead of 3-4 years earlier; 50% of the takeout fee paid by the original lender will be refunded in the event of non-occurrence of takeout on the Scheduled Date of Occurrence; and extent of Takeout from individual lender(s) other than Lead Bank, has been increased from existing 75% to 100% to enable them to churn their asset portfolio. The company has signed MoU with 4 banks for deal flows under the scheme in the august presence of the Hon'ble Finance Minister. Till 31st March 2011, the company has sanctioned 7 proposals for takeout amount of ₹1517.84 crore. Out of 7 proposals, one transaction for takeout amount of ₹ 70.30 crore (road sector) has been successfully completed. 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.

Credit Enhancement

Credit enhancement is an unconditional and irrevocable guarantee provided to an issuer of debt by a third party for timely servicing of interest and principal as per the terms of the contract. The level of the enhancement is reflected in the enhanced credit rating given to the said debt instrument by a rating agency. The purpose of credit enhancement is to mitigate the credit risk in a debt transaction that lenders/ investors are unwilling to take.

During the year 2010-11, IIFCL organized a Round Table meeting on Credit Enhancement where project developers, bond investors like Life Insurance Corporation, rating agencies, Asian Development Bank and World Bank participated. The Round Table meeting focused on the specific requirements of the developers, the views of the rating agencies with regard to the level of credit enhancement, the structuring of the credit enhancement product, pricing thereof, the views of the investors on such credit enhanced bonds and the benefits that are likely to accrue to various stakeholders.

ADB has engaged services of a consultant to undertake a study for evolving a framework for IIFCL for undertaking credit enhancement of bonds issued by infrastructure developers.

GoI 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 contributed ₹ 200 crore towards the paid up capital of your company during 2010-11. The total paid up capital of your company as at 31st March 2011 was ₹2000 crore.

Resource Mobilisation

Domestic Resources

During the year, the company mobilized long term resources from the domestic market through issuance of long-term tax-saving infrastructure bonds. Government of India approved IIFCL as an eligible institution to raise funds through issuance of long-term infrastructure bonds during the year 2010-11, under Section 80CCF of the Income Tax Act, 1961. The bond issue was offered to public from 4th February 2011 to 16th March 2011 and various marketing related activities were undertaken to create awareness in the market. The company raised amount aggregating to ₹ 90.96 crore i.e. ₹ 77.92 crore through 10-year bonds with buyback option after 5 years and ₹ 13.04 crore through 15-year bond with buyback option after 7 years.

External Resources

Under the India Infrastructure Project Financing Facility (IIPFF-I and II), Asian Development Bank (ADB) has provided line of credit for loan amount of US$ 1200 million. Out of US$ 500 million under the IIPFF-I, the company has availed US$ 484.27 million for financing 28 highway projects and 2 airports (modernization of Delhi and Mumbai airports). The first tranche of loan of US$ 210 million out of US$ 700 million line of credit under IIPFF-II has been sanctioned and out of the same US$ 156.07 has been availed in 3 road projects and 1 ultra-mega power project & Loan agreement for the second tranche of US$ 250 million under IIPFF-II has been signed on 17th March 2011.

Out of the line of credit of US$ 1195 million from World Bank, during the year, the company availed ₹73.92 crore (as financing against disbursement in 1 power transmission project). In respect of the US$ 5 million grant provided by World Bank for capacity building, 4 projects are being undertaken which include Preparation of Business Plan, Development of Integrated Risk Management Framework, Development of MIS Tracking System to manage Environmental and Social Risk and HR Strategy.

To ensure compliance of eligible sub-projects with World Bank requirements and further strengthening of the Environmental and Social Safeguards Management Unit (ESMU), the company has engaged the services of a professional to head the unit.

During the year, out of the €50 million line of credit from KfW, IIFCL has availed €28.24 million against disbursements in two hydro power projects approved by KfW. The remaining amount of €21.76 million would be utilized towards financing projects which would be sanctioned by the company in the future.

Risk Management

IIFCL 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 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. Further, your company prepares MIS reports relating to capital adequacy, asset classification, portfolio concentration, exposure norms, and credit exception.

During the year under review, the company carried out model revalidation exercise to assess effectiveness of the usage of the rating model in identifying key risks of projects for grading the same in a rationale and independent manner. In order to adopt best practices in credit, operational and market risk management, IIFCL has also appointed a consultant for devising Integrated Risk Management System under the World Bank assisted capacity building programme.

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 2010-11, under India Infrastructure Fund (IIF), IIFCL has made 5 capital contributions amounting to ₹ 6.45 crore and received 3 redemptions amounting to ₹ 2.73 crore. Till 31st March, 2011, out of total capital commitment of ₹ 100 crore, IIFCL has contributed ₹ 42.91 crore. IIF has redeemed capital amounting to ₹3.45 crore till 31st March, 2011.

MoU signed during the year

During the year, the company entered into Memorandum of Understanding (MoU) with 4 banks viz. Indian Bank, Allahabad Bank, UCO Bank and Punjab National Bank to promote and speed up the implementation of Takeout Finance Scheme taking the total number of MoU signed since April 2006 to 33 as at 31st March 2011.

Environment and Social Safeguards

As a responsible corporate citizen, IIFCL has been making efforts that the infrastructure projects financed by it comply with the national Environment & Social policy guidelines, statutory and other requirements. It has evolved an Environmental and Social Safeguards Framework (ESSF) to minimize the adverse impacts of infrastructure development projects on environment and society. The company is in the process of enhancing the ESSF to meet the requirements of its development partners. An Environment and Social Safeguards Management Unit (ESMU) has been set up and an MIS tracking system is being developed to ensure and monitor that the projects financed with the support of multilateral funding comply with all Environmental & Social safeguards during the project cycle.

To sensitize various stakeholders in funding process of infrastructure projects, IIFCL organised two workshops on ESSF. The response towards these workshops was encouraging and will help in better implementation of ESSF.

Human Resource Management

IIFCL continues to be a lean organization with total staff strength of 53 including one employee of IIFC (UK) Ltd., as on 31st March 2011. Considering the expansion of business and the increasing role in infrastructure financing, the company has made fresh recruitment of 25 officers through All-India based recruitment and campus placement process. The company also came out with an offer for absorption to retain the existing staff on deputation, following which 4 officers have been absorbed during the year.

As part of enhancing skills and productivity of officers, the company provided training to staff both within the country and abroad. Officers of the company participated in various workshops/seminars/conferences and training programmes conducted by top management institutions and industry associations.

Internal Control

The company has devised strong internal control mechanism involving systems, safeguards & procedures commensurate 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.

Rating of the Company

During the year, CRISIL and CARE have rated the company's domestic borrowing programme through tax-saving bonds as "AAA (SO) Stable" and CARE AAA respectively. Further, the company's domestic borrowing programme through tax-free bonds in 2008-09 and 2009-10 have been rated as "AAA (SO) Stable" (indicating the highest degree of safety with regard to timely payment of interest and principal), "AAA (ind) SO and LAAA (SO) by CRISIL, Fitch Ratings and ICRA, respectively. Standard and Poor's have awarded rating to IIFCL which is at par with sovereign rating.

Off-shore subsidiary

IIFCL has set up IIFC (UK) as its wholly owned subsidiary in 2008. The objective of the subsidiary is to provide finance to Indian companies implementing infrastructure projects in the country 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 2012. With a further sanction of US$ 875million during 2010-11 including in-principle sanction amount of US$ 397 million, cumulative sanction of IIFC (UK) reached US$ 2.3 billion in 19 proposals (net of cancellations) including projects from power, mass rapid transport (metro rail), and gas pipeline sectors. During the year IIFC (UK) disbursed US$ 566 million (including outstanding Letter of Comfort (LoC) issued during the year of US$ 416 million), taking cumulative figure to US$ 625 million (inclusive of outstanding LoC of US$ 416 million).

Dividend

During 2010-11, the company earned a Profit After Tax of ₹ 295.80 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 31st March 2011 is as under:

Name and Designation	Category	Date of appointment
Shri S K Goel, Chairman & Managing Director	Whole Time Director	24th June 2010
Shri Pradeep Kumar, CEO & WTD	Whole-Time Director	24th December 2008
Smt. Sudha Pillai, Member Secretary, Planning Commission Government of India	Government Nominee Director	19th October 2009
Shri Shashi Kant Sharma, Secretary (FS), Government of India, Ministry of Finance, Department of Financial Services, Government of India	Government Nominee Director	28th February 2011
Shri N.Balasubramanian, Ex-Chairman & Managing Director, SIDBI	Part-Time Non-Official Director	11th July 2008
Prof G Raghuram, Professor Indian Institute of Management Ahmedabad	Part-Time Non-Official Director	20th July 2010
Shri Raman Sidhu Expert Banker	Part-Time Non-Offcial Director	14th May 2010

Shri Ashok Chawla, Finance Secretary, Ministry of Finance, Department of Economic affairs, Government of India ceased to be Government Nominee Director w.e.f. 28th February 2011. The Board wishes to place on record its appreciation of his contribution to the company.

Shri. Shashi Kant Sharma, Secretary (FS), Government of India, was appointed as Government Nominee Director w.e.f. 28th February 2011. Prior to taking over the present assignment, Shri. Shashi Kant Sharma was Secretary, Department of Information Technology, Ministry of Communication and IT and also DG (Acquisition) in the Ministry of Defence, Government of India.

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 2011 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, 2011 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 seven (7) Directors out of which two (2) are Whole Time Functional Directors including the Chairman and Managing Director, two (2) are Government Nominee Directors and three (3) are Independent Directors as on 31st March 2011.

Further, your Company has a qualified and an independent three 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 10 times on 1st June 2010, 16thJuly 2010, 3rd August 2010, 6th September 2010, 21st September 2010, 5th October 2010, 27th October 2010, 1st December 2010 , 17th January 2011 and 23rd March 2011.

Audit Committee of the Board

The Board of Directors has constituted an Audit Committee of the following Directors under Section 292A of the Companies Act, 1956.

Name of Directors	Designation
Shri Balasubramanian	Chairman
Shri Raman Sidhu	Member
Shri Pradeep Kumar	Member

During the year 2009-10, the Audit Committee of the Board met 5 times on 27th May 2010, 23rd August 2010, 27th October 2010, 17th January 2011 and 23rd March 2011.

The Board has also constituted the following committees -

Risk Mitigation & Management Committee

Name of Directors	Designation
Shri S K Goel	Chairman
Shri Pradeep Kumar	Member
Shri N Balasubramanian	Member
Shri Raman Sidhu	Member

Remuneration Committee for Performance Linked Incentive Scheme for CMD and Whole Time Director (WTD)

Name of Directors	Designation
Smt Sudha Pillai	Chairperson
Shri N Balasubramanian	Member
Shri Raman Sidhu	Member

Right to Information Act, 2005

During the year under review, the Company had received 10 applications and one appeal under the Right to Information Act, 2005. The Company has disposed off all the applications and appeals and no application/appeal is pending under the same.

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:

(₹ lacs)

	Year ended 31st March 2011	Year ended 31st March 2010
Total Foreign exchange used :	₹1585.59	₹ 2954.79
Total Foreign exchange earned :	₹ 232.80	₹ 292.87

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).

Bond Trustee

The Company's tax-saving long-term infrastructure bonds issued during the year, are listed with BSE. In line with the requirement of SEBI, the company has appointed the following Trustees:

Particulars	Amount (₹Crore)	Trustee	Listing on Stock Exchange
8.15% IIFCL 2021	77.92	IL&FS Trust Company Ltd, The IL&FS Financial Center, Plot C-22, G Block, Bandra-Kurla Complex, Bandra East, Mumbai-400051	BSE
8.30% IIFCL 2026	13.04	IL&FS Trust Company Ltd, The IL&FS Financial Center, Plot C-22, G Block, Bandra-Kurla Complex, Bandra East, Mumbai -400051	BSE

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 2010-11.

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 Statutory Auditors and Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956, as an annexure to this Report.

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 Directors are thankful to all the stakeholders including the Central Government, State Governments, Banks, Financial Institutions, Employees, Customers and Shareholders for their continued support and cooperation. The Board is also thankful to the Auditors of the Company, the Comptroller and Auditor General of India for their valuable guidance and advice.

The Board of Directors wishes to place on record its appreciation for dedication, hard work and the efforts of the employees of the company.

BY ORDER OF THE BOARD OF DIRECTORS
FOR INDIA INFRASTRUCTURE FINANCE COMPANY LTD.

Place : New Delhi
Date : 19th August, 2011

(S K GOEL)
Chairman and Managing Director

TO THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

1. We have audited the attached Balance sheet of India Infrastructure Finance Company Limited as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statement 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 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) 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. 148/03.02.004/2009-10 dated 1-7-2009 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. (Refer Note No. B (15) of Schedule XX).

   (b) 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 account whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to Profit & loss account as stated in note B(19) of Schedule XX. Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31st March, 2011 would have been lower by ₹ 5595.49 lacs each. However, there would be no impact on the profit for the year as the gain on the principal amount of hedged loans totally offsets the loss on forward exchange contracts.

   (c) Some of the balances shown under Infrastructure loans and various other debit / credit balances appearing in the balance sheet are subject to confirmation and reconciliation. The impact on the Company's accounts is not ascertainable at this stage. (Refer Note No. B (21) of Schedule XX).

5. 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 Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

(d) ***Subject to our observations in paragraph 4(b) above,*** in our opinion, the Balance sheet, the profit and loss account 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 are not applicable to the Company, being a Government company, in terms of Notification No. G.S.R.829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

6. ***Subject to our observations in paragraph 4 above,*** in our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule XX, 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, 2011.

(b) in the case of the Profit and Loss account, 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: 9th May, 2011

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

Ashok Malhotra
Partner
(Membership No. 82648)

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 fixed assets disposed off during the year has not affected the going concern status of the company.

(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 ₹ 60000 to three directors of the company and the rate of interest and others terms and conditions of these bonds are not prejudicial to the interests of the company. Further, no payment of principal and interest was due upto 31st March, 2011.

(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 is not applicable as no such transaction was in excess of ₹ 5 lacs.

(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 functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(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 dues relating to the employees of the company which have not been deposited due to pending approval of Govt. of India for formation of approved provident fund trust of the company.***

(b) According to the information and explanation given to us, no undisputed amounts in respect of Income Tax, Cess and other material statutory dues applicable to the company was in arrears as of 31st march, 2011 for a period of more than six months from the date they became payable ***except provident fund dues of ₹34.43 Lacs relating to employees of company which has not been deposited due to pending approval of Govt. of India for formation of approved provident fund trust of the company.***

(c) According to the information and explanation 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, 2011. The company has not incurred cash losses for the financial year ended 31st March, 2011 and in the immediately preceding financial year.

(xi) According to the information and explanation 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 explanation 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 explanation 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 banks or financial institutions.

(xvi) To the best of our knowledge and belief and according to the information and explanation 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 the information and explanation 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 facia, 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 current year in respect of which the company has created security or charge.

(xx) The company has raised money by public issue of bonds during the year and the required disclosure regarding end use of money raised by public issue has been made by the company and the same has been verified.

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

Place: New Delhi
Dated: 9th May, 2011

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

Ashok Malhotra
Partner
(Membership No. 82648)

BALANCE SHEET

AS AT 31ST MARCH, 2011

(₹in Lacs)

	DESCRIPTION	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
I	**SOURCES OF FUNDS**			
(1)	**Shareholder's Funds**			
(i)	Share Capital	I	200,000.00	180,000.00
(ii)	Reserve and Surplus	II	58,225.10	28,645.15
(2)	**Loan Funds**			
(i)	Secured Loans	III	127,303.92	-
(ii)	Unsecured Loans	IV	1,978,107.60	1,847,437.55
(3)	**Deferred tax liability (Net of Assets)**	V	2,570.39	828.20
		TOTAL	**2,366,207.01**	**2,056,910.90**
II	**APPLICATIONS OF FUNDS**			
(1)	**Fixed Assets**	VI		
(i)	Gross Block		113.41	159.09
	Less : Depreciation		51.13	73.31
	Net Block		62.28	85.78
(ii)	Capital Work -in-Progress	VI	25.25	12.83
(2)	**Investments**	VII	227,037.30	551,025.72
(3)	**Infrastructure Loans**	VIII	1,448,235.12	985,608.46
(4)	**Current Assets, Loans & Advances**	IX		
(i)	Cash & Bank Balances		703,808.29	548,717.23
(ii)	Interest Accrued but not due		30,593.53	10,931.40
(iii)	Loans & Advances		13,646.78	8,068.65
		A	748,048.60	567,717.28
(5)	**Current Liabilities and Provisions**	X		
(i)	Current Liabilities		38,535.57	36,236.50
(ii)	Provisions		18,665.97	11,302.67
		B	57,201.54	47,539.17
(6)	**Net Current Assets**	A - B	690,847.06	520,178.11
	Significant Accounting Policies and Notes to the Accounts	XX		
		TOTAL	**2,366,207.01**	**2,056,910.90**

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

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
(C.E.O.)

Place : New Delhi
Dated : 09-05-2011

Rajeev Mukhija
(General Manager - CFO & CS)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED ON 31ST MARCH, 2011

(₹in Lacs)

	DESCRIPTION	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
I	**INCOME**			
	Income from Operations	XI	193,168.33	154,877.45
	Provision for stamp duty written back		-	1,915.46
	Foreign Exchange Fluctuation Gain		-	634.50
	Other Income	XII	2,027.59	1,131.36
	TOTAL INCOME (A)		**195,195.92**	**158,558.77**
II	**EXPENDITURE**			
	Cost of Borrowings	XIII	142,401.32	127,294.96
	Bond servicing Expenses	XIV	3,674.78	3,368.97
	Bond Issue Expenses	XV	635.63	227.48
	Lease Rent		648.22	279.61
	Payments to and provisions for employees	XVI	381.13	278.91
	Establishment and other Expenses	XVII	754.49	528.85
	Marked to Market Losses on Derivatives (See note no: 13(a))		1,269.60	2,802.96
	Foreign Exchange Fluctuation Loss		610.24	-
	Provision for diminution in the value of Investments		141.81	-
	Depreciation	VI	25.22	46.80
	TOTAL EXPENDITURE (B)		**150,542.44**	**134,828.54**
III	**PROFIT FOR THE YEAR ENDED 31ST MARCH, 2011**		44,653.48	23,730.23
IV	**ADD/ (LESS) : PRIOR PERIOD ADJUSTMENTS**	XVIII	(85.18)	57.01
V	**PROFIT BEFORE TAX**		44,568.30	23,787.24
	Less : Provision for income tax			
	- Current Year		(13,250.00)	(7,820.45)
	- Earlier Year		3.84	(0.91)
	(Less)/Add : Deferred Tax			
	- Current Year		(1,659.29)	(88.25)
	- Earlier Year		(82.90)	(501.70)
VI	**Profit After Tax Available For Appropriations**	XIX	29,579.95	15,375.93
VII	**Earning per Share (face value of ₹ 10/- each) (See note no. 8)**		1.53	0.99
VIII	**Significant Accounting Policies and Notes to the Accounts**	XX		

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

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
(C.E.O.)

Place : New Delhi
Dated : 09-05-2011

Rajeev Mukhija
(General Manager - CFO & CS)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2011

(₹in Lacs)

			As at 31st March, 2011	As at 31st March, 2010
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
(i)	Net Profit/(Loss) before Tax		44,568.30	23,787.24
	Adjustments for:			
(ii)	Depreciation		25.22	46.80
(iii)	Provision/write offs		1,393.98	2,880.67
(iv)	Profit on sale of fixed assets		(0.51)	
(v)	Loss on sale of fixed assets		2.63	0.13
(vi)	Unexpired gain on Interest Swaps		(417.48)	(64.95)
(vii)	Stamp Duty on Bonds written back		-	(1,915.46)
(viii)	Foreign Exchange Fluctuation Loss / (Profit) on borrowings		608.34	(820.40)
(ix)	Interest / other charges paid on borrowings		142,401.32	127,294.95
(x)	Bonds issue and servicing expenses		4,310.41	3,596.46
(xi)	Interest on Income Tax		83.00	3.28
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**192,975.21**	**154,808.72**
(i)	Cash Flow From Lending of Funds		(460,294.67)	(494,100.11)
(ii)	Sale of/ (Addition) to Investments (Including Application Money)		324,176.07	(440,270.08)
(iii)	(Increase)/decrease in Current Assets, Loans & Advances		(22,443.37)	1,471.83
(iv)	Increase/(decrease) in Current Liabilities		(174.71)	(40.16)
	CASH FLOW FROM OPERATIONS BEFORE TAX		34,238.53	(778,129.80)
(i)	Taxes paid (Net)		(12,426.77)	(8,446.03)
	NET CASH FROM OPERATIONS	A	**21,811.76**	**(786,575.83)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
(i)	Purchase of / Advance for Fixed Assets (including Leased Assets)		(60.94)	(36.00)
(ii)	Sale Proceeds of Fixed Assets (Including disposal proceeds of Capital Work in progress)		31.25	-
(iii)	Investments in Subsidiary Company and Venture Capital Units		(645.00)	(14,495.10)
(iv)	Redemption of Investments in Venture Capital Units		273.23	71.50
	NET CASH FROM INVESTING ACTVITIES	B	**(401.46)**	**(14,459.60)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
(i)	Proceeds from Issue of Share Capital		20,000.00	50,000.00
(ii)	Proceeds from Short Term borrowings		118,207.74	-
(iii)	Proceeds from Long Term borrowings		139,157.89	406,206.20
(iv)	Interest / other charges paid on Borrowings		(139,840.41)	(109,459.44)
(v)	Bonds issue and servicing expenses		(3,844.46)	(3,596.46)
	NET CASH FROM FINANCING ACTIVITIES	C	**133,680.76**	**343,150.30**
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C)		**155,091.06**	**(457,885.13)**
	Add: Opening Cash and Cash Equivalent		548,717.23	1,006,602.36
	Closing Cash and Cash Equivalent		**703,808.29**	**548,717.23**
	Closing Cash and Cash Equivalent Comprises of :-			
	1. Cash in hand		0.34	0.60
	2. Current Accounts in India		37,593,17	883,36
	3. Fixed Deposit Accounts (Including Flaxi deposits)		666,214,78	547,833,26
	TOTAL		**703,808,29**	**548,717,23**

Notes: 1. Figures for the previous year have been regrouped and rearranged wherever considered necessary.

2. Cash and cash equivalent includes certain Fixed Deposits with bank which have been pledged to secure overdraft facility/ interest payment on bonds/bank guarantee amounting to ₹127,107.74 lakhs as mentioned in foot note no.2 in schedule IX.

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
Place : New Delhi
Dated : 09-05-2011

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
(C.E.O.)

Rajeev Mukhija
(General Manager - CFO & CS)

Schedules Forming Part Of The Accounts

(₹in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - I		
SHARE CAPITAL		
AUTHORISED CAPITAL		
2,000,000,000 equity shares of ₹ 10/- each	**200,000.00**	**200,000.00**
ISSUED, SUBSCRIBED & PAID UP CAPITAL	200,000.00	180,000.00
2,000,000,000 (Previous year 1,800,000,000) equity shares of ₹ 10/- each		
TOTAL	**200,000.00**	**180,000.00**

(₹in Lacs)

		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - II **RESERVES & SURPLUS**			
(i)	CAPITAL RESERVE (PROFIT ON SALE OF HTM SECURITIES)		
	Opening Balance	585.14	299.70
	Add: Transfer from Profit & Loss Appropriation Account	-	285.44
	Closing Balance	585.14	585.14
(ii)	CAPITAL RESERVE FOR FIXED ASSETS		
	Opening Balance	-	9.43
	Less: Reversed during the year	-	9.43
	Closing Balance	-	-
(iii)	FOREIGN EXCHANGE FLUCTUATION RESERVE		
	Opening Balance	-	116.33
	Less: Reversed during the year	-	116.33
	Closing Balance	-	-
(iv)	DEBENTURE REDEMPTION RESERVE		
	Opening Balance	-	-
	Add: Transfer from Profit & Loss Appropriation Account	9.54	-
	Closing Balance	9.54	-
(v)	RESERVE FOR LOAN ASSETS (SEE NOTE 16)		
	Opening Balance	4,760.33	1,966.03
	Add: Transfer from Profit & Loss Appropriation Account	1,032.61	2,794.30
	Closing Balance	5,792.94	4,760.33
(vi)	SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961		
	Opening Balance	4,341.69	1,701.35
	Add: Transfer from Profit & Loss Appropriation Account	5,693.55	2,640.34
	Closing Balance	10,035.24	4,341.69
(vii)	STAFF WELFARE RESERVE		
	Opening Balance	65.00	-
	Add: Transfer from Profit & Loss Appropriation Account	-	65.00
	Closing Balance	65.00	65.00
(viii)	PROFIT AND LOSS ACCOUNT		
	Opening Balance	18,892.99	9,302.14
	Add.: Transfer from Profit & Appropriation Account	22,844.25	9,590.85
	Closing Balance	41,737.24	18,892.99
		58,225.10	**28,645.15**

(₹in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - III		
SECURED LOANS		
(i) Long Term Infrastructure Bonds under Section 80CCF of Income Tax Act, 1961 (Foot notes 1 to 4)	9,096.18	-
(ii) Loans and Advances from Banks (Overdraft availed against pledge of Fixed Deposit Receipts)	118,207.74	-
TOTAL	**127,303.92**	-

Notes

1. (i) 200852 (previous year Nil) 8.15% Non Convertible Bonds of face value ₹ 1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.

   (ii) 578354 (previous year Nil) 8.15% Non Convertible Bonds of face value ₹1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.

   (iii) 22577 (previous year Nil) 8.30% Non Convertible Bonds of face value ₹1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.

   (iv) 107835 (previous year Nil) 8.30% Non Convertible Bonds of face value ₹1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.

2. These Bonds are secured by all rights, titles, interests, benefit, claims and demands whatsoever of the Company's accounts including receivable of the Company of whatsoever nature, present and future.

3. Out of the above, 60 Bonds of face value of ₹1000 each amounting to ₹60,000 are held by three directors of the company.

4. Long Term Loans due for repayment within one year NIL (previous year NIL)

(₹in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - IV		
UNSECURED LOANS (LONG TERM)		
(A) **BONDS**		
(i) 5000 (previous year 5000) 8.70% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 02/09/2016 (Guaranteed by Government of India)	50,000.00	50,000.00
(ii) 2000 (previous year 2000) 8.82% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 19/12/2022 (Guaranteed by Government of India)	20,000.00	20,000.00
(iii) 2000 (previous year 2000) 8.68% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 18/12/2023 (Guaranteed by Government of India)	20,000.00	20,000.00
(iv) 2000 (previous year 2000) 9.35% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 17/11/2023 (Guaranteed by Government of India)	20,000.00	20,000.00
(v) 736930 (previous year 736930) 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 each, redeemable at par on 22/01/2014 (Guaranteed by Government of India)	736,930.00	736,930.00
(vi) 263070 (previous year 263070) 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 each, redeemable at par on 20/03/2014 (Guaranteed by Government of India)	263,070.00	263,070.00
(vii) 5000 (previous year 5000) 7.90% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 28/04/2024 (Guaranteed by Government of India)	50,000.00	50,000.00
(viii) 5000 (previous year 5000) 8.10% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 08/04/2024 (Guaranteed by Government of India)	50,000.00	50,000.00
(ix) 6000 (previous year 6000) 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 12/08/2024 (Guaranteed by Government of India)	60,000.00	60,000.00
(x) 4000 (previous year 4000) 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 24/08/2024 (Guaranteed by Government of India)	40,000.00	40,000.00
(xi) 10000 (previous year 10000) 8.55% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 03/11/2024 (Guaranteed by Government of India)	100,000.00	100,000.00
TOTAL A	**1,410,000.00**	**1,410,000.00**
(B) **OTHER BORROWINGS (LONG TERM LOANS)**		
(i) Life Insurance Corporation of India (Guaranteed by Govt. of India)	100,000.00	100,000.00
(ii) National Small Savings Schemes Fund (NSSF)	150,000.00	150,000.00
(iii) Asian Development Bank (ADB) (Guaranteed by Govt. of India)	292,065.02	186,085.87
(iv) World Bank (Guaranteed by Govt. of India)	8,724.70	1,351.68
(v) Kreditanstalt für Wiederaufbau (KFW) (Guaranteed by Govt. of India)	17,317.88	-
TOTAL B	**568,107.60**	**437,437.55**
TOTAL (A+B)	**1,978,107.60**	**1,847,437.55**
Notes		
1. Long Term Loans due for repayment within one year	NIL	NIL

(₹in Lacs)

SCHEDULE - V
Deferred TAX ASSETS / LIABILITY(Net of Assets)

	As at 31st March, 2011	As at 31st March, 2010
(I) Deferred tax Liability		
(i) On account of Special Infrastructure Reserve Created under section 36 (1) (viii) of Income Tax Act, 1961	3,255.93	1,442.20
(ii) On account of Deduction claimed for Standard loan assets	1,017.98	700.05
Net Deferred Tax Liability	**4,273.91**	**2,142.25**
(II) Deferred Tax Assets		
(i) On Account of Detraction	9.67	8.78
(ii) On Account of Disallowances under section 438 of Income Tax Act, 1961	7.02	-
(iii) On Account of Provision for Contingencies	1,686.83	1,305.27
Net Deferred Tax Assets	1,703.52	1,314.05
Net Deferred Tax Liability (Assets)	**2,570.39**	**828.20**

SCHEDULE - VI
FIXED ASSETS

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions/ Adjustments	Deductions/ Transfers	As at 31.03.2011	As at 01.04.2010	For the Period	Deductions/ Transfers	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
A. FIXED ASSETS :										
MOTOR VEHICLES	37.71	6.46	-	**44.17**	10.14	8.21	-	**18.35**	**25.82**	27.57
COMPUTER HARDWARE	22.46	14.59	0.56	**36.49**	11.08	8.65	0.26	**19.47**	**17.02**	11.38
COMPUTER SOFTWARES	5.92	4.22	-	**10.14**	2.99	1.81	-	**4.80**	**5.34**	2.93
FURNITURE & FIXTURES	49.63	1.79	42.44	**8.98**	18.70	2.29	17.26	**3.73**	**5.25**	30.93
OFFICE EQUIPMENTS	15.71	6.23	8.31	**13.63**	4.56	2.44	2.22	**4.78**	**8.85**	11.15
SUB-TOTAL (A)	**131.43**	**33.29**	**51.31**	**113.41**	**47.47**	**23.40**	**19.74**	**51.13**	**62.28**	**83.96**
B. LEASEHOLD IMPROVEMENTS	27.66	-	27.66	-	25.84	1.82	27.66	-	-	1.82
SUB-TOTAL (B)	**27.66**	-	**27.66**	-	**25.84**	**1.82**	**27.66**	-	-	**1.82**
GRAND TOTAL (A+B)	**159.09**	**33.29**	**78.97**	**113.41**	**73.31**	**25.22**	**47.40**	**51.13**	**62.28**	**85.78**
Previous Year	**150.58**	**33.60**	**25.09**	**159.09**	**42.05**	**46.80**	**15.54**	**73.31**	**85.78**	**108.53**
CAPITAL WORK IN PROGRESS (Including Capital Advances)	**12.83**	**27.65**	**15.23**	**25.25**	-	-	-	-	**25.25**	**12.83**
Previous Year	**10.43**	**2.40**	-	**12.83**	-	-	-	-	**12.83**	**10.43**

SCHEDULE - VII
INVESTMENTS

(₹ in Lacs)

			As at 31st March, 2011			As at 31st March, 2010
	Number of Shares	Face Value		Number of Shares	Face Value	
I LONG TERM						
(A) Equity Shares - Unquoted (Fully Paid) (Trade) Subsidiary						
(i) Investment in India Infrastructure Finance Company UK Ltd.	50,000,000	$1	23,394.80	50,000,000	$1	23,394.80
		(A)	23,394.80			23,394.80
(B) Venture Capital Units (Unquoted) (Trade)	Number of Units	Face Value		Number of Units	Face Value	
(i) IDFC Project Equity Domestic Investors Trust II (Fully Paid)	3,946,270	₹ 100	3,946.27	3,574,500	₹ 100	3,574.50
		(B)	3,946.27			3,574.50
(C) Government Securities (Unquoted) (Non-Trade)	Number of Units	Face Value		Number of Units	Face Value	
(i) 6.05% GOI 2019	2,000,000	₹ 100	1,980.00	2,000,000	₹100	1,981.82
(ii) 6.35% GOI 2020	7,500,000	₹ 100	6,834.51	7,500,000	₹100	6,848.96
(iii) 6.90% GOI 2019	2,000,000	₹ 100	1,952.09	2,000,000	₹100	1,953.92
(iv) 7.76% SL (Karnataka) 2019	500,000	₹ 100	515.78	500,000	₹100	517.77
(v) 7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,002.66	1,000,000	₹100	1,002.98
(vi) 8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,009.90	1,000,000	₹100	1,011.13
(vii) 8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,597.16	1,500,000	₹100	1,609.39
(viii) 8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,567.08	2,500,000	₹100	2,575.52
		(C)	17,459.18			17,501.49
TOTAL LONG TERM INVESTMENTS (A + B + C)			**44,800.25**			**44,470.79**

(₹ in Lacs)

	Number of Bonds	Face Value	As at 31st March, 2011	Number of Bonds	Face Value	As at 31st March, 2010
II CURRENT INVESTMENTS						
(A) Bonds (Quoted) (Trade)						
(i) 7.15% REC 2012	150	₹ 1,000,000	1,500.00	150	₹ 1,000,000	1,500.00
(ii) 7.70% REC 2014	100	₹ 1,000,000	1,000.00	100	₹ 1,000,000	1,000.00
(v) 8.90% PNB 2019	200	₹ 1,000,000	2,000.00	200	₹ 1,000,000	2,000.00
(vi) 10.60% IRFC 2018	50	₹ 1,000,000	500.89	50	₹ 1,000,000	500.89
(vii) 11.00% PFC 2018	50	₹ 1,000,000	568.45	50	₹ 1,000,000	568.45
(viii) 11.25% PFC 2018	100	₹ 1,000,000	1,155.29	100	₹ 1,000,000	1,155.29
		(A)	6,724.63			6,724.63
(B) Bonds (Quoted) (Non-Trade)						
(i) 8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹ 1,000,000	1,000.00	100	₹ 1,000,000	1,000.00
		(B)	1,000.00			1,000.00
(C) Mutual Funds (Unquoted) (Non-Trade)	Number of Units	Face Value		Number of Units	Face Value	
(i) UTI Fixed Income Interval Monthly Plan-I	-	-	-	83,168,382.708	₹ 10	10,000.00
(ii) UTI Short Term Income Fund Retail	-	-	-	190,949,016.613	₹ 10	30,000.00
(iii) UTI Treasury Advantage Fund Growth	-	-	-	25,941,346.528	₹ 1,000	320,865.56
(iv) UTI Treasury Advantage Fund Growth-II	-	-	-	9,157,207.818	` 1,000	113,264.46
		(C)				474,130.02
(D) Certificate of Deposit with Scheduled Banks (Unquoted) (Trade)						
(i) Union Bank of India	22,500	₹ 100,000	21,097.06	22,500	₹ 100,000	19,722.19
(ii) Punjab National Bank	-	-	-	5,000	₹ 100,000	4,978.09
(iii) Andhra Bank	50,000	₹ 100,000	46,794.20	-	-	-
(iv) Axis Bank	7,500	₹ 100,000	7,106.07	-	-	-
(v) SB Travancore	17,500	₹ 100,000	16,472.98	-	-	-
(vi) UCO Bank	35,000	₹ 100,000	32,747.01	-	-	-
(vii) ICICI	50,000	₹ 100,000	47,178.97	-	-	-
(viii) Bank of India	3,500	₹ 100,000	3,257.94	-	-	-
		(D)	174,654.23			24,7000.28
TOTAL CURRENT INVESTMENTS (A + B + C + D)			**182,378.86**			**506,554.93**
GRAND TOTAL (I + II)			**227,179.11**			**551,025.72**
Less: Provision for diminution in the value of current Investments (Net of Gains)			141.81			–
TOTAL			**227,037.30**			**551,025.72**
(1) Aggregate amount of quoted investments Cost			7,724.63			7,724.63
Market Value			7,582.82			7,738.15
(2) Aggregate amount of unquoted investments - Cost			219,454.48			543,301.09

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DETAILS OF COST OF INVESTMENTS ACQUIRED AND SOLD

DURING THE YEAR ENDED 31ST MARCH 2011

Sr. No:	Particulars		Number of Units / Bonds	Face Value	Amount ₹ in Lacs
	Mutual Funds (Unquoted) (Non-Trade)				
1	UTI Liquid Cash Growth Option		23,693,666.970	₹ 1,000	366,255.88
2	UTI Treasury Advantage Fund Growth		14,448,115.089	₹ 1,000	181,688.74
3	UTI Treasury Advantage Fund Growth - II		3,239,887.635	₹ 1,000	40,216.37
		(A)			**588,160.99**
	Certificate of Deposit with Scheduled Banks (Unquoted) (Trade)				
4	CD - Allahabad Bank		20,000	₹ 100,000	19,821.26
5	CD - Central Bank of India		15,000	₹ 100,000	14,745.22
6	CD - IDBI Bank		7,500	₹ 100,000	7,328.05
7	CD - Indian Overseas Bank		10,000	₹ 100,000	9,839.03
8	CD - Oriental Bank of Commerce		5,000	₹ 100,000	4,858.72
9	CD - Punjab National Bank		7,500	₹ 100,000	7,328.23
10	CD - Punjab & Sind Bank		25,000	₹ 100,000	24,347.36
11	CD - Vijaya Bank		5,000	₹ 100,000	4,942.37
		(B)			**93,210.24**
		(A + B)			**681,371.23**

(₹ in Lacs)

Particulars			As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - VIII				
INFRASTRUCTURE LOANS (ASSETS)				
(A)	**ASSISTED CONCERNS**		-	-
(B)	**OTHER INSTITUTIONS**			
	(i)	Infrastructure Loans	1,085,838.36	831,677.17
	(ii)	Infrastructure Loans under Pooled Municipality Debt Obligation (PMDO)	5,441.39	3,917.74
	(iii)	Infrastructure Loans under Refinancing Scheme	350,000.20	150,013.55
	(iv)	Infrastructure Loans under Takeout financing Scheme	6,955.17	-
		TOTAL	**1,448,235.12**	**985,608.46**
Notes:				
1.	The above amounts include:-			
	(i)	Interest and other charges accrued but not due	4,013.03	2,836.75
	(ii)	Interest and other charges accrued and due	1,942.75	787.05
2.	Considered good		1,448,235.12	985,608.46
	Considered doubtful		-	-

(₹ in Lacs)

Particulars		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - IX			
CURRENT ASSETS, LOANS & ADVANCES			
(1) **CURRENT ASSETS**			
(A) Cash and Bank Balances			
(a) Cash in hand		0.34	0.60
(b) Balances with Scheduled Banks			
(i) Current Accounts in India (see foot note 1)		37,593.17	883.38
(ii) Flexi Deposits with banks	3,821.00		
Less: Bank book overdraft in current accounts	2.22	3,818.78	1,083.25
(iii) Fixed Deposit Accounts (see foot note 2)		662,396.00	546,750.00
		703,808.29	**548,717.23**

Notes

1 Current Accounts in India as on 31st March 2011, includes unutilsed amount ₹9,096.18 lacs on account of entire proceeds of public issue of long term infrastructure bonds under section 80CCF of the Income Tax Act, 1961, which were allotted on 28th March 2011.

2. Fixed Deposits include deposit(s) of:

(i) ₹174,040 lacs pledged to avail overdraft facility from banks.

(ii) ₹ 107 ,780 lacs pledged to secure annual interest payment of ₹8,000 lacs on 5000 Non convertible 8.10% IIFCL bonds of ₹ 50,000 lacs.& 5,000 Non convertible 7.90% IIFCL bonds of ₹ 50,000 lacs.

(iii) ₹ 28,600 lacs pledge to secure to Bank Guarantee of ₹ 900 lacs issued in favour of Bombay Stock Exchange Ltd. towards security deposit for listing of Long Term Infrastructure Bonds under section 80CCF of Income Tax Act, 1961.

(iv) ₹ 175 lacs is earmarked for expenses to be paid out of grants received from World Bank.

(B) Interest Accrued but not due on		
(i) Fixed Deposits with Banks	20,861.51	10,287.38
(ii) Certificate of Deposits	9,213.88	125.19
(iii) Bonds	278.16	278.16
(iv) Government Securities	204.88	204.88
(iv) Interest Rate Swaps (Net)	35.10	35.79
	30,593.53	10,931.40

(₹ in Lacs)

(2) **LOANS & ADVANCES**	As at 31st March, 2011	As at 31st March, 2010
Advances Recoverable in Cash or in Kind or for value to be received (unsecured considered good)		
(i) Advance Tax paid (Including Tax paid by representative assessee)	12,658.35	7,442.38
(ii) Tax deducted at source	46.11	19.33
(iii) Income Tax Recoverable	166.35	280.21
(iv) Service Tax Recoverable (CENVAT)	34.50	-
(v) Expenses Incurred on behalf of subsidiary *	-	0.05
(vi) Security Deposit	678.11	275.39
(vii) Prepaid Expenses	22.77	30.93
(viii) Other advances	40.59	20.36
TOTAL	**13,646.78**	**8,068.65**
Maximum amount outstanding during the year	0.05	0.05

(₹ in Lacs)

Particulars			As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - X				
CURRENT LIABILITIES AND PROVISIONS				
(A)	**CURRENT LIABILITIES**			
	(i)	Unexpired income on swaps (See note 14)	-	417.48
	(ii)	LC Commission received in Advance	-	4.85
	(iii)	Excess Amount in Loan Accounts	95.05	80.73
	(iv)	Duties & Taxes payable	74.01	30.34
	(v)	PF deducted on behalf of employees	44.60	5.09
	(vi)	Unclaimed Interest on Bonds	3.77	1.56
	(vii)	Other Liabilities	213.27	78.28
	(viii)	Bond issue expenses payable	465.94	-
	(ix)	Rent adjustable account	49.58	-
	(x)	Commitment Charges payable	31.15	50.83
	(xi)	Management Fee payable	-	50.58
	(xii)	Government Guarantee fees payable	-	750.05
	(xii)	Managerial Remuneration payable	-	10.64
	(xiv)	Advance grant received from IBRD	241.22	-
	(xv)	Interest accrued but not due on bank overdraft	51.70	-
	(xvi)	Interest accrued but not due on bonds and borrowings	37,265.28	34,756.07
		TOTAL	**38,535.57**	**36,236.50**
(B)	**PROVISIONS (Note 6)**			
	(i)	Income Tax	13,333.00	7,301.73
	(ii)	Wage Revision (See note 20)	72.56	51.00
	(iii)	Leave Fare Concession	5.58	5.51
	(iv)	Gratuity	11.91	8.08
	(v)	Leave Encashment	17.69	6.89
	(vi)	Sick Leave	6.17	-
	(vii)	Performance Linked Incentive to Wholetime Directors	20.00	-
	(viii)	Marked to Market Losses on Derivatives (See note 13(a))	5,199.06	3,929.46
		TOTAL	**18,665.97**	**11,302.67**

(₹ in Lacs)

SCHEDULE - XI
INCOME FROM OPERATIONS

			As at 31st March, 2011	As at 31st March, 2010
(a)	**On Lending Operations**			
(i)	Interest on Loans and Advances #		103,531.60	70,887.94
(ii)	Interest on Loans under PMDO Scheme		516.03	338.33
(iii)	Interest on Loans and Advances under Refinancing Scheme		14,119.45	96.78
(iv)	Interest on Loans and Advances under Takeout Financing Scheme		6.74	-
(v)	Penal Interest		23.87	4.22
		A	**118,197.69**	**71,327.27**
(b)	**On Investment Operations**			
(i)	Interest earned on Certificate of Deposit		11,178.18	192.52
(ii)	Growth in value of UTI Liquid		5,330.77	15,316.29
(iii)	Interest on Government Securities		1,273.70	697.86
(iv)	Interest on Bonds @		671.05	1,114.45
(v)	Amortization of Discount Received on HTM Securities		-	18.10
(vi)	Profit on Sale of Certificate of Deposit		-	47.00
(vii)	Profit on Sale of Bonds		-	127.55
(viii)	Profit on Sale of Government Securities		-	285.44
(ix)	Growth in SBI Premier Liquid Fund		-	125.18
(x)	Growth in Value of LIC MF		-	6,271.23
(xi)	Reversal in the provision for diminution in the value of investments		-	16.50
		B	**18,453.70**	**24,212.12**
(c)	Interest / discount on other deposits			
(i)	Interest on Fixed Deposits with Banks	C	56,516.94	59,338.06
	TOTAL **A+B+C**		**193,168.33**	**154,877.45**

includes TDS of ₹ 3.79 lacs (previous year ₹ Nil) `

@ includes TDS of ₹ Nil (previous year ₹ 0.47 lacs)

(₹ in Lacs)

		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - XII			
OTHER INCOME			
(i)	Upfront Fees @	657.60	618.70
(ii)	Pre-Payment Charges	628.09	-
(iii)	Commission Received on L/C %	152.82	169.30
(iv)	Gain on Interest rate Swaps (See note 14)	417.48	64.95
(v)	Grants received	52.56	-
(vi)	Management Fee Written Back	50.58	-
(vii)	Interest on Income Tax Refund	43.23	-
(viii)	Guarantee Fee Written Back (GOI)	22.58	-
(ix)	Miscellaneous Income #	2.46	1.34
(x)	Commitment Charges $	0.19	211.04
(xi)	Surplus on organising Infrastructure Conference	-	66.03
	TOTAL	**2,027.59**	**1,131.36**

@ Includes TDS of ₹ 41.93 lacs (previous year ₹ 15.13 lacs)
% Includes TDS of Nil (previous year ₹ 2.55 lacs)
# Includes TDS of ₹ 0.03 lacs (previous year ₹ 0.02 lacs)
$ Includes TDS of ₹ 0.02 lacs (previous year ₹ Nil)

(₹ in Lacs)

		As at 31st March, 2011	As at 31st March, 2010

SCHEDULE - XIII
COST OF BORROWINGS

		As at 31st March, 2011	As at 31st March, 2010
(A)	Fixed		
(i)	Interest on Bonds & Debentures #	102,898.14	94,394.83
	Less: Interest Saving on Bonds	(125.60)	(125.61)
(B)	Others		
(i)	Interest on Bank Borrowings	1,155.19	0.08
(ii)	Interest on Bonds * Application Money @	31.28	320.66
(iii)	Interest on loan from NSSF	13,500.00	13,500.00
(iv)	Interest on loan from LIC	8,560.00	8,560.00
(v)	Interest on loan from ADB	1,093.00	1,255.52
(vi)	Interest on Interest Swaping Transactions on ADB Loan	13,116.68	6,333.67
(vii)	Interest on loan from World Bank	7.25	3.12
(viii)	Interest on Interest Swaping Transactions on World Bank Loan	36.55	-
(ix)	Interest on loan from KFW	470.32	-
(x)	Interest on Interest Swaping Transactions on KFW Loan	436.17	-
(xi)	Guarantee Fees to GOI for loans	1,037.37	1,484.93
(xii)	Commitment charges to ADB	145.47	160.75
(xiii)	Commitment charges to KFW	39.50	7.87
(xiv)	Upfront Fees on Loan from World Bank	-	1,348.56
(xv)	Management Fee on KFW Loan	-	50.58
	TOTAL	**142,401.32**	**127,294.96**

Note (Amount in ₹)

includes ₹53.58 on account of interest provided on bonds held by the Directors.
@ includes ₹265.74 on account of interest paid on application money on bonds alloted to the Directors.

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XIV		
Bonds Servicing Expenses		
(i) Guarantee Fees to Govt. of India	3,601.22	3,307.03
(ii) Surveillance/ Rating Fee	62.31	55.75
(iii) Listing Fee	6.49	2.53
(iv) Bond Holder Trusteeship Fees	3.53	1.49
(v) Other Expenses	1.23	2.17
TOTAL	**3,674.78**	**3,368.97**

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XV		
Bonds Issue Expenses		
(i) Advertisement	220.90	-
(ii) Brokerage	139.00	-
(iii) Priting & Stationery	104.19	-
(iv) Others	83.81	0.59
(v) Legal	25.00	-
(vi) Rating Fee	22.79	10.94
(vii) Stamp Duty	22.74	211.44
(viii) Auditor's Remuneration (See note below)	14.61	-
(ix) Bond Holder Trusteeship fees	2.11	0.16
(x) Listing Fee	0.46	4.35
TOTAL	**636.63**	**227.48**
Note:		
Auditor's Remuneration :		
(i) Audit of financial statements for half year ended 30th September 2010	4.25	-
(ii) Examination of financial information for 5 years and 6 months etc.	10.26	-
(iii) Certification work	0.10	-
TOTAL	**14.61**	**-**

(₹ in Lacs)

		Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XVI			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(i)	Salaries and Allowances	255.29	184.95
(ii)	Director's Remuneration	37.18	56.64
(iii)	Contribution to Provident, Pension and other Funds (See note 1 below)	30.42	7.69
(iv)	Reimbursements (See note 2 below)	58.24	29.63
	TOTAL	**381.13**	**278.91**

Note:

1. Includes ₹0.62 lacs (previous year ₹Nil) towards gratuity & ₹0.72 lacs (previous year ₹Nil towards provident fund of whole time directors
2. Includes ₹1.14 lacs (previous year ₹4.68 lacs) towards leave encashment & ₹1.49 lacs (previous year ₹2.29 lacs) towards medical, telephone & newspaper reimbursements of whole time directors.

(₹ in Lacs)

SCHEDULE - XVII
ESTABLISHMENT AND OTHER EXPENSES

		Year ended 31st March, 2011	Year ended 31st March, 2010
(i)	Professional Fees	180.11	47.62
(ii)	Miscellaneous Expenses	87.34	59.80
(iii)	Interest on Income Tax	83.00	3.28
(iv)	Repairs and Maintenance	69.34	21.83
(v)	Advertisement Expenses	60.13	38.47
(vi)	Contract Services Payment	47.85	27.01
(vii)	Other Tours, traveling & Conveyance Expenses	46.21	25.92
(viii)	Business promotion & development Expenses	31.89	35.44
(ix)	Amortization of Premium Paid on HTM Securities	24.21	18.30
(x)	Car Running and Maintenance Expenses	23.35	12.57
(xi)	Stamp duty on Shares	20.00	50.00
(xii)	Fixed Assets / Capital Work in Progress written off	13.42	-
(xiii)	Bank & Other Charges & Interest	10.97	31.33
(xiv)	Auditors' Remuneration (See footnote 1)	9.72	5.25
(xv)	Power & Fuel Exps.	9.65	14.58
(xvi)	Deficit on organising Infrastructure Conference (See footnote 2)	9.51	-
(xvii)	Directors Foreign Travelling	9.12	5.61
(xviii)	Directors Travelling	6.37	4.12
(xix)	Recruitment Expenses	4.26	31.02
(xx)	Loss on Sale of Fixed Assets	2.63	0.13
(xxi)	Directors' Sitting Fees	4.55	1.40
(xxii)	Insurance	0.86	1.16
(xxiii)	Miscellaneous Expenses Written off	-	92.00
(xxiv)	Miscellaneous Expenses Written off on lease deed	-	2.01
	TOTAL	**754.49**	**528.85**

Notes:

1. Auditor's Remuneration:

(i)	Statutory Audit Fees	5.26	2.50
(ii)	Tax Audit Fees	1.31	0.63
(iii)	Other Matters	3.15	2.12
	TOTAL	**9.72**	**5.25**

2. Net of Conference fee received (including TDS of ₹ 0.34 lacs)	25.94	-

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010

SCHEDULE - XVIII
PRIOR PERIOD ADJUSTMENTS

	Year ended 31st March, 2011	Year ended 31st March, 2010
Prior Period Income:		
(i) Interest & Other Charges	39.31	39.36
(ii) Foreign Exchange Fluctuation Gain	-	133.30
(iii) Surplus on organising infrastructure conference	22.56	-
(iv) Miscellaneous Income	1.40	2.05
Sub Total	63.27	174.71
Prior Period Expenses:		
(i) Interest & other Charges	71.68	102.96
(ii) Reversal of amortisation of discount on HTM securities	18.10	-
(iii) Miscellaneous Expenses (See note below)	58.67	14.74
Sub Total	**148.45**	**117.70**
Prior Period Adjustment (Net)	(85.18)	57.01

Note:
Miscellaneous Expenses includes provision for ₹ 10.00 lacs (previous year ₹ Nil) towards performance linked incentive to wholetime directors for previous year)

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XIX **APPROPRIATIONS**		
(i) Transfer to/(from) Reserve for loan assets (See note 16)	1,032.61	2,794.30
(ii) Transfer to reserve for profit on sale of HTM securitites	-	285.44
(iii) Transfer to Special Infrastructure Reserve created under U/s 36(1) (viii) of Income Tax Act, 1961 @	5,693.55	2,640.34
(iv) Transferred to Staff Welfare Reserve	-	65.00
(v) Transferred to Debenture Redemption Reserve	9.54	-
(vi) Balance Carried to Balance Sheet	22,844.25	9,590.85
TOTAL	**29,579.95**	**15,375.93**

@ Includes ₹ 255.50 lacs on account of shorfall of earlier years.

Significant Accounting Policies And Notes To The Accounts

SCHEDULE – XX

(A) SIGNIFICANT ACCOUNTING POLICIES

1. The Financial accounts have been prepared on the going concern basis with accrual concept and in accordance with the 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 in cases where loan documents have been signed on allocated amount and same is accounted for on accrual basis. Similarly, upfront fee expenses on loans sanctioned to the company is considered as expense, where loan documents have been executed and same is accounted for on accrual basis.

2.2. Commitment charges on loans taken by the company are accounted for as an expense when the drawings are less than the loans amounts sanctioned as per the loans agreements.

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 Account in the year of allotment of bonds.

3. RESERVE FOR LOAN ASSETS

The company has created reserve for Loan Assets @ 0.40% of the total outstanding of loan assets.

4. INVESTMENTS

4.1. **Long Term Investments**

a. Unquoted Investments: In Foreign subsidiary 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. A provision is made for diminution, other than temporary, in value of such Investments.

4.2. 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. FOREIGN EXCHANGE TRANSACTIONS

5.1. Expenses and income in foreign currency are accounted for at the exchange rates prevailing on the date of transactions.

5.2. 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.

5.3. ForeignCurrency Loan liability, to the extent hedged, is translated in Indian currency at the spot exchange rates prevailing on the date of hedging transactions.

5.4. 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.

6. **ACCOUNTING FOR REVENUE GRANTS**

6.1 Grants are recognized in Profit & Loss Account 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.

6.2 Grants received in respect of expenditure already incurred in prior periods are recognized in Profit & Loss Account in the year of approval of grant.

6.3 The unspent amount of grant at the year end, if any, is shown under Current Liabilities.

7. **FIXED ASSETS AND DEPRECIATION**

7.1 Fixed assets are carried at cost less accumulated depreciation.

7.2 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.

7.3 The additions to fixed assets are capitalized on the approval of bills/invoices.

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

8. **RETIREMENT BENEFITS**

8.1 In respect of defined contribution scheme like provident fund, in respect of employees on deputation, respective contributions are remitted to parent organization. In respect of employees other than on deputation, the company is yet to create an approved recognized fund and hence employees and employer contribution including interest liability are shown under current liabilities.

8.2 With respect to the permanent employees of the company, actuarial valuation is being carried out for leave encashment, sick leave and leave travel concession obligations.

8.3 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.

8.4 With respect of employees on deputation, leave encashment, gratuity, sick leave, and leave fare concession payable to employees are provided on estimated basis.

9. **ACCOUNTING FOR OPERATING LEASES**

9.1 Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

10. **DERIVATIVE ACCOUNTING**

10.1 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.

10.2 Hedging taken on foreign currency loans is adjusted on FIFO basis after adjusting for the Loans given in foreign currency (i.e. natural hedge).

10.3 The accounting of the derivative transactions are done as per RBI guidelines, which are as under:-

a. Interest Rate Swap which hedges interest bearing assets or liability should generally be accounted for like the hedge of the asset or liability.

b. The swap that is accounted for like a hedge should be 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 should be marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability.

10.4 Any profit or loss arises on cancellation or renewal of forward exchange contracts including interest rate swaps, are recognized as income or as expense for the period.

10.5 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.

11. TAXES ON INCOME

11.1 Tax on income for the current period 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.

11.2 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.

11.3 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.

12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

(B) NOTES TO THE ACCOUNTS

			As at 31st March 2011	**As at 31st March 2010**
1.	(a)	Estimated amount of contract remaining to be executed on capital account (net of advances)	Nil	₹ 85.60 lacs
	(b)	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	₹5709.00 lacs	₹ 6408.00 lacs
	(c)	Letter of Comfort for issue of Letter of Credit (LC) The company has issued letters of comfort to respective banks for issue of LC to respective borrower within term loan sanctioned.	₹ 64,020.99 lacs	₹ 39,741.90 lacs

(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 ₹ 21.65 lacs and maximum of ₹ 433.10 lacs, if levied from the financial year 2005-06 being the year in which company was incorporated.

2. Additional information required as in Part II of Schedule VI

(₹ in lacs)

PARTICULARS	Year Ended 31st March 2011	Year Ended 31st March 2010
Expenditure in Foreign Currencies (Actual outgo)		
- Interest on borrowings	1344.19	1515.80
- Upfront fees on borrowings	0	1348.56
- Commitment Charges	204.65	62.70
- Foreign Traveling	8.67	6.44
- Other Expenses	28.08	21.29
TOTAL	1585.59	2954.79
Earnings in Foreign Currencies		
- Interest	180.24	292.87
- Grants Received (excluding amounts received in advance ₹ 241.22 lacs)	52.56	00
TOTAL	**232.80**	**292.87**

Managerial Remuneration		
- Salary and allowances	27.18	56.64
- Performance linked incentive *	20.00	0.00
- Perquisites	1.49	2.29
- Provision for Leave encashment	1.14	4.68
- Contribution to PF and other funds	1.34	0.00
- Sitting fee to Directors	4.55	1.40
TOTAL	**55.70**	**65.01**

* ₹ 10 lacs included in schedule VIII being prior period expence

3. The Company's main business is to provide finance/refinance for Infrastructure Projects and the company does not have move 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) **<u>Managerial Remuneration and related party disclosure</u>**

i) Key managerial personnel

- Shri S. S. Kohli - Ex-Chairman and Managing Director
  (Tenure upto 9th April 2010)
- Smt. Ravneet Kaur - Ex-Chairperson and Managing Director
  (Tenure from 9th April 2010 upto 24th June 2010)
- Shri S.K. Goel - Chairman and Managing Director
  (Tenure from 24th June 2010)
- Shri Pradeep Kumar - Whole time director and C.E.O.
  (Tenure from 24th December 2008)

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

B) Transactions during the year ended 31st March 2011 with related parties:

a)	Managerial Remuneration Perquisites (To Shri S.S.Kohli)	₹ 6.61 lacs (Previous Year ₹ 46.32 lacs) ₹ 0.01 lacs (Previous Year ₹ 2.29 lacs)
b)	Manegerial Remuneration Perquisites Leave encashment, PF & Gratuity (To Shri S.K.Goel)	₹ 20.19 lacs (Previous Year NIL) ₹ 0.83 lacs (Previous Year NIL) ₹ 2.48 lacs (Previous Year NIL)
c)	Directors Remuneration Perquisites (To Shri Pradeep Kumar) #	₹ 20.38 lacs (Previous Year ₹15.00 lacs) ₹ 0.65 lacs (Previous Year NIL)

Remuneration is yet to be fixed by Govt. of India. Pending approval, adhoc paymenthas been made and charged to revenue.

C) Balances as at 31st March 2011

(₹ In lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
Investment in Subsidiary	23,394.80	23,394.80
Amount recoverable from subsidiary on account of expenses made on behalf of subsidiary	0.00	0.05
Managerial Remuneration payable	0.00	10.63
Performance Linked Incentive to Whole time Directors (Provision) (includes ₹ 10 lacs for previous year)	20.00	Nil
Leave Encashment (provision)*	8.16	4.68
Gratuity (provision) *	3.02	Nil
Provident fund *	26.88	Nil

* The provision of Leave Encashment, Gratuity and Provident Fund of Chairman and Managing Director includes ₹7.02 lacs, ₹ 2.40 lacs , ₹26.16 lacs respectively received from previous employer.

(ii) Amount of ₹3 lacs payable for rating assignment to M/s Brickwork Ratings India Pvt Ltd. in which a director of the company has interest, is subject to the approval of the Central Govt.

5. Investment in Venture Capital Units

During the year, the company has invested ₹645 lacs 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 ₹4,291 lacs). Out of total commitment of ₹10,000 lacs, 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 ₹273.23 lacs (including tax paid ₹ 88.35 lacs) in respect of redemption of venture capital units (up to 31st March 2011 ₹ 344.73 lacs).

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

(₹ in lacs)

Particulars	2010-11	2009-10
Income Tax		
Opening Balance	7,301.73	4,576.39
Addition during the year	13,338.00	7,301.73
Amount paid/adjusted during the year	7301.73	4,576.39
Closing Balance	13,338.00	7,301.73
Proposed Wage Revision(Note no: 20)		
Opening Balance	51.00	21.00
Addition during the year	21.56	30.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	72.56	51.00
Leave Fare Concession		
Opening Balance	5.51	5.61
Addition during the year	0.07	3.52
Amount paid/adjusted during the year	0.00	3.62
Closing Balance	5.56	5.51
Gratuity		
Opening Balance	8.08	8.08
Addition during the year	3.83	0.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	11.91	8.08
Leave Encashment		
Opening Balance	6.89	0.20
Addition during the year	15.48	12.17
Amount paid/adjusted during the year	4.68	5.48
Closing Balance	17.69	6.89
Sick Leave		
Opening Balance	0.00	0.00
Addition during the year	6.17	0.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	6.17	0.00
Performance Linked Incentive to Whole Time Directors		
Opening Balance	0.00	0.00
Addition during the year	20.00	0.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	20.00	0.00
Marked to Market Losses on Derivatives (Note no:13 (a))		
Opening Balance	3,929.46	1,126.51
Addition during the year	1,269.60	2,802.95
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	5,199.06	3,929.46

(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 Account.

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Current Service Cost	13.43	7.99	4.53	3.59
Interest cost on benefit obligation	N.A.	N.A.	N.A.	N.A.
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	N.A.	N.A.	N.A.	N.A.
Expenses recognized in Profit & Loss Account	15.97	8.62	4.53	3.59

N.A. denotes not available.

ii) The amount recognized in the Balance Sheet

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 31.03.2011 (i)	16.07	7.99	4.53	3.59
Fair value of plan a ssets as at 31.03.2011 (ii)	5.43	Nil	Nil	Nil
Difference (ii)-(i)	(10.64)	(7.99)	(4.92)	(3.59)
Net Asset/(Liability) recognized in the Balance Sheet #	10.84@	7.99	4.53	3.59

In addition to liability of ₹0.20 lacs towards premium in respect of life coverage of employees.

@ Amount of Gratuity is payable to LIC of India as `Other liabilities'in Schedule X Current Liabilities & Provisions.

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

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 01.04.2010	N.A.	N.A	N.A	N.A
Interest Cost	N.A.	N.A	N.A	N.A
Current Service Cost	13.43	N.A	N.A	N.A
Benefits paid	Nil	0.64	2.05	N.A
Net actuarial (gain)/loss on obligation	N.A	N.A	N.A	N.A
Present value of the defined benefit obligation as at 31.03.2011	16.07	7.99	4.53	3.59

N.A. denotes not available.

The actuarial liability of defined retirement and other benefits was not determined as on 31st March 2010. Therefore, amount of change in liability and corresponding plan asset in respect of Gratuity is not indicated. Further amount of change in liability of other defined benefit is also not indicated and company doesn't hold plan assets to meet liability of same.

iv) The actuarial valuation of liability as on 31st March 2011 in respect of defined retirement and other benefits was made based on following assumptions:

	Gratuity	Leave encashment, Leave fare concession and Sick leave	
Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96)	
Withdrawal rate	1% to 3% depending on age	Up to 30years	3%
		31st year to 44 years	2%
		Above 44 years	1%
Discount rate (p.a.)	8%	8%	
Salary escalation	6%	5.5%	

1.2) In respect of employees on deputation on estimate basis

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Expenses recognized in Profit & Loss Account	3.83	2.96	1.84	2.58
Amount recognized in Balance Sheet	11.91	1.54	1.05	2.58

includes ₹ 3.64 lacs paid to employees

1.3) In respect of Chairman and Managing Director on estimate basis

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Expenses recognized in Profit & Loss Account	0.62	1.14	Nil	Nil
Amount recognized in Balance Sheet#	3.02*	8.16	Nil	Nil

Including ₹2.40 lacs and ₹ 7.02 lacs in respect of Gratuity and Leave encashment received from past employer.
* The estimated amount of Gratuity included as other liabilities in schedule X Current Liabilities & Provisions

7. **Provisions of Accounting Standard (AS-19)**

a) Financial Lease: NIL

b) Operating Lease: The Company has taken office premises under operating l ease with varying lease periods and disclosure requirements are as under:

(₹in lacs)

Period	Year ended 31.03.2011	Year ended 31.03.2010
Total of future minimum lease payments (Gross Investment)	3,256.12	6,558.83
Present value of lease payments	2,685.35	4,623.53
Maturity profile of total of future minimum lease payments		
Not later than one year	623.00	621.47
Later than one year but not later than five year	2,633.12	2,732.29
Later than five year	0.00	3,205.07
Total	**3,256.12**	**6,558.83**

Net present value is calculated taking 10 Year G-Sec Yield as on 31.03.201 1 of 7.98% (previous year 7.77% as on 31.03.10)

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

	Year ended 31.03.2011		Year ended 31.03.20 10	
Particulars	**Amount (₹) in lacs**	**Shares (*)**	**Amount (₹) in lacs**	**Shares**
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No. in lacs)		20, 000		18, 000
(I) Net Profit (Total)	29,579.95		15, 375.93	
(ii) Earning Per Share (₹)	1.53		0.99	

(*) EPS for the current year has been calculated on weighted average number of equity shares of 1,933,698,630.14 (Previous Year 1,552,054,794.52)

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

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

Deferred tax assets if any, are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

b. During the year, the company has created deferred tax liability of ₹1742.19 lacs (previous year ₹ 589.96 lacs) net of deferred tax asset of ₹389.47 lac (previous year ₹ 930.07 lacs). The aforesaid amount includes deferred tax liability of ₹82.90 lacs pertaining to prior periods in respect of increase in Special Infrastructure Reserve created u/s 36(1)(viii) of the Income Tax Act,1961 by ₹255.50 lacs.

10. During the year, the company has allotted 2,000 lacs number of equity shares of ₹10/- each aggregating ₹20,000 lacs to Government of India. Accordingly issued and paid up share capital has increased from ₹180,000 lacs to ₹200,000 lacs.

11. 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, 2011 hence the company has no outstanding liability towards Micro, Small and Medium Enterprises.

12. 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 2011, there were no events or change in circumstances, which indicate any impairment in the assets.

13. <u>Derivative Transactions</u>

a) During the previous years, the company had entered into two interest rate swap transactions to hedge its borrowing costs which include JPY coupon only swap where the company has taken five years fixed forward cover and fully hedged its currency risk for five years. The company has provided for entire Mark-to-market loss on the above swap transactions amounting to ₹5199.06 lacs as at 31st March 2011 which includes ₹1269.60 lacs for the year ended 31st March 2011. The details are as under.

Sr. No.	Particulars	Currency Derivatives	Interest rate derivatives
1.	Derivatives (Notional Principal Amount)		
	a) For hedging (₹)	NIL	10, 000.00 lacs
	b) For trading	NIL	NIL
2.	Marked to market positions		
	a) Asset (₹)	NIL	(5,199.06 lacs)
	b) Liability (₹)	NIL	NIL

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 Asian Development Bank (ADB) of USD 620,522,000 corresponding ₹ 283,213.83 lacs up to 31st March 2011 (Previous Year USD 313,515,000 corresponding ₹145,416.76 lacs) from Kreditanstalt für Wiederaufbau (KFW) Euro 25,473,600 corresponding ₹15,562.94 lacs (previous year Nil) and from World Bank (IBRD) USD 6,487,500 corresponding ₹ 2,887.96 lacs (previous year Nil) up to 31st March 2011 As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer, the net M2M gain as on 31st March 2011 on the above composite contracts amounts to ₹ 398.26 lacs (gross gain ₹ 6,286.60 lacs less gross loss ₹ 5,888.34 lacs). On account of RBI Circular No. MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999, the M2M losses on Interest Rate Swaps (IRS) is not being accounted for in the books of accounts, since as per RBI guidelines, the underlying liability designated with swap is not carried at lower of cost or market value in the financial statements. Further, the M2M loss, if any, 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.

14. Hitherto, the company was recognizing gain or loss on termination of swap contract over the shorter of the remaining contractual life of the swap or the remaining life of the asset/liability. During the current financial period, the company has changed the policy and profit or loss arising on cancellation or renewal of forward exchange contract cum interest rate swaps as income or expense for the period in order to comply with Accounting Standard 11 i.e. The Effect of Changes in Foreign Exchange Rates. In view of the change in policy, company has recognized as income the additional unamortized amount of profit of ₹ 352.53 lacs during the current year.

15. As per the Office Memorandum of Government of India dated 23rd April, 2007, IIFCL would be regulated directly by the Government of India and under a "sui-generis" regulatory regime. Accordingly, an Oversight Committee has been constituted by the Government of India. In order to obviate dual regulation, as IIFCL is regulated by Government of India, the company is not required to register as Non Banking Financial Company with RBI.

16. During the previous year ended 31st March 2010, the company has adopted norms for asset classification and provisioning as per CRISIL report of "Developing Management Systems with special emphasis on risk assessment and regulatory norms that should govern IIFCL" as per approval of the Board of Directors of the company and created reserve for bad & doubtful loan assets as under:-

Grades 1 – 3	:	0.4% of the total outstanding amount for each asset.
Grades 4 – 10	:	0.7% of the total outstanding amount for each asset.
Unrated	:	0.7% of the total outstanding amount for each asset.

During the year ended 31st March 2011, the company has changed the above practice and has now created reserve for loan assets @ 0.40%. Accordingly the reserve for loan assets amounting to ₹1850.51 lacs has been created for the year ended 31st March 2011 and existing excess reserve as on 31st March 2010 of ₹ 817.90 lacs has been reversed. Net impact of above amounting to ₹1,032.61 lacs has been shown as addition to 'Profit & Loss Appropriation account in Schedule XIX.

17. **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 has issued 9,09,618 Long Term Infrastructure Bonds of the face value of ₹ 1000 each aggregating ₹9,096.18 lacs during the financial year ended 31st March 2011. Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India 1961 vide notification dated 11th October 2010 had notified these bonds under section 80CCF of the Income Tax Act. The bonds were allotted on 28th March 2011.

As per 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 ₹9.54 lacs during the financial year ended 31st March 2011.

18. 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 loanee (borrower) has made any investment in the shares of the company or its subsidiary. However company has given term loans amounting to ₹10,92,279.34 lacs as on 31st March 2011, which are repayable beyond seven years.

19. The foreign exchange loss of ₹ 610.24 lacs (previous year gain of ₹634.50 lacs) includes ₹ 71.67 lacs (previous year gain of ₹181.53 lacs) representing exchange difference arising due to, difference between exchange rate prevailing on the date of receipt of foreign currency loans vis-à-vis the spot rates prevailing on the date on which hedging transactions were undertaken.

    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 account whereas the company has restated the above loan at the date of inception of the forward contact and difference taken to profit & loss account. In view of the above, loan liability and foreign currency receivable account as on 31st March 2011 would have been lower by ₹5,595.49 lacs. However, there would be no impact on the profit for the year as the loss on forward contracts totally offsets the gain on the principal amount of hedged loan.

20. The pay revision of the employees of the company is due w.e.f.1st November 2007. Pending revision of pay, a provision of ₹21.56 lacs (previous year ₹30.00 lacs) has been made for the period 1st April 2010 to 31st March 2011 (cumulative provision till 31st March 2011 is ₹72.56 lacs) on estimated basis taking base of 17.50% increase in last revision made from 1st November 2002 for next 5 years.

21. Many of the balances appearing under Infrastructure Loans and various 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. During the year, the company has sent letters seeking confirmation of balances as on 31st March 2011 to borrowers and banks; however, confirmation in many cases are yet to be received.

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

23. Balance sheet abstracts and Company's General Business profile as per Part IV of Schedule VI of the Companies Act 1956 is enclosed as per appendix.

24. Schedule I to XX form an integral part of Balance Sheet and Profit & Loss Account.

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

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
C.E.O.

Place: New Delhi
Date: 9th May, 2011

Rajeev Mukhija
(General Manager - CFO & CS)

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, 2011
2	(a)	Number of shares held by India Infrastructure Finance Company Limited (Holding Company) as on 31.03.2011		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			₹ 1,035,697,774.51 (USD 22,136,558.68)
	(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

Balance Sheet Abstract & Company's General Business Profile

I.	Registration Details			State Code	:	55
	Registration No.	:	144520			
	Balance Sheet Date	:	31.03.2011			
II	**Capital raised during the period (Amount in ₹ thousands)**					
	Public Issue	:	NIL	Rights Issue	:	NIL
	Bonus Issue	:	NIL	Private Placement	:	20,00,000
III	**Position of Mobilization and Deployment of Funds (Amount in ₹thousands)**					
	Total Liabilites	:	24,23,40,855	Total Assets	:	24,23,40,855
	Sources of Funds					
	Paid Up Capital	:	2,00,00,000	Reserve & Surplus	:	58,22,510
	Secured Loans	:	1,27,30,392	Unsecured Loans	:	19,78,10,760
				Deferred Tax Liability (Net)	:	2,57,039
	Application of Funds					
	Net Fixed Assets	:	8,753	Investments	:	2,27,03,730
	Loans	:	14,48,23,512	Net Current Assets	:	6,90,84,706
	Accumulated Losses	:	----	Misc. Expenditure	:	----
IV	**Performance of Company (Amount in ₹ thousands)**					
	Turnover	:	1,95,19,592	Total Expendiure (Includes prior period adjustment of ₹ 8518)	:	1,50,62,762
	Profit Before Tax	:	44,56,830	Profit After Tax	:	29,57,995
	Earning per Share in `	:	1.53	Dividend Rate%	:	NIL
V.	**Generic names of three Principal products/services of the Company**					
	Item Code No. (ITC Code)	:	NA			
	Product Description	:	To finance infrastructure projects in India			
	Item Code No. (ITC Code)	:	NA			
	Product Description	:	To refinance infrastructure projects in India			
	Item Code No. (ITC Code)	:	NA			
	Product Description	:	NA			

For India Infrastructure Finance Company Ltd.

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
(C.E.O.)

Place: New Delhi
Dated : 09.05.2011

Rajeev Mukhija
(General Manager - CFO & CS)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED, NEW DELHI, FOR THE YEAR ENDED 31 MARCH 2011

The preparation of financial statements of India infrastructure Finance Company Limited, New Delhi, for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report date 09 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of India Infrastructure Finance Company Limited, New Delhi, for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619(4) of the Companies Act, 1956.

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

(M.K. Biswas)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board -III,
New Delhi

Place : New Delhi
Dated : 28 June 2011

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 AND ITS SUBSIDIARY

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, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statements 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 net total assets of ₹143834.54 lacs as at 31st March, 2011, total revenues of ₹5630.66 lacs and net cash outflows amounting to ₹ 65886.84 lacs for the year ended on that date. These financial statements have been audited by another auditor whose report has been furnished to us, 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) ***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. 148/03.02.004/2009-10 dated 1-7-2009 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. (Refer Note No. B (18) of Schedule XX).

(b) ***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 difference should be taken to profit & loss account whereas the company has restated the above loan at the date of inception of the forward contract and difference taken to Profit & loss account as stated in note B(15) of schedule XX. Had the company complied with AS-11, loan liability and foreign currency receivable account as on 31st March, 2011 would have been lower by ₹5595.49 Lacs each. However, there would be no impact on the profit for the year as the gain on the principal amount of hedged loans totally offsets the loss on forward contracts.***

(c) ***Some of the balances shown under Infrastructure loans and various other debit / credit balances appearing in the balance sheet are subject to confirmation and reconciliation. The impact on the Company's accounts is not ascertainable at this stage. (Refer Note No. B (17) of Schedule XX).***

5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 (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 ***except for not preparing consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances as mentioned in note 6 of Schedule XX, the impact of which has not been ascertained by the management..***

6. 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 comments 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, 2011.

   (b) in the case of the Consolidated Profit and Loss account, 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: 9th May,2011

(Ashok Malhotra)
Partner
(Membership No. 82648)

IIFCL

Consolidated Balance Sheet

AS AT 31ST MARCH, 2011

(₹in Lacs)

DESCRIPTION	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS			
(1) Shareholder's Funds			
(i) Share Capital	I	200,000.00	180,000.00
(ii) Reserve and Surplus	II	67,039.28	34,461.04
(2) Loan Funds			
(i) Secured Loans	III	127,303.92	-
(ii) Unsecured Loans	IV	2,089,732.60	1,960,287.55
(3) Deferred tax liability (Net of Asset)	V	2,570.95	830.42
TOTAL		**2,486,646.75**	**2,175,579.01**
APPLICATIONS OF FUNDS			
(1) Fixed Assets	VI		
(i) Gross Block		153.95	199.68
Less : Depreciation		77.07	89.29
Net Block		**76.88**	**110.39**
(ii) Capital Work -in-Progress		25.25	12.83
(2) Investments	VII	203,642.50	527,630.92
(3) Infrastructure Loans	VIII	1,541,354.69	1,012,165.88
(4) Current Assets, Loans & Advances	IX		
(i) Cash & Bank Balances		755,791.17	666,586.95
(ii) Interest Accrued but not due		30,598.61	11,065.81
(iii) Loans & Advances		14,548.67	8,080.07
	A	800,938.45	685,732.83
Current Liabilities and Provisions	X		
(i) Current Liabilities		39,521.24	36,302.99
(ii) Provisions		19,869.78	13,770.85
	B	59,391.02	50,073.84
(5) Net Current Assets	A - B	741,547.43	635,658.99
(6) Miscellaneous Expenditure to the extent not written off or adjusted			
Significant Accounting Policies and Notes to the Accounts	XX		
TOTAL		**2,486,646.75**	**2,175,579.01**

Signed in terms of our report of even date

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

Ashok Malhotra
Partner
Membership No. 082648

Place : New Delhi
Dated : 09-05-2011

For India Infrastructure Finance Company Ltd.

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
(C.E.O.)

Rajeev Mukhija
(General Manager - CFO & CS)

Consolidated Profit And Loss Account

FOR THE YEAR ENDED ON 31ST MARCH, 2011

(₹in Lacs)

DESCRIPTION	Schedule No.	As at 31st March, 2011	As at 31st March, 2010
I INCOME			
Income from Operations	XI	198,538.54	160,105.36
Provision for stamp duty written back		-	1,915.46
Foreign Exchange Fluctuation Gain		-	632.92
Other Income	XII	2,288.04	7,156.69
TOTAL INCOME (A)		**200,826.58**	**169,810.43**
II EXPENDITURE			
Cost of Borrowings	XIII	142,902.88	128,753.26
Bond servicing Expenses	XIV	3,959.64	3,665.86
Bond Issue Expenses	XV	635.63	227.48
Lease Rent		677.05	313.68
Payments to and provisions for employees	XVI	491.17	386.22
Establishment and other Expenses	XVII	832.75	616.10
Marked to Market Losses on Derivatives (See notes no: 11(a))		1,269.60	2,802.96
Foreign Exchange Fluctuation Loss		616.20	-
Provision for diminution in the value of Investments		141.81	-
Depreciation	VI	35.56	57.47
TOTAL EXPENDITURE (B)		**151,562.29**	**136,823.03**
III PROFIT FOR THE YEAR ENDED 31ST MARCH, 2011		**49,264.29**	**32,987.40**
IV ADD/ (LESS) : PRIOR PERIOD ADJUSTMENTS	XVIII	(85.18)	57.01
V PROFIT BEFORE TAX		**49,179.11**	**33,044.41**
Less: Provision for taxes :			
- Current Year		(14,478.66)	(10,411.22)
- Earlier Year		3.84	(0.91)
(Less)/Add : Deferred Tax			
- Current Year		(1,657.63)	(85.62)
- Earlier Year		(82.90)	(501.71)
VI Profit After Tax Available For Appropriations	XIX	32,963.76	22,044.95
VII Earning per Share of ₹ 10/- each (See note no. 08)		1.70	1.42
VIII Significant Accounting Policies and Notes to the Accounts	XX		

Signed in terms of our report of even date

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

Ashok Malhotra
Partner
Membership No. 082648

Place : New Delhi
Dated : 09-05-2011

For India Infrastructure Finance Company Ltd.

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
(C.E.O.)

Rajeev Mukhija
(General Manager - CFO & CS)

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST MARCH, 2011

(₹in Lacs)

			As at 31st March, 2011	As at 31st March, 2010
A	**CASH FLOW FROM OPERATING ACTIVITIES**			
	(i) Net Profit/(Loss) before Tax & Extraordinary Items		49,179.11	33,044.41
	Adjustments for:			
	(ii) Depreciation		35.56	57.47
	(iii) Provision/write offs		1,393.98	2,880.66
	(iv) Profit on sale of fixed assets		(0.51)	-
	(v) Loss on sale of assets		2.63	0.13
	(vi) Unexpired gain on Interest Swaps		(417.48)	(64.95)
	(vii) Stamp Duty on Bonds written back		-	(1,915.46)
	(viii) Foreign Exchange Fluctuation Loss / (Profit) on borrowings		608.34	(820.40)
	(ix) Interest / other charges paid on Bonds/ Loans		142,902.89	129,050.14
	(x) Bonds issue and servicing expenses		4,310.41	3,596.46
	(xi) Interest on Income Tax		83.00	3.28
	OPERATING PROFIT BEFORE WORKING CAPITAL		**198,097.93**	**165,831.74**
	(i) Cash Flow From Lending of Funds		(527,103.51)	(520,657.53)
	(ii) Sale of/ (Addition) to Investments (Including Application Money)		324,176.07	(440,270.08)
	(iii) (Increase)/decrease in Current Assets, Loans & Advances		(22,350.30)	1,598.16
	(iv) Increase/(decrease) in Current Liabilities		743.05	(115.98)
	CASH FLOW FROM OPERATION BEFORE TAX		**(26,436.76)**	**(793,613.69)**
	(i) Taxes paid (Net)		(15,792.32)	(8,563.86)
	NET CASH FROM OPERATIONS	A	**(42,229.08)**	**(802,177.55)**
B	**CASH FLOW FROM INVESTING ACTIVITIES**			
	(i) Purchase of / Advance for Fixed Assets (including Leased Assets)		(61.35)	(50.27)
	(ii) Sale Proceeds of Fixed Assets (Including disposal proceeds of Capital Work in progress)		31.25	13,337.10
	(iii) Investments in Subsidiary Company and Venture Capital Units		(645.00)	(14,495.10)
	(iv) Redemption of Investments in Venture Capital Units		273.23	71.50
	NET CASH FROM INVESTING ACTVITIES	B	**(401.87)**	**(1,136.77)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	(i) Proceeds from Issue of Share Capital		20,000.00	50,000.00
	(ii) Proceeds from Short Term borrowings		118,207.74	-
	(iii) Proceeds from Long Term borrowings		139,157.89	404,451.00
	(iv) Interest / other charges paid on Borrowings		(140,339.85)	(109,459.44)
	(iv) Bonds issue and servicing expenses		(3,844.46)	(3,596.46)
	NET CASH FROM FINANCING ACTIVITIES	C	133,181.32	341,395.10
D	**EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCE**	D	(1,346.15)	(16,485.75)
	NET CHANGE IN CASH & CASH EQUIVALENT (A+B+C+D)		89,204.22	(478,404.97)
	Add: Opening Cash and Cash Equivalent		666,586.95	1,144,991.91
	Closing Cash and Cash Equivalent		755,791.17	666,586.95
	Closing Cash and Cash Equivalent Companises of			
	1. Cash in hand		0.38	0.61
	2. Current Accounts		37,940.79	937.69
	3. Fixed Deposit Accounts		717.850.00	665.648.65
	Total		**755,791.17**	**666,586.95**

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

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
(C.E.O.)

Place : New Delhi
Dated : 09-05-2011

Rajeev Mukhija
(General Manager - CFO & CS)

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - I		
SHARE CAPITAL		
AUTHORISED CAPITAL		
2,000,000,000 equity shares of ₹10/- each	200,000.00	200,000.00
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
2,000,000,000 (Previous year 1,800,000,000) equity shares of ₹ 10/- each	200,000.00	180,000.00
TOTAL	**200,000.00**	**180,000.00**

(₹in Lacs)

SCHEDULE - II
RESERVES & SURPLUS

		As at 31st March, 2011	As at 31st March, 2010
(i)	CAPITAL RESERVE (PROFIT ON SALE OF HTM SECURITIES)		
	Opening Balance	585.14	299.70
	Add: Transfer from Profit & Loss Appropriation Account	-	285.44
	Closing Balance	585.14	585.14
(ii)	CAPITAL RESERVE FOR FIXED ASSETS		
	Opening Balance	-	9.43
	Less: Reversed during the year	-	9.43
	Closing Balance	-	-
(iii)	FOREIGN EXCHANGE FLUCTUATION RESERVE		
	Opening Balance	-	116.33
	Less: Reversed during the year	-	116.33
	Closing Balance	-	-
(iv)	DEBENTURE REDEMPTION RESERVE		
	Opening Balance	-	-
	Add: Transfer from Profit & Loss Appropriation Account	9.54	-
	Closing Balance	9.54	-
(v)	RESERVE FOR LOAN ASSETS (SEE NOTE 13)		
	Opening Balance	4,760.33	1,966.03
	Add: Transfer from Profit & Loss Appropriation Account	1,032.61	2,794.30
	Closing Balance	5,792.94	4,760.33
(vi)	SPECIAL RESERVE U/S 36(1)(viii) OF INCOME TAX ACT, 1961		
	Opening Balance	4,341.69	1,701.35
	Add: Transfer from Profit & Loss Appropriation Account	5,693.55	2,640.34
	Closing Balance	10,035.24	4,341.69
(vii)	STAFF WELFARE RESERVE		
	Opening Balance	65.00	-
	Add: Transfer from Profit & Loss Appropriation Account	-	65.00
	Closing Balance	65.00	65.00
(viii)	FOREIGN CURRENCY TRANSLATION DIFFERENCE RESERVE		
	Opening Balance	(1,157.28)	690.19
	Less: Reserved during the year	(385.51)	(1,847.46)
	Closing Balance	(1,542.79)	(1,157.27)
(ix)	PROFIT AND LOSS ACCOUNT		
	Opening Balance	25,866.15	9,591.25
	Add: Transfer from Profit & Loss Appropriation Account	26,228.06	16,274.90
	Closing Balance	52,094.21	25,866.15
	Total	**67,039.28**	**34,461.04**

(₹in Lacs)

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - III SECURED LOANS		
(i) Long Term Infrastructure Bonds under Section 80CCF of Income Tax Act, 1961 (Foot notes 1 to 4)	9,096.18	-
(ii) Loans and Advances from Banks (Overdraft availed against pledge of Fixed Deposit Receipts)	118,207.74	-
TOTAL	**127,303.92**	-

Notes

1. (i) 200852 (previous year Nil) 8.15% Non Convertible Bonds of face value ₹1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.

   (ii) 578354 (previous year Nil) 8.15% Non Convertible Bonds of face value ₹1000 each, redeemable at par on 28th March 2021 with earliest buyback on 29th March 2016.

   (iii) 22577 (previous year Nil) 8.30% Non Convertible Bonds of face value ₹1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.

   (iv) 107835 (previous year Nil) 8.30% Non Convertible Bonds of face value 1000 each, redeemable at par on 28th March 2026 with earliest buyback on 29th March 2018.

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. Out of the above, 60 Bonds of face value of ₹1000 each amounting to ₹60,000 are held by three directors of the company.

4. Long Term Loans due for repayment within one year NIL (previous year NIL)

(₹in Lacs)

SCHEDULE - IV
UNSECURED LOANS (LONG TERM)

		As at 31st March, 2011	As at 31st March, 2010
(A)	**BONDS**		
(a)	**Long Term Loans**		
(i)	5000 (previous year 5000) 8.70% Non Convertible Bonds of face value ₹10 lacs each, redeemable at par on 02/09/2016 (Guaranteed by Government of India)	50,000.00	50,000.00
(ii)	2000 (previous year 2000) 8.82% Non Convertible Bonds of face value ₹10 lacs each, redeemable at par on 19/12/2022 (Guaranteed by Government of India)	20,000.00	20,000.00
(iii)	2000 (previous year 2000) 8.68% Non Convertible Bonds of face value ₹10 lacs each, redeemable at par on 18/12/2023 (Guaranteed by Government of India)	20,000.00	20,000.00
(iv)	2000 (previous year 2000) 9.35% Non Convertible Bonds of face value ₹10 lacs each, redeemable at par on 17/11/2023 (Guaranteed by Government of India)	20,000.00	20,000.00
(v)	736930 (previous year 736930) 6.85% Non Convertible Bonds (Tax free) of face value ₹1 lacs each, redeemable at par on 22/01/2014 (Guaranteed by Government of India)	736,930.00	736,930.00
(vi)	263070 (previous year 263070) 6.85% Non Convertible Bonds (Tax free) of face value ₹ 1 lacs each, redeemable at par on 20/03/2014 (Guaranteed by Government of India)	263,070.00	263,070.00
(vii)	250 (previous year250)Interest linked to US$ 6 months LIBOR Non Convertible Bonds of face value 1 million $ each, redeemable at par on 19/03/2019 (Guaranteed by Government of India)	111,625.00	112,850.00
(viii)	5000 (previousyear 5000) 7.90% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 28/04/2024 (Guaranteed by Government of India)	50,000.00	50,000.00
(ix)	5000 (previousyear 5000) 8.10% Non Convertible Bonds of face value ₹10 lacs each, redeemable at par on 08/04/2024 (Guaranteed by Government of India)	50,000.00	50,000.00
(x)	6000 (previousyear 6000) 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 12/08/2024 (Guaranteed by Government of India)	60,000.00	60,000.00
(xi)	4000 (previousyear 4000) 8.12% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 24/08/2024 (Guaranteed by Government of India)	40,000.00	40,000.00
(xii)	10000(previousyear 10000)8.55% Non Convertible Bonds of face value ₹ 10 lacs each, redeemable at par on 03/11/2024 (Guaranteed by Government of India)	100,000.00	100,000.00
	TOTAL A	**1,521,625.00**	**1,522,850.00**
(B)	**OTHER BORROWINGS (LONG TERM LOANS)**		
(a)	**Long Term**		
(i)	Life Insurance Corporation of India (Guaranteed by Govt. of India)	100,000.00	100,000.00
(ii)	National Small Savings Schemes Fund (NSSF)	150,000.00	150,000.00
(iii)	Asian Development Bank (ADB) (Guaranteed by Govt. of India)	292,065.02	186,085.87
(iv)	World Bank (Guaranteed by Govt. of India)	8,724.70	1,351.68
(v)	Kreditanstalt für Wiederaufbau (KFW) (Guaranteed by Govt. of India)	17,317.88	-
	TOTAL B	**568,107.60**	**437,437.55**
	TOTAL (A+B)	**2,089,732.60**	**1,960,287.55**

Notes

1. Long Term Loans due for repayment within one year	NIL	NIL

(₹in Lacs)

		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - V			
	Deferred TAX ASSETS / LIABILITY(Net of Assets)		
(I)	**Deferred tax Liability**		
	(i) On account of Special Infrastructure Reserve Created u/sec 36(1) (viii) of Income Tax Act,1961	3,255.93	1,442.20
	(ii) On Account of Deduction claimed for Standard loan assets	1,017.98	700.05
	Net Deferred Tax liability	4,273.91	2,142.25
(II)	**Deferred Tax Assets**		
	(i) On Account of Depreciation	9.11	6.56
	(ii) On Account of Disallowances under section 43B of Income Tax Act, 1961	7.02	-
	(iii) On Account of Provision for Contingencies	1,686.83	1,305.27
	Net Deferred Tax Assets	1,702.96	1,311.83
	Net Deferred Tax Liability/(Assets)	2,570.95	830.42

SCHEDULE - VI
FIXED ASSETS

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions/ Adjustments	Deductions/ Transfers	**As at 31.03.2011**	As at 01.04.2010	For the Period	Deductions/ Transfers	**As at 31.03.2011**	**As at 31.03.2011**	As at 31.03.2010
A. FIXED ASSETS :										
MOTOR VEHICLES	37.71	6.47	-	**44.18**	10.14	8.21	-	**18.35**	**25.83**	27.56
COMPUTER HARDWARE	22.46	14.58	0.56	**36.48**	11.08	8.65	0.26	**19.47**	**17.01**	11.38
COMPUTER SOFTWARES	5.92	4.22	-	**10.14**	2.99	1.81	-	**4.80**	**5.34**	2.93
FURNITURE & FIXTURES	71.12	2.20	42.68	**30.64**	26.87	7.71	17.46	**17.12**	**13.52**	44.25
OFFICE EQUIPMENTS	34.81	6.23	8.53	**32.51**	12.37	7.36	2.40	**17.33**	**15.18**	22.45
SUB-TOTAL (A)	**172.02**	**33.70**	**51.77**	**153.95**	**63.45**	**33.74**	**20.12**	**77.07**	**76.88**	**108.57**
B. LEASEHOLD IMPROVEMENTS	27.66	-	27.66	-	25.84	1.82	27.66	-	-	1.82
SUB-TOTAL (B)	**27.66**	-	**27.66**	-	**25.84**	**1.82**	**27.66**	-	-	**1.82**
GRAND TOTAL (A+B)	**199.68**	**33.70**	**79.43**	**153.95**	**89.29**	**35.56**	**47.78**	**77.07**	**76.88**	**110.39**
Previous Year	**176.90**	**50.87**	**28.10**	**199.68**	**48.63**	**57.47**	**16.81**	**89.29**	**110.39**	**128.27**
CAPITAL WORK IN PROGRESS (Including Capital Advances)	**12.83**	**27.65**	**15.23**	**25.25**	-	-	-	-	**25.25**	**12.83**
Previous Year	**10.43**	**2.40**	-	**12.83**	-	-	-	-	**12.83**	**10.43**

SCHEDULE - VII
INVESTMENTS

				As at 31st March,2011			As at 31st March,2010
		Number of Units	Face Value		Number of Units	Face Value	
I.	**LONG TERM**						
(A)	**Venture Capital Units (Unquoted) (Trade)**						
(i)	IDFC Project Equity Domestic Investors Trust II (Fully Paid)	3,732,270	₹ 100	3,946.27	3,574,500	₹ 100	3,574.50
			(A)	**3,946.27**			**3,574.50**
		Number of Units	Face Value		Number of Units	Face Value	
(B)	**Government Securities (Unquoted) (Non-Trade)**						
(i)	6.05% GOI 2019	2,000,000	₹ 100	1,980.00	2,000,000	₹ 100	1,981.82
(ii)	6.35% GOI 2020	7,500,000	₹ 100	6,834.51	7,500,000	₹ 100	6,848.96
(iii)	6.90% GOI 2019	2,000,000	₹ 100	1,952.09	2,000,000	₹ 100	1,953.92
(iv)	7.76% SL (Karnataka) 2019	500,000	₹ 100	515.78	500,000	₹ 100	517.77
(v)	7.85% SL (Andhra Pradesh) 2019	1,000,000	₹ 100	1,002.66	1,000,000	₹ 100	1,002.98
(vi)	8.27% SL (Kerala) 2019	1,000,000	₹ 100	1,009.90	1,000,000	₹ 100	1,011.13
(vii)	8.43% SL (West Bengal) 2019	1,500,000	₹ 100	1,597.16	1,500,000	₹ 100	1,609.39
(viii)	8.48% SL (Tamil Nadu) 2019	2,500,000	₹ 100	2,567.08	2,500,000	₹ 100	2,575.52
			(B)	17,459.18			17,501.49
TOTAL LONG TERM INVESTMENTS (A + B)				**21,405.45**			**21,075.99**

(₹ in Lacs)

	Number of Bonds	Face Value	As at 31st March, 2011	Number of Bonds	Face Value	As at 31st March, 2011
II CURRENT INVESTMENTS						
(A) Bonds (Quoted) (Trade)						
(i) 7.15% REC 2012	150	₹ 1,000,000	1,500.00	150	₹ 1,000,000	1,500.00
(ii) 7.70% REC 2014	100	₹ 1,000,000	1,000.00	100	₹ 1,000,000	1,000.00
(iii) 8.90% PNB 2019	200	₹ 1,000,000	2,000.00	200	₹ 1,000,000	2,000.00
(iv) 10.60% IRFC 2018	50	₹ 1,000,000	500.89	50	₹ 1,000,000	500.89
(v) 11.00% PFC 2018	50	₹ 1,000,000	568.45	50	₹ 1,000,000	568.45
(vi) 11.25% PFC 2018	100	₹ 1,000,000	1,155.29	100	₹ 1,000,000	1,155.29
		(A)	6,724.63			6,724.63
(B) Bonds (Quoted) (Non-Trade)						
(i) 8.83% Neyveli Lignite Corp. Ltd. 2019	100	₹ 1,000,000	1,000.00	100	₹ 1,000,000	1,000.00
		(B)	1,000.00			1,000.00
	Number of Units	Face Value		Number of Units	Face Value	
(C) Mutual Funds (Unquoted) (Non-Trade)						
(i) UTI Fixed Income Interval Monthly Plan-I	-	-	-	83,168,382.708	₹ 10	10,000.00
(ii) UTI Short Term Income Fund Retail	-	-	-	190,949,016.613	₹ 10	30,000.00
(iii) UTI Treasury Advantage Fund Growth	-	-	-	25,941,346.528	₹ 1,000	320,865.56
(iv) UTI Treasury Advantage Fund Growth-II	-	-	-	9,157,207.818	₹ 1,000	113,264.46
		(C)				474,130.02
(D) Certificate of Deposit with Scheduled Banks (Unquoted) (Trade)						
(i) Union Bank of India	20,000	₹ 100,000	21,097.06	20,000	₹ 100,000	19,722.19
(ii) Punjab National Bank	-	-	-	5,000	₹ 100,000	4,978.09
(iii) Andhra Bank	50,000	₹ 100,000	46,794.20	-	-	-
(iv) Axis Bank	7,500	₹ 100,000	7,106.06	-	-	-
(v) SB Travancore	17,500	₹ 100,000	16,472.98	-	-	-
(vi) UCO Bank	35,000	₹ 100,000	32,747.02	-	-	-
(vii) ICICI	50,000	₹ 100,000	47,178.97	-	-	-
(viii) Bank of India	3,500	₹ 100,000	3,257.94	-	-	-
		(D)	174,654.23			24,700.28
TOTAL CURRENT INVESTMENTS (A + B + C + D)			**182,378.86**			**506,524.93**
GRAND TOTAL (I + II)			**203,784.31**			**527,630.92**
Less: Provision for diminution in the value of current Investments (Net of Gains)			141.81			–
TOTAL			**203,642.50**			**527,630.92**
(1) Aggregate amount of quoted investments Cost			7,724.63			7,724.63
Market Value			7,582.82			7,738.15
(2) Aggregate amount of unquoted investments - Cost			196,059.68			519,906.29

Details Of Cost Of Investments Acquired And Sold During The Year Ended 31st March 2011

Sr. No:	Particulars	Number of Units / Bonds	Face Value	Amount ₹ in Lacs
	Mutual Funds (Unquoted) (Non-Trade)			
1	UTI Liquid Cash Growth Option	23,693,666.970	₹ 1,000	366,255.88
2	UTI Treasury Advantage Fund Growth	14,448,115.089	₹ 1,000	181,688.74
3	UTI Treasury Advantage Fund Growth - II	3,239,887.635	₹ 1,000	40,216.37
	(A)			**588,160.99**
	Certificate of Deposit with Scheduled Banks (Unquoted) (Trade)			
4	CD - Allahabad Bank	20,000	₹ 100,000	19,821.26
5	CD - Central Bank of India	15,000	₹ 100,000	14,745.22
6	CD - IDBI Bank	7,500	₹ 100,000	7,328.05
7	CD - Indian Overseas Bank	10,000	₹ 100,000	9,839.03
8	CD - Oriental Bank of Commerce	5,000	₹ 100,000	4,858.72
9	CD - Punjab National Bank	7,500	₹ 100,000	7,328.23
10	CD - Punjab & Sind Bank	25,000	₹ 100,000	24,347.36
11	CD - Vijaya Bank	5,000	₹ 100,000	4,942.37
	(B)			**93,210.24**
	(A + B)			**681,371.23**

(₹ in Lacs)

Particulars			As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - VIII				
INFRASTRUCTURE LOANS (ASSETS)				
(A)	**ASSISTED CONCERNS**		-	-
(B)	**OTHER INSTITUTIONS**			
	(i)	Infrastructure Loans	1,178,957.93	858,234.59
	(ii)	Infrastructure Loans under Pooled Municipality Debt Obligation (PMDO)	5,441.39	3,917.74
	(iii)	Infrastructure Loans under Refinancing Scheme	350,000.20	150,013.55
	(iv)	Infrastructure Loans under Takeout financing Scheme	6,955.17	-
		TOTAL	**1,541,354.69**	**1,012,165.88**
Notes:				
1.	The above amounts include:-			
	(i)	Interest and other charges accrued but not due	4,054.63	2,836.75
	(ii)	Interest and other charges accrued and due	1,942.75	787.05
2.	Considered good		1,541,354.69	1,012,165.88
	Considered doubtful		-	-

(₹ in Lacs)

Particulars		As at 31st March, 2011	As at 31st March, 2010

SCHEDULE - IX
CURRENT ASSETS, LOANS & ADVANCES

(1) CURRENT ASSETS			
(A) Cash and Bank Balances			
(a) Cash in hand		0.38	0.61
(b) Balances with Scheduled Banks			
(i) Current Accounts in India (see foot note 1)		37,593.17	883.38
(ii) Flexi Deposits with banks	3,821.00		
Less: Bank book overdraft in current accounts	2.22	3,818.78	1,083.25
(iii) Fixed Deposit Accounts (see foot note 2)		714,031.22	664,565.40
(c) Balances with other Banks(held by Subsidiary Company in UK)		347.62	54.31
		755,791.17	**666,586.95**

Notes

1 Current Accounts in India as on 31st March 2011, includes unutilised amount ₹9,096.18 lacs on account of entire proceeds of public issue of long term infrastructure bonds under section 80CCF of the Income Tax Act, 1961, which were allotted on 28th March 2011.

2. Fixed Deposits include deposit(s) of:

(I) ₹174,040 lacs pledged to avail overdraft facility from banks.

(ii) ₹ 107 ,780 lacs pledged to secure annual interest payment of ₹8,000 lacs on 5000 Non convertible 8.10% IIFCL bonds of ₹ 50,000 lacs.& 5,000 Non convertible 7.90% IFCL bonds of ₹ 50,000 lacs.

(iii) ₹ 28,600 lacs pledge to secure to Bank Guarantee of ₹ 900 lacs issued in favour of Bombay Stock Exchange Ltd. towards security deposit for listing of Long Term Infrastructure Bonds under section 80CCF of Income Tax Act, 1961.

(iv) ₹ 175 lacs is earmarked for expenses to be paid out of grants received from World Bank.

(B) Interest Accrued but not due on		
(i) Fixed Deposits with Banks	20,866.59	10,421.79
(ii) Certificate of Deposits	9,213.88	125.19
(iii) Bonds	278.16	278.16
(iv) Government Securities	204.88	204.88
(iv) Interest Rate Swaps (Net)	35.10	35.79
	30,598.61	11,065.81

(₹ in Lacs)

(2) LOANS & ADVANCES	**As at 31st March, 2011**	**As at 31st March, 2010**
Advances Recoverable in Cash or in Kind or for value to be received (unsecured considered good)		
(i) Advance Tax paid (Including Tax paid by representative assessee)	13,555.74	7,442.38
(ii) Tax deducted at source	46.11	19.33
(iii) Income Tax Recoverable	166.35	280.21
(iv) Service Tax Recoverable (CENVAT)	36.01	4.01
(v) Expenses Incurred on behalf of subsidiary	-	0.05
(vi) Security Deposit	678.11	275.39
(vii) Prepaid Expenses	22.77	30.93
(viii) Other advances	43.58	27.77
TOTAL	**14,548.67**	**8,080.07**

(₹ in Lacs)

Particulars			As at 31st March, 2011	As at 31st March, 2010

SCHEDULE - X
CURRENT LIABILITIES AND PROVISIONS

			As at 31st March, 2011	As at 31st March, 2010
(A)	**CURRENT LIABILITIES**			
	(i)	Unexpired income on swaps (See note 14)	-	417.48
	(ii)	LC Commission received in Advance	-	4.85
	(iii)	Excess Amount in Loan Accounts	95.05	80.73
	(iv)	Duties & Taxes payable	74.01	30.34
	(v)	PF deducted on behalf of employees	44.60	5.09
	(vi)	Unclaimed Interest on Bonds	3.77	1.56
	(vii)	Other Liabilities	1,180.65	128.62
	(viii)	Bond issue expenses payable	465.94	-
	(ix)	Rent adjustable account	49.58	-
	(x)	Commitment Charges payable	31.15	50.83
	(xi)	Management Fee payable	-	50.58
	(xii)	Government Guarantee fees payable	-	750.05
	(xii)	Managerial Remuneration payable	-	10.64
	(xiv)	Advance grant received from IBRD	241.22	-
	(xv)	Interest accrued but not due on bank overdraft	51.70	-
	(xvi)	Interest accrued but not due on bonds and borrowings	37,283.57	34,772.22
		TOTAL	**39,521.24**	**36,302.99**
(B)	**PROVISIONS (Note 6)**			
	(i)	Income Tax	14,536.81	9,769.90
	(ii)	Wage Revision (See note 20)	72.56	51.00
	(iii)	Leave Fare Concession	5.58	5.51
	(iv)	Gratuity	11.91	8.08
	(v)	Leave Encashment	17.69	6.90
	(vi)	Sick Leave	6.17	-
	(vii)	Performance Linked Incentive to Wholetime Directors	20.00	-
	(viii)	Marked to Market Losses on Derivatives (See note 13(a))	5,199.06	3,929.46
		TOTAL	**19,869.78**	**13,770.85**

(₹ in Lacs)

SCHEDULE - XI
INCOME FROM OPERATIONS

			As at 31st March, 2011	As at 31st March, 2010
(a)	**On Lending Operations**			
(i)	Interest on Loans and Advances #		106,442.73	71,120.10
(ii)	Interest on Loans under PMDO Scheme		516.03	338.33
(iii)	Interest on Loans and Advances under Refinancing Scheme		14,119.45	96.78
(iv)	Interest on Loans and Advances under Takeout Financing Scheme		6.74	-
(v)	Penal Interest		23.87	4.22
		A	**121,108.82**	**71,559.43**
(b)	**On Investment Operations**			
(i)	Interest earned on Certificate of Deposit		11,178.17	192.51
(ii)	Growth in value of UTI Liquid		5,330.78	15,316.29
(iii)	Interest on Government Securities		1,273.70	697.86
(iv)	Interest on Bonds @		671.05	1,114.45
(v)	Amortization of Discount Received on HTM Securities		-	18.10
(vi)	Profit on Sale of Certificate of Deposit		-	47.00
(vii)	Profit on Sale of Bonds		-	127.55
(viii)	Profit on Sale of Government Securities		-	285.45
(ix)	Growth in SBI Premier Liquid Fund		-	125.18
(x)	Growth in Value of LIC MF		-	6,271.23
(xi)	Reversal in the provision for diminution in the value of investments		-	16.50
		B	**18,453.70**	**24,212.12**
(c)	Interest / discount on other deposits			
(i)	Interest on Fixed Deposits with Banks	C	58,976.02	64,333.81
	TOTAL **A+B+C**		**198,538.54**	**160,105.36**

includes TDS of ₹ 3.79 lacs (previous year ₹ Nil)

@ includes TDS of ₹ Nil (previous year ₹ 0.47 lacs)

(₹ in Lacs)

		As at 31st March, 2011	As at 31st March, 2010

SCHEDULE - XII
OTHER INCOME

(i)	Upfront Fees @	657.60	6,644.04
(ii)	Pre-Payment Charges	628.09	-
(iii)	Commission Received on L/C %	231.96	169.29
(iv)	Gain on Interest rate Swaps (See note 14)	417.48	64.95
(v)	Grants received	52.56	-
(vi)	Management Fee Written Back	43.23	-
(vii)	Interest on Income Tax Refund	50.58	-
(viii)	Guarantee Fee Written Back (GOI)	22.58	-
(ix)	Miscellaneous Income #	2.46	1.34
(x)	Commitment Charges $	181.50	211.04
(xi)	Surplus on organising Infrastructure Conference	-	66.03
	TOTAL	**2,288.04**	**7,156.69**

@ Includes TDS of ₹ 41.93 lacs (previous year ₹ 15.13 lacs)
% Includes TDS of Nil (previous year ₹ 2.55 lacs)
# Includes TDS of ₹ 0.03 lacs (previous year ₹ 0.02 lacs)
$ Includes TDS of ₹ 0.02 lacs (previous year ₹ Nil)

(₹ in Lacs)

		As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - XIII			
COST OF BORROWINGS			
(A)	**Fixed**		
(i)	Interest on Bonds & Debentures #	103,399.70	95,853.13
	Less: Interest Saving on Bonds	(125.60)	(125.61)
(B)	**Others**		
(i)	Interest on Bank Borrowings	1,155.19	0.08
(ii)	Interest on Bonds * Application Money @	31.28	320.66
(iii)	Interest on loan from NSSF	13,500.00	13,500.00
(iv)	Interest on loan from LIC	8,560.00	8,560.00
(v)	Interest on loan from ADB	1,093.00	1,255.52
(vi)	Interest on Interest Swaping Transactions on ADB Loan	13,116.68	6,333.67
(vii)	Interest on loan from World Bank	7.25	3.12
(viii)	Interest on Interest Swaping Transactions on World Bank Loan	36.55	-
(ix)	Interest on loan from KFW	470.32	-
(x)	Interest on Interest Swaping Transactions on KFW Loan	436.17	-
(xi)	Guarantee Fees to GOI for loans	1,037.37	1,484.93
(xii)	Commitment charges to ADB	145.47	160.75
(xiii)	Commitment charges to KFW	39.50	7.87
(xiv)	Upfront Fees on Loan from World Bank	-	1,348.56
(xv)	Management Fee on KFW Loan	-	50.58
	TOTAL	**142,902.88**	**128,753.26**

Note (Amount in ₹)

includes ₹53.58 on account of interest provided on bonds held by the Directors.
@ includes ₹265.74 on account of interest paid on application money on bonds alloted to the Directors.

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XIV		
Bonds Servicing Expenses		
(i) Guarantee Fees to Govt. of India	3,886.08	3,603.92
(ii) Surveillance/ Rating Fee	62.31	55.75
(iii) Listing Fee	6.49	2.53
(iv) Bond Holder Trusteeship Fees	3.53	1.49
(v) Other Expenses	1.23	2.17
TOTAL	**3,959.64**	**3,665.86**

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XV		
Bonds Issue Expenses		
(i) Advertisement	220.90	-
(ii) Brokerage	139.00	-
(iii) Printing & Stationery	104.19	-
(iv) Others	83.81	0.59
(v) Legal	25.00	-
(vi) Rating Fee	22.79	10.94
(vii) Stamp Duty	22.74	211.44
(viii) Auditor's Remuneration (See note below)	14.61	-
(ix) Bond Holder Trusteeship fees	2.11	0.16
(x) Listing Fee	0.48	4.35
TOTAL	**635.63**	**227.48**

(₹ in Lacs)

		Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XVI			
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES			
(i)	Salaries and Allowances	286.21	233.34
(ii)	Director's Remuneration	115.25	116.72
(iii)	Contribution to Provident, Pension and other Funds (See note 1 below)	31.47	8.70
(iv)	Reimbursements (See note 2 below)	58.24	27.46
	TOTAL	**491.17**	**386.22**

Note:

1. Includes ₹0.62 lacs (previous year ₹Nil) towards gratuity & ₹1.17 lacs (previous year ₹0.44 lacs) towards provident fund of whole time directors
2. Includes ₹1.14 lacs (previous year ₹4.68 lacs) towards leave encashment & ₹1.49 lacs (previous year ₹2.29 lacs) towards medical, telephone & newspaper reimbursements of whole time directors.

(₹ in Lacs)

		Year ended 31st March, 2011	Year ended 31st March, 2010

SCHEDULE - XVII
ESTABLISHMENT AND OTHER EXPENSES

		Year ended 31st March, 2011	Year ended 31st March, 2010
(i)	Professional Fees	193.01	70.82
(ii)	Miscellaneous Expenses	128.17	103.71
(iii)	Interest on Income Tax	83.00	3.28
(iv)	Repairs and Maintenance	70.61	22.66
(v)	Advertisement Expenses	60.13	38.47
(vi)	Contract Services Payment	47.85	27.01
(vii)	Other Tours, traveling & Conveyance Expenses	50.92	31.94
(viii)	Business promotion & development Expenses	37.10	38.70
(ix)	Amortization of Premium Paid on HTM Securities	24.21	18.30
(x)	Car Running and Maintenance Expenses	23.35	12.57
(xi)	Stamp duty on Shares	20.00	50.00
(xii)	Fixed Assets / Capital Work in Progress written off	13.42	-
(xiii)	Bank & Other Charges & Interest	13.45	33.89
(xiv)	Auditors' Remuneration (See footnote 1)	19.58	12.46
(xv)	Power & Fuel Exps.	10.43	14.58
(xvi)	Deficit on organising Infrastructure Conference (See footnote 2)	9.51	-
(xvii)	Directors Foreign Travelling	9.12	5.61
(xviii)	Directors Travelling	6.37	4.12
(xix)	Recruitment Expenses	4.26	31.02
(xx)	Loss on Sale of Fixed Assets	2.63	0.13
(xxi)	Independent Director's Sitting Fees	4.55	1.40
(xxii)	Insurance	1.08	1.42
(xxiii)	Miscellaneous Expenses Written off	-	92.00
(xxiv)	Miscellaneous Expenses Written off on lease deed	-	2.01
	TOTAL	**832.75**	**616.10**
Note:			
1. Net of Conference fee received (including TDS of ₹ 0.34 lacs)		25.94	-

(₹ in Lacs)

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XVIII		
PRIOR PERIOD ADJUSTMENTS		
Prior Period Income:		
(i) Interest & Other Charges	39.31	39.36
(ii) Foreign Exchange Fluctuation Gain	-	133.30
(iii) Surplus on organising infrastructure conference	22.56	-
(iv) Miscellaneous Income	1.40	2.05
Sub Total	**63.27**	**174.71**
Prior Period Expenses:		
(i) Interest & other Charges	71.68	102.96
(ii) Reversal of amortisation of discount on HTM securities	18.10	-
(iii) Miscellaneous Expenses (See note below)	58.67	14.74
Sub Total	**148.45**	**117.70**
Prior Period Adjustment (Net)	**(85.18)**	**57.01**

Note:

Miscellaneous Expenses includes provision for ₹ 10.00 lacs (previous year ₹ Nil) towards performance linked incentive to wholetime directors for previous year

(₹ in Lacs)

		Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - XIX **APPROPRIATIONS**			
(i)	Transfer to/(from) Reserve for Standard loan assets (See note 16)	1,032.61	2,794.30
(ii)	Transfer to reserve for profit on sale of HTM securitites	-	285.44
(iii)	Transfer to Special Infrastructure Reserve created under U/s 36(1) (viii) of Income Tax Act, 1961 @	5,693.55	2,640.34
(iv)	Transferred to Staff Welfare Reserve	-	65.00
(v)	Transferred to Debenture Redemption Reserve	9.54	-
(vi)	Balance Carried to Balance Sheet	26,228.06	16,259.87
	TOTAL	**32,963.76**	**22,044.95**

@ Includes ₹ 255.50 lacs on account of shorfall of earlier years.

SCHEDULE – XX - Notes to the Accounts
Significant Accounting Policies And Notes To The Accounts

(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, 2011 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 intragroup 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 2010 to 31st March 2011.

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.

1.2 The Financial Statements of the following subsidiary have been Consolidated in the consolidated Financial Statements:

Name of Subsidiary Current Year	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 subsidiary company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

2. The Financial accounts have been prepared on the going concern basis with accrual concept and in accordance with the 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 in cases where loan documents have been signed on allocated amount and same is accounted for on accrual basis. Similarly, upfront fee expenses on loans sanctionedto the company is considered as expense, where loan documents have been executed and same is accounted for on accrual basis.

3.2 Commitment charges on loans taken by the company are accounted for as an expense when the drawings are less than the loans amounts sanctioned as per the loans agreements.

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 Account in the year of allotment of bonds.

4. RESERVE FOR LOAN ASSETS

The company has created reserve for Loan Assets @ 0.40% of the total outstanding of loan assets.

5. INVESTMENTS

5.1 Long Term Investments

a. Unquoted Investments: In Foreign subsidiary 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. A provision is made for diminution, other than temporary, in value of such Investments.

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.

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. Income 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.

7. ACCOUNTING FOR REVENUE GRANTS

7.1 Grants are recognized in Profit & Loss Account 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 Account 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 assetsis provided at the rates and manner provided in Schedule XIV of the Companies Act, 1956 following written down value method. Depreciation on individual assets having cost ₹ 5000/ -or less is charged at 100% as prescribed in the aforesaid schedule.

8.5 In case of subsidiary, depreciation on fixed assets is charged using Straight Line Method on following basis:

a) Plant and equipments: 25%

b) Fixtures and Fittings: 25%

9. RETIREMENT BENEFITS

9.1 In respect of defined contribution scheme like provident fund, in respect of employees on deputation, respective contributions are remitted to parent organization. In respect of employees other than on deputation, the company is yet to create an approved recognized fund and hence employees and employer contribution including interest liability are shown under current liabilities.

9.2 With respect to the permanent employees of the company, actuarial valuation is being carried out for leave encashment, sick leave and leave travel concession obligations.

9.3 Gratuity has been provided on the basis of amount payable to LIC on Group Gratuity Scheme through trust in the name of IIFCL Employees Group Gratuity Fund.

9.4 With respect of employees on deputation, leave encashment, gratuity, sick leave, and leave fare concession payable to employees are provided on estimated basis.

10. ACCOUNTING FOR OPERATING LEASES

10.1 Lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

11. DERIVATIVE ACCOUNTING

11.1 Wherever the company has entered into forward contract or an instrument i.e., in substance of a forward exchange contract, the difference between the forward rate and the exchange rate on the date of forward exchange contract is recognized as income or expenses over the life of the contract as per AS-11.

11.2 Hedging taken on foreign currency loans is adjusted on FIFO basis after adjusting for the Loans given in foreign currency (i.e. natural hedge).

11.3 The accounting of the derivative transactions are done as per RBI guidelines, which are as under:-

a. Interest Rate Swap which hedges interest bearing assets or liability should generally be accounted for like the hedge of the asset or liability.

b. The swap that is accounted for like a hedge should be 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 should be 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 arises on cancellation or renewal of forward exchange contracts including interest rate swaps, are recognized as income or as expense for the period.

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 period 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 schedule of contingent liability on the basis of judgment of the management/independent expert. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate.

(B) NOTES TO THE ACCOUNTS

1. (a) The Subsidiary considered in the preparation of 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 the period as on ended on 31.03.2011. The audited financial statements of the UK subsidiary are made for the period starting from 1st April 2010 to 31st March 2011.

			As at 31st March 2011	As at 31st March 2010
2.	(a)	Estimated amount of contract remaining to be executed on capital account (net of advances)	Nil	₹ 85.60 lacs
	(b)	Uncalled liability on account of capital commitment in respect of Venture Capital Units of IDFC Project Equity Domestic Investors Trust II	₹5,709.00 lacs	₹ 6,408.00 lacs
	(c)	Letter of Comfort for issue of Letter of Credit (LC)	₹ 64,020.99 lacs	₹ 39,741.90 lacs

The company has issued letters of comfort to respective banks for issue of LC to respective borrower within term loan sanctioned.

(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 ₹ 21.65 lacs and maximum of ₹ 433.10 lacs, if levied from the financial year 2005-06 being the year in which company was incorporated.

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

A) Managerial Remuneration and related party disclosure

Key managerial personnel

- Shri S. S. Kohli (Tenure upto 9th April 2010)	-	Ex-Chairman and Managing Director
- Smt. Ravneet Kaur (Tenure from 9th April 2010 upto 24th June 2010)	-	Ex-Chairperson and Managing Director
- Shri S.K. Goel (Tenure from 24th June 2010)	-	Chairman and Managing Director
- Shri Pradeep Kumar (Tenure from 24th December 2008)	-	Whole time director and C.E.O.
- Shri N. K. Madan (Tenure from 8th September 2008)	-	Managing Director, IIFC (UK) Limited
- Shri G. George (Tenure from 19th November 2010)	-	Director, IIFC (UK) Limited

B) Transactions during the year ended 31st March 2011 with related parties:

a)	Managerial Remuneration	₹ 6.61 lacs (Previous Year ₹ 46.32 lacs)
	Perquisites	₹ 0.01lacs (Previous Year ₹ 2.29 lacs)
	(To Shri S.S.Kohli)	
b)	Managerial Remuneration	₹ 20.19 lacs (Previous Year NIL)
	Perquisites	₹ 0.83 lacs (Previous Year NIL)
	Leave encashment, PF & Gratuity	₹ 2.48 lacs (Previous Year NIL)
	(To Shri S.K.Goel)	

c) Directors Remuneration — ₹ 20.38 lacs (Previous Year ₹15.00 lacs)
Perquisites — ₹ 0.65 lacs (Previous Year NIL)
(To Shri Pradeep Kumar) #

Remuneration is yet to be fixed by Govt. of India. Pending approval, adhoc payment has been made and charged to revenue

d) Directors Remuneration & perquisites Of Subsidiary Company — ₹ 78.51 lacs (Previous Year ₹58.35 lacs)

C) Balances as at 31st March 2011

(₹ In lacs)

Particulars	As at 31st March 2011	As at 31st March 2010
Managerial Remuneration payable	0.00	10.63
Performance Linked Incentive to Whole time Directors (Provision) (includes ₹ 10 lacs for previous year)	20.00	Nil
Leave Encashment (provision)*	8.16	4.68
Gratuity (provision) *	3.02	Nil
Provident fund *	26.88	Nil

* The provision of Leave Encashment, Gratuity and Provident Fund of Chairman and Managing Director includes ₹7.02 lacs , ₹ 2.40 lacs ,₹26.16 lacs respectively received from previous employer.

(ii) Amount of ₹3 lacs payable for rating assignment to M/s Brickwork Ratings India Pvt Ltd. in which a director of the company has interest, is subject to the approval of the Central Govt.

4. Investment in Venture Capital Units

During the year, the company has invested ₹645 lacs 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 ₹4,291 lacs). Out of total commitment of ₹10,000 lacs, 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 ₹273.23 lacs (including tax paid ₹ 88.35 lacs) in respect of redemption of venture capital units (up to 31st March 2011 ₹ 344.73 lacs).

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

₹ in lacs

Particulars	2010-11	2009-10
Income Tax		
Opening Balance	9,769.90	4,701.30
Addition during the year	14,536.81	9,644.99
Amount paid/adjusted during the year	9,769.90	4,576.39
Closing Balance	14,536.81	9,769.90
Proposed Wage Revision(Note no: 10)		
Opening Balance	51.00	21.00
Addition during the year	21.56	30.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	72.56	51.00

Leave Fare Concession		
Opening Balance	5.51	5.61
Addition during the year	0.07	3.52
Amount paid/adjusted during the year	0.00	3.62
Closing Balance	5.58	5.51
Gratuity		
Opening Balance	8.08	8.08
Addition during the year	3.83	0.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	11.91	8.08
Leave Encashment		
Opening Balance	6.89	0.20
Addition during the year	15.48	12.17
Amount paid/adjusted during the year	4.68	5.48
Closing Balance	17.69	6.89
Sick Leave		
Opening Balance	0.00	0.00
Addition during the year	6.17	0.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	6.17	0.00
Performance Linked Incentive to Whole Time Directors		
Opening Balance	0.00	0.00
Addition during the year	20.00	0.00
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	20.00	0.00
Marked to Market Losses on Derivatives (Note no:11 (a)		
Opening Balance	3,929.46	1,126.51
Addition during the year	1,269.60	2,802.95
Amount paid/adjusted during the year	0.00	0.00
Closing Balance	5199.06	3,929.46

(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 Account.

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Current Service Cost	13.43	7.99	4.53	3.59
Interest cost on benefit obligation	N.A.	N.A.	N.A.	N.A.
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.
Net actuarial (gain)/Loss recognized in the year	N.A.	N.A.	N.A.	N.A.
Expenses recognized in Profit & Loss Account	15.97	8.62	4.53	3.59

N.A. denotes not available.

ii) The amount recognized in the Balance Sheet

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 31.03.2011 (i)	16.07	7.99	4.53	3.59
Fair value of plan a ssets as at 31.03.2011 (ii)	5.43	Nil	Nil	Nil
Difference (ii)-(i)	(10.64)	(7.99)	(4.92)	(3.59)
Net Asset/(Liability) recognized in the Balance Sheet #	10.84@	7.99	4.53	3.59

In addition to liability of ₹ 0.20 lacs towards premium in respect of life coverage of employees.
@ Amount of Gratuity is payable to LIC of India as `Other liabilities'in Schedule X Current Liabilities & Provisions.

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

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Present value of obligation as at 01.04.2010	N.A.	N.A	N.A	N.A
Interest Cost	N.A.	N.A	N.A	N.A
Current Service Cost	13.43	N.A	N.A	N.A
Benefits paid	Nil	0.64	2.05	N.A
Net actuarial (gain)/loss on obligation	N.A	N.A	N.A	N.A
Present value of the defined benefit obligation as at 31.03.2011	16.07	7.99	4.53	3.59

N.A. denotes not available.

The actuarial liability of defined retirement and other benefits was not determined as on 31st March 2010. Therefore, amount of change in liability and corresponding plan asset in respect of Gratuity is not indicated. Further amount of change in liability of other defined benefit is also not indicated and company doesn't hold plan assets to meet liability of same.

iv) The actuarial valuation of liability as on 31st March 2011 in respect of defined retirement and other benefits was made based on following assumptions:

	Gratuity	Leave encashment, Leave fare concession and Sick leave	
Mortality rate	LIC (1994-96) Ultimate	LIC (1994-96)	
Withdrawal rate	1% to 3% depending on age	Up to 30years	3%
		31st year to 44 years	2%
		Above 44 years	1%
Discount rate (p.a.)	8%	8%	
Salary escalation	6%	5.5%	

1.2) In respect of employees on deputation on estimate basis

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Expenses recognized in Profit & Loss Account	3.83	2.96	1.84	2.58
Amount recognized in Balance Sheet	11.91	1.54	1.05	2.58

includes ₹ 3.64 lacs paid to employees

1.3) In respect of Chairman and Managing Director on estimate basis

(₹in lacs)

	Gratuity	Leave encashment	Leave fare concession	Sick leave
Expenses recognized in Profit & Loss Account	0.62	1.14	Nil	Nil
Amount recognized in Balance Sheet#	3.02*	8.16	Nil	Nil

Including ₹2.40 lacs and ₹ 7.02 lacs in respect of Gratuity and Leave encashment received from past employer.
* The estimated amount of Gratuity included as 'Other Liabilities' in schedule X 'Current Liabilities & Provisions'

6. The subsidiary company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, whereas the financial statements of the Company have been prepared in accordance with the Indian Accounting Standards which resulted in preparing Consolidated Financial Statements by not using uniform accounting policies for the like transactions and other events in similar circumstances which inter- alia includes :

(a) The company has followed Written Down Value (WDV) Method for the purpose of calculating depreciation at the rates prescribed in Schedule XIV of the Companies Act, 1956, except in case of Fixed Assets of subsidiary company, wherein Straight Line Method (SLM) has been used at the rate of 25%. Under Gross Block, 'Furniture & Fixtures' amounting to ₹ 30.64 lacs includes a sum of ₹ 21.25 lacs wherein SLM method for calculating depreciation has been used. Depreciation charged on ' Furniture & Fixtures' during the year amounted to ₹ 7.71 lacs includes a sum of ₹ 5.42 lacs charged on SLM method. Further more, 'Office Equipment' amounting to ₹ 32.51 lacs includes a sum ₹ 19.29 lacs wherein SLM method for calculating depreciation has been used. Depreciation charged on 'Office Equipment' during the year amounting to ₹ 7.35 lacs includes a sum of ₹ 4.92 lacs charged on SLM method.

(b) Reserves amounting to ₹ 5792.94 lacs for loan assets of ₹ 1448235.12 lacs created @.40% of the loan assets of the company whereas no such reserve created for the loan assets of ₹ 93077.98 lacs of subsidiary company.

7. Provisions of Accounting Standard (AS-19)

a) Financial Lease: NIL

b) Operating Lease: The Company has taken office premises under operating l ease with varying lease periods and disclosure requirements are as under:

(₹in lacs)

Period	Year ended 31.03.2011	Year ended 31.03.2010
Total of future minimum lease payments (Gross Investment)	3,256.12	6,558.83
Present value of lease payments	2,685.35	4,623.53
Maturity profile of total of future minimum lease payments		
Not later than one year	623.00	621.47
Later than one year but not later than five year	2,633.12	2,732.29
Later than five year	0.00	3,205.07
Total	**3,256.12**	**6,558.83**

Net present value is calculated taking 10 Year G-Sec Yield as on 31.03.2011 of 7.98% (previous year 7.77% as on 31.03.10)

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

	Year ended 31.03.2011		Year ended 31.03.20 10	
Particulars	**Amount ₹ in lacs**	**Shares (*)**	**Amount ₹ in lacs**	**Shares**
Nominal Value of share (₹)		10/-		10/-
Number of Equity Share (No. in lacs)		20, 000		18, 000
Net Profit (Total)	32,963.76		22,044.95	
Earning Per Share (₹)	1.70		1.42	

(*) EPS for the current year has been calculated on weighted average number of equity shares of 1,933,698,630.14 (Previous Year 1,552,054,794.52)

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

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

Deferred tax assets if any, are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

b. During the year, the company has created deferred tax liability of ₹1740.53 lacs (previous year ₹587.33 lacs) net of deferred tax asset of ₹391.13 lac (previous year ₹ 933.18 lacs). The aforesaid amount includes deferred tax liability of ₹82.90 lacs pertaining to prior periods in respect of increase in Special Infrastructure Reserve created u/s 36(1)(viii) of the Income Tax Act,1961 by ₹255.50 lacs.

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 2011, there were no events or change in circumstances, which indicate any impairment in the assets.

11. Derivative Transactions

a) During the previous years, the company had entered into two interest rate swap transactions to hedge its borrowing costs which include JPY coupon only swap where the company has taken five years fixed forward cover and fully hedged its currency risk for five years. The company has provided for entire Mark-to-market loss on the above swap transactions amounting to ₹5199.06 lacs as at 31st March 2011 which includes ₹1269.60 lacs for the year ended 31st March 2011. The details are as under.

Sr. No.	Particulars	Currency Derivatives	Interest rate derivatives
1.	Derivatives (Notional Principal Amount)		
	a) For hedging (₹)	NIL	10, 000.00 lacs
	b) For trading	NIL	NIL
2.	Marked to market positions		
	a) Asset (₹)	NIL	(5,199.06 lacs)
	b) Liability (₹)	NIL	NIL

(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 Asian Development Bank (ADB) of USD 620,522,000 corresponding ₹ 283,213.83 lacs up to 31st March 2011 (Previous Year USD 313,515,000 corresponding ₹ 145,416.76 lacs), from Kreditanstalt für Wiederaufbau (KFW) Euro 25,473,600 corresponding ₹ 15,562.94 lacs (previous year Nil) and from World Bank (IBRD) USD 6,487,500 corresponding ₹2,887.96 lacs (previous year Nil) up to 31st March 2011 As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer, the net M2M gain as on 31st March 2011 on the above composite contracts amounts to ₹ 398.26 lacs (gross gain ₹ 6,286.60 lacs less gross loss ₹ 5,888.34 lacs). On account of RBI Circular No. MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999, the M2M losses on Interest Rate Swaps (IRS) is not being accounted for in the books of accounts, since as per RBI guidelines, the underlying liability designated with swap is not carried at lower of cost or market value in the financial statements. Further, the M2M loss, if any, 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.

12. Hitherto, the company was recognizing gain or loss on termination of swap contract over the shorter of the remaining contractual life of the swap or the remaining life of the asset/liability. During the current financial period, the company has changed the policy and profit or loss arising on cancellation or renewal of forward exchange contract cum interest rate swaps as income or expense for the period in order to comply with Accounting Standard 11 i.e. The Effect of Changes in Foreign Exchange Rates. In view of the change in policy, company has recognized as income the additional unamortized amount of profit of ₹ 352.53 lacs during the current year.

13. During the previous year ended 31st March 2010, the company has adopted norms for asset classification and provisioning as per CRISIL report of "Developing Management Systems with special emphasis on risk assessment and regulatory norms that should govern IIFCL" as per approval of the Board of Directors of the company and created reserve for bad & doubtful loan assets as under:-

Grades 1 – 3	:	0.4% of the total outstanding amount for each asset.
Grades 4 – 10	:	0.7% of the total outstanding amount for each asset.
Unrated	:	0.7% of the total outstanding amount for each asset.

During the year ended 31st March 2011, the company has changed the above practice and has now created reserve for loan assets @ 0.40%. Accordingly the reserve for loan assets amounting to ₹1850.51 lacs has been created for the year ended 31st March 2011 and existing excess reserve as on 31st March 2010 of ₹ 817.90 lacs has been reversed. Net impact of above amounting to ₹1,032.61 lacs has been shown as addition to 'Profit & Loss Appropriation account in Schedule XIX.

14. **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 has issued 9,09,618 Long Term Infrastructure Bonds of the face value of ₹ 1000 each aggregating ₹9,096.18 lacs during the financial year ended 31st March 2011. Central Board of Direct Taxes (CBDT), Department of Revenue, Ministry of Finance, Government of India 1961 vide notification dated 11th October 2010 had notified these bonds under section 80CCF of the Income Tax Act. The bonds were allotted on 28th March 2011.

As per 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 ₹9.54 lacs during the financial year ended 31st March 2011.

15. The foreign exchange loss of ₹ 616.20 lacs (previous year gain of ₹632.92 lacs) includes ₹ 71.67 lacs (previous year gain of ₹181.53 lacs) representing exchange difference arising due to, difference between exchange rate prevailing on the date of receipt of foreign currency loans vis-à-vis the spot rates prevailing on the date on which hedging transactions were undertaken.

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 account whereas the company has restated the above loan at the date of inception of the forward contact and difference taken to profit & loss account. In view of the above, loan liability and foreign currency receivable account as on 31st March 2011 would have been lower by ₹5,595.49 lacs. However, there would be no impact on the profit for the year as the loss on forward contracts totally offsets the gain on the principal amount of hedged loan.

16. The pay revision of the employees of the company is due w.e.f.1st November 2007. Pending revision of pay, a provision of ₹21.56 lacs (previous year ₹30.00 lacs) has been made for the period 1st April 2010 to 31st March 2011 (cumulative provision till 31st March 2011 is ₹72.56 lacs) on estimated basis taking base of 17.50% increase in last revision made from 1st November 2002 for next 5 years.

17. Some of the balances appearing under Infrastructure Loans and various 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. During the year, the company has sent letters seeking confirmation of balances as on 31st March 2011 to borrowers and banks; however, confirmation in some cases are yet to be received.

18. As per the Office Memorandum of Government of India dated 23rd April, 2007, IIFCL would be regulated directly by the Government of India and under a "sui-generis" regulatory regime. Accordingly, an Oversight Committee has been constituted by Government of India. In order to obviate dual regulation, as IIFCL is regulated by Government of India, the company is not required to register as Non Banking Financial Company with RBI.

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

20. Schedule I to XX form an integral part of Balance Sheet and Profit & Loss Account.

Signed in terms of our report of 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

S.K. Goel
(Chairman and Managing Director)

Pradeep Kumar
C.E.O.

Place: New Delhi
Date: 9th May, 2011

Rajeev Mukhija
(General Manager - CFO & CS)

India Infrastructure Finance Company (UK) Limited

Financial Statements and Directors' Report for the Year Ended 31 March 2011

IIFCL

Officer and Professional Advisers
For the Year Ended 31 March 2011

The Board of Directors	Mr. S K Goel Chairman (appointed 24 June 2010) Ms. Ravneet Kaur Chairperson (9 April 2010 to 24 June 2010) Mr. S S Kohli Chairman (7 February 2008 to 9 April 2010) Dr. N K Madan Director (appointed 7 February 2008) (assumed charge as MD on 8 September 2008) Mr. N S Srinath Director, Government of India Nominee (appointed 1 December 2010) Mr. S S Mundra Director, Government of India Nominee (27 June 2008 to 1 December 2010) Prof. G George Non-Executive Director (appointed 19 November 2010)
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 auditor	King & King Chartered Accountants Roxburghe House, 273/287 Regent Street London W1B 2HA
Accountants	Leadenhall Financial Management Ltd 45b Brecknock Road London N7 0BT
Bankers	Bank of Baroda 32 City Road London EC1Y 2BD Bank of India 63 Queen Victoria Street London EC4N 4UA

The directors have the pleasure in presenting the annual report and the audited financial statements for the year ended 31 March 2011. 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 31 March 2011 amounted to USD 10,117,699 (2009-10: USD 19,501,044) and the profit after taxation is USD 7,425,246 (2009-10: USD 14,048,892).

The directors do not recommend the payment of any dividend for the period ended 31 March 2011. The balance of profit in the sum of USD 7,425,246 will be retained in reserves. With this, the cumulative reserves of the Company shall aggregate USD 22,136,559.

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 in January 2006, provides long term rupee loans to Indian companies implementing infrastructure projects in India. Pursuant to the decision of the Government of India, IIFC (UK) Limited was incorporated on 7 February, 2008 with the Registrar of Companies of England and Wales at London under the UK Companies Act 2006. Operations of the Company were 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. 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. In order to avoid monetization effect of the transactions, the disbursement of loan by IIFC (UK) is directly made, outside India, to the overseas supplier(s) of the capital equipment. Whereas the projects covered under the activities stated at (i) to (vi) above are eligible as per SIFTI for funding by IIFC (UK) Limited, however, keeping in view the mandate of financing for import of capital equipment and machinery only, the origination of eligible projects gets restricted to a few sectors mainly power, metro rail, sea-port, airport and gas pipelines.

In terms of para 5.2 of SIFTI, for a project to be eligible for funding, the project 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) lends to projects set up by the private companies subject to the conditions that (i) the service to be provided by the 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.

In terms of para 7.3 of SIFTI, the total lending by IIFC 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. Loans from IIFC (UK) Limited are further subject to usual project-wise/group-wise exposure norms linked to Net Owned Funds/Capital Funds of IIFCL.

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 which participates only in foreign currency loan component of the project.

SANCTION OF LOANS

IIFC (UK) Limited had, by the end of March 2011, received a cumulative number of 60 proposals for aggregate loan request of over USD 7.5 billion, of which 21 proposals with aggregate loan of USD 2454 million were approved, including in principle approval to two projects (loan amount USD 230 million) and additional loan of USD 167 million to two projects, subject to relaxation in exposure norms. Of the total of 21 proposals, 2 proposals for loan of USD 110 million were cancelled at the request of the borrowers. After net of cancellations, the cumulative loan sanctions aggregated USD 2344 million. Matter seeking relaxation in the norms has been referred to IIFCL. A status of the proposals approved and loan allocations during the period FY 2008-09 to FY 2010-11 is given below:

Cumulative approvals from FY 2008-09 to FY 2010-11

(Figures in USD million)

Sl. No	Sector/Mode	No. of projects	Loan request	Loan approved	Loan allocated	Capacity	Project Cost
1	**Power Sector**	**15**	**3172**	**2003**	**759**	**23770 MW**	**26059**
	Public Sector	1	225	225	-	1200 MW	1242
	PPP Sector	7	1977	1243	619	14790 MW	16660
	Private Sector	7	970	535	140	7780 MW	8157
2	**MRTS-Metro Rail**	**4**	**515**	**302**	**124**	**111 KM**	**5085**
	PPP Sector	4	515	302	124	111 KM	5085
3	**Port**	**1**	**40**	**34**	**-**	**15MTPA**	**329**
	PPP Sector	1	40	34	-	15MTPA	329
4	**Gas Pipeline**	**1**	**125**	**115**	**-**	**23KM**	**1289**
	Public Sector	1	125	115		23 KM	1289
	Total	**21**	**3852**	**2454**	**883**	**23770 MW**	**32762**
	Cancellations (Non-PPP Power sec tor projects)	**2**	**200**	**110**	**-**	**2200 MW**	**2681**
	Net of Cancellations	**19**	**3652**	**2344**	**883**	**21570 MW**	**30081**

Year-wise break-up of the loan approvals is presented below

Financial Year 2008-09 :- Proposals approved and loan allocated

(Figures in USD million)

Sl. No	Sector/Mode	No. of projects	Loan equested	Loan approved	Loan allocated	Capacity	Project Cost
1	**Power Sector**	**6**	**1350**	**1081**	**647**	**12710 MW**	**3310**
	Public Sector	1	225	225		1200 MW	42
	PPP Sector	3	875	616	507	8110 MW	8630
	Private Sector	2	250	240	140	3400 MW	3438
2	**MRTS-Metro Rail**	**2**	**170**	**160**	**124**	**35 KM**	**74**
	PPP Sector	2	170	160	124	35 KM	74
	Total	**8**	**1520**	**1241**	**771**	**12710 MW 35 KM**	**14484**

Financial Year 20 09-10-Proposals approved and loan allocated

(Figures in USD million)

Sl. No	Sector/Mode	No. of projects	Loan equested	Loan approve	Loan allocated	Capacity	Project Cost
1	**Power Sector**	**4**	**930**	**304**	**112**	**5820 MW**	**6119**
	Public Sector	-	-	-	-	-	-
	PPP Sector	2	580	240	112	3300 MW	3465
	Private Sector	2	503	64		2520 MW	2654
2	**Port**	**1**	**40**	**34**		**15MTPA**	**329**
	PPP Sector	1	40	34		15MTPA	329
	Total	**5**	**970**	**338**	**112**	**5820 MW 15MTPA**	**6448**

Financial Year 2010-11 :- Proposals approved and loan allocated

(Figures in USD million)

Sl. No	Sector/Mode	No. of projects	Loan requested	Loan approved	Loan allocated	Capacity	Project Cost
1	**Power Sector**	**5**	**892**	**618**		**5240 MW**	**6630**
	Public Sector	-	-	-		-	-
	PPP Sector	2	522	387		3380 MW	4565
	Private Sector	3	370	231		1860 MW	2065
2	**MRTS-Metro Rail**	**2**	**345**	**142**		**76 KM**	**3911**
	PPP Sector	2	345	142		76 KM	3911
3	**Gas Pipeline**	**1**	**125**	**115**		**23 KM**	**1289**
	Public Sector	1	125	115		23 KM	1289
	Total	**8**	**1362**	**875**		**5240 MW**	**11830**

During the financial year 2010-11, the Company achieved a growth of 159 percent in terms of approval of loans over the previous year (USD 338 million in FY 2009-10). The projects assisted by the Company, along-with other banks and financial institutions, shall facilitate additional capacity generation of 21570 MW of power, 111 kilometres of Metro Rail, 15 MTPA of port cargo handling and 23 kilometres of on-shore gas pipeline. The total cost of the assisted projects is over USD 30 billion.

Disbursement of Loans

As at the end of March 2011, cumulative disbursements, including the Letters of Comfort issued by the Company aggregated USD 624.628 million. The outstanding Letters of Comfort comprised (i) USD 1,165,993 (issued for a total amount of USD 10,354,200 on 15 January 2010, against which USD 9,188,207 had been disbursed by end-March 2011) in favour of Axis Bank, and (ii) USD 415,000,000 of cumulative drawl commitment, with a face value of USD 92,520,400 issued on 1 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 by a project. A few requests for further drawdown of loans for payment to the overseas equipment suppliers were under processed

Cumulative disbursement of loans as at 31 March 2011

(Figures in USD million)

Sl. No	Sector/Mode	No. of projects	Loan approved	Loan allocated	Disburse -ment	Outstanding Letter of Comfort	Total
1	**Power Sector**	**3**	**646**	**619**	**141.917**	**416.166**	**558.083**
	PPP Sector	3	646	619	141.917	416.166	558.083
2	**MRTS - Metro Rail**	**2**	**160**	**124**	**66.545**	-	**66.545**
	PPP Sector	2	160	124	66.545	-	66.545
	Total	**5**	**806**	**743**	**208.462**	**416.166**	**624.628**

Year-wise break-up of the loans disbursement is presented below:-

Disbursement of loans during Financial Year 2009-10

(Figures in USD million)

Sl. No	Sector/Mode	No. of projects	Loan approved	Loan allocated	Disburse ment	Outstanding Letter of Comfort	Total
1	**Power Sector**	**2**	**160**	**133**	**38.320**	**9.567**	**47.887**
	PPP Sector	2	160	133	38.320	9.567	47.887
2	**MRTS-Metro Rail**	**2**	**160**	**124**	**20.429**	**-**	**20.429**
	PPP Sector	2	160	124	20.429	-	20.429
	Total	**4**	**320**	**257**	**58.749**	**9.567**	**68.316**

Disbursement of loans during Financial Year 2010-11

(Figures in USD million)

Sl. No	Sector/Mode	No. of projects	Loan approved	Loan allocated	Disburse -ment	Outstanding Letter of Comfort	Total
1	**Power Sector**	**3**	**646**	**619**	**103.597**	**416.166**	**519.763**
	PPP Sector	3	646	619	103.597	416.166	519.763
2	**MRTS-Metro Rail**	**2**	**160**	**124**	**46.116**	**-**	**46.116**
	PPP Sector	2	160	124	46.116	-	46.116
	Total	**5**	**806**	**743**	**149.713**	**416.166**	**565.879**

During the financial year 2010-11, the disbursements, including LoCs, by Company increased to USD 565.879 million from the previous year figure of USD 68.316 million.

The authorised capital of IIFC (UK) Limited is USD 500 million. Paid-up and issued share capital of the Company, as on 31 March 2011 was USD 50,000,000 which continued to remain unchanged during the financial year.

The status of interest-bearing borrowings from the Reserve Bank of India also continued to remain unchanged between end-March 2010 and end-March 2011. For raising resources, IIFC (UK) Limited issues 10 year US dollar denominated bonds to the RBI. These bonds carry floating rate of interest linked to 6Month USD LIBOR. The borrowings of IIFC (UK) Limited from the RBI are guaranteed by the Government of India. A Proposal seeking subscription for USD 130 million in IIFC (UK) Bonds was submitted to the RBI on 19 October 2010. The RBI, vide letter No DBOD. Accct. No./2591/14.01.008/ 2010-11 dated 3 February 2011, advised that subsequent tranches of bonds be issued corresponding to the extent of incremental deployment beyond USD 250 million. A proposal has been sent to the RBI for approving subscription in IIFC (UK) bonds to the extent of an amount up to USD 500 million.

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 31 March 2009.

During the year, a risk management committee of the Board comprising the MD and NED was formed. The committee held its first meeting on 11 January 2011.

FINANCIAL RESULTS

The financial statements for the reporting year ended 31 March 2011 are placed at pages 114 to 128. The profit after taxation for the year is USD 7,425,246 (2009-10: USD 14,048,892). For the financial year 2010-11, the operating profit was USD 11,861,910 as compared to USD 23,201,840 in the previous year. The decrease in income and profit has been mainly on two counts (a) non-accrual of any upfront fee income, and (b) decrease in LIBOR and consequential interest income on short term deposits. During FY 2009-10, upfront fee of USD 12,680,000 accrued to the Company. There were two options available for treatment of upfront fee income (i) to evenly spread the same over the tenor of the loans or (ii) book it in the year of accrual. IIFC (UK) opted for the later, which helped a respectable addition in the net-worth and leveraged higher approval of loans (both at IIFC-UK and IIFCL) in terms of loan ceilings linked to Capital Funds. In FY 2010-11, no upfront fee income has been received and hence the lower profit. Secondly, there has been substantial decrease in LIBOR due to soft monetary policies followed in global financial markets. This resulted in lowering interest income on short term deposits from USD 10,523,989 to USD 5,396,048. The interest paid on borrowings during this period also came down from USD 3,072,054 to USD 1,100,609 for the same reasons. On the other hand, core interest income on long term loans recorded a 13-fold increase from USD 489,070 in FY 2009-10 to USD 6,388,026 in FY 2010-11. Cumulative reserves have increased to USD 22,136,559 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 less than 0.1 percent. Earning per share, after tax, during the year under review was 15 percent. Enhanced sanctions and disbursements are expected to fetch increased income during the current and subsequent years.

KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

Weaknesses in infrastructure, particularly in the energy and transport sectors, are the most important constraints on the growth of the economy. Recognising the importance of infrastructure development, the Eleventh Five Year Plan had estimated that the investment needed over the Eleventh Plan period was about USD 500 billion. This investment was to be achieved through a combination of public investment and private initiative, including through public private partnerships. The experience over the first three years of the Eleventh Five Year Plan shows that there has been a satisfactory increase in the total investment in infrastructure. Starting from a base of 5.7 percent of Gross Domestic Product in the terminal year of the Tenth Plan (2006-07), the investment in infrastructure during the Eleventh Plan has reached 7.2 percent of GDP in 2008-09. This is expected to go up to 8.4 percent of GDP in the terminal year of the Eleventh Plan period, which would yield an average of around 7.5 percent of GDP for the Eleventh Plan as a whole. About two-thirds of this increased investment is expected to be on account of the private sector.

It is expected that the economy will enter the Twelfth Plan on a more robust note as far as infrastructure is concerned. However, the target of 9 percent growth in GDP will require a further step up in the pace of infrastructure development during the Twelfth Plan. If GDP in the Twelfth Plan period grows at an average rate of 9 percent per annum, it should be possible to increase the share of investment in infrastructure to about 10.7 percent of GDP in the terminal year of the next Five Year 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 would have to come from the private sector. Reaching the target of an infrastructure investment of 9 percent of GDP is an extremely challenging task and requires multi-faceted initiatives.

Creation of IIFC (UK) Limited and allocation of an amount of USD 5 billion out of foreign exchange reserves by the RBI are amongst the important initiatives taken by the Government of India. IIFC (UK) Limited has responded to the mandate given to it and created a niche for itself by mobilising a strong project pipeline. As stated earlier, by the end of March 2011, IIFC (UK) Limited had received a cumulative number of 60 proposals for aggregate loan request of over USD 7.5 billion, of which 21 proposals with aggregate loan of USD 2454 million were approved. Majority of the remaining proposals could not be considered due to their non-compliance with SIFTI and other norms. In the financial year 2009-10, the Company commenced ratings of the projects based on the CRISIL Risk Assessment Model followed by India Infrastructure Finance Company Limited and approval of the loans was further linked to exposure norms based on the Net Owned Funds/Capital Funds, as advised by IIFCL. This has had impact on the reduced loan approvals during the FY 2009-10 and non-accrual of upfront fee income during the financial year 2010-11. In FY 2010-11, the trend of lower approval of loans has been reversed to USD 875 million from a level of USD 338 million in FY 2009-10.

FUTURE DEVELOPMENTS

As per the World Economic Outlook, the world real GDP growth forecast is about 4.5 percent in 2011 and 2012, down modestly from 5 percent in 2010. Real GDP in advanced economies and emerging and developing economies is expected to grow by about 2.5 percent and 6.5 percent, respectively. The United States policy plans for 2011 have switched back from consolidation to expansion. The Fed rates continued to remain unchanged at 0.25 percent in 2010. In Japan, the immediate fiscal priority is to support reconstruction. In the euro area, despite significant progress, markets remain apprehensive about the prospects of countries under market pressure and ECB interest rate stayed at 1 percent in 2010. According to Organisation for Economic Co-operation and Development report, global economic growth prospects are strengthening and the UK is heading for a slow but stable pace of expansion. In United Kingdom, the Bank Rate continued at 50bps in 2010. The challenge for many emerging and some developing economies is to ensure that present boom-like conditions do not develop into overheating over the coming year.As per the Indian Economic Survey 2010-11, the GDP of India is estimated to have grown at 8.6 percent in 2010-11 in real terms. During the year, the economy showed remarkable resilience to both external and domestic shocks. Monetary policy stance in 2010-11, while being supportive of fiscal policy, succeeded in keeping core-inflation in check. The developments on India's external sector during the year have been encouraging. As per the Union Budget 2011-12, even as the recovery in developed countries is gradually taking root, India's trade performance has improved. Policy making in a globalised world has to take into account the likely international developments. To realise the desired outcomes, it is important that there is convergence in expectations of investors, entrepreneurs and consumers on the macroeconomic prospects of the economy. Against this backdrop, the Indian economy is expected to grow at in the band of 9 percent in the year 2011-12.

Achieving infrastructure spending at the level of 9 percent of GDP by the year 2011-12 is an extremely challenging task and requires concerted efforts to channelize long term funds to the infrastructure sectors at a much larger scale. The role of private sector participation is also expected to expand significantly. Such a scenario provides good business opportunities to IIFC (UK) Limited, which is engaged in the sole business of providing long term foreign currency loans to infrastructure projects in India. In medium term, IIFC (UK) Limited aims to accelerate the quantum of assistance to infrastructure projects eligible under SIFTI. The Company would strive for seeking expansion of its business domain by covering more infrastructure activities and relaxations in the existing lending norms under SIFTI. The support provided to the Company is expected to give impetus to the flow of assistance to infrastructure projects in the country and facilitate increased business for IIFC (UK).

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. S. S. Kohli, Ms. Ravneet Kaur and Mr. S S Mundra during their 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.

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 16 April 2011
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 16 April 2011

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 2011

We have audited the financial statements of India Infrastructure Finance Company (UK) Limited for the year ended 31 March 2011 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 31 March 2011 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

16 April 2011

Income Statement

For the Year Ended 31 March, 2011

	Notes	2011 $	2010 $
Revenue		**571,529**	12,692,901
Other operating income		**11,784,074**	11,013,059
Marketing costs		**-**	(6,870)
Administrative expenses		**(493,693)**	(497,250)
OPERATING PROFIT	3	**11,861,910**	23,201,840
Finance costs	6	**(1,744,211)**	3,700,796
PROFIT BEFORE TAX		**10,117,699**	19,501,044
Income tax expense	7	**2,692,453**	(5,452,152)
PROFIT FOR THE YEAR/PERIOD		**7,425,246**	14,048,892

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

	2011 $	2010 $
PROFIT FOR THE YEAR	**7,425, 746**	1,4,048,892
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**7,425,746**	14,048,892

Statement of Changes in Equity

For the Year Ended 31 March, 2011

31 March 2011	**Issued capital** **$**	**Retained earnings** **$**	**Total equity** **$**
Balance at 1 April 2010	50,000,000	14,711,313	64,711,313
Profit for the year	-	7,425,246	42,57,246
Total recognised income for the year	-	7,425,246	42,57,246
Balance at 3 1 March 2011	50,000,000	22,136,559	72,136,559

31 March 2010	**Issued capital** **$**	**Retained earnings** **$**	**Total equity** **$**
Balance at 1 April 2009	21,000,001	662,421	21,662,422
Profit for the year	-	14,048,892	14,048,892
Total recognised income for the year	-	14,048,892	14,048,892
Issue of share capital	28,999,999	-	28 999,999
Balance at 31 March 2010	50,000,000	14,771,313	64,711,313

Statement of Financial Position

As at 31 March, 2011

	Notes	2011 $	2010 $
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	**32,711**	54,517
Loans and receivables	10	**208,461,313**	58,748,846
		208,494,024	58,803,363
CURRENT ASSETS			
Trade and other receivables	11	**114,581**	407,655
Cash and cash equivalents	13	**116,423,034**	261,120,330
		116,537,615	261,527,985
TOTAL ASSETS		**325,031,639**	320,331,348
EQUITY			
ISSUED CAPITAL AND RESERVES			
Issued share capital	14	**50,000,000**	50,000,000
Retained profits		**22,136,559**	14,711,313
TOTAL EQUITY		**72,136,559**	64,711,313
NON CURRENT LIABILITIES			
Interest bearing borrowings	15	**250,000,000**	250,000,000
Deferred tax payables	16	**1,262**	4,914
		250,001,262	250,004,914
CURRENT LIABILITIES			
Trade and other payables	17	**2,893,818**	5,615,121
TOTAL EQUITY AND LIABILITIES		**325,031,639**	320,331,348

Approved by the Board on 16 April 2011 and signed on its behalf by

....	....	....	....
Mr. S K Goel	**Dr. N K Madan**	**Mr. N S Srinath**	**Prof. G George**
Chairman	Managing Director	Director, Government of India Nominee	Non-Executive Director

Company registration number: 06496661

Statement of Cash Flows
For the Year Ended 31 March, 2011

	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Total operating Profit–after tax	**7,425,246**	14,048,892
ADJUSTMENTS TO RECONCILE TO PROFIT FROM OPERATIONS		
Interest income	**(5,396,037)**	(10,523,992)
Income tax expense	**2,692,453**	5,452,152
	(2,703,584)	(5,071,840)
ADJUSTED PROFIT FROM OPERATIONS	**4,721,661**	8,977,052
NON-CASH ADJUSTMENTS		
Depreciation	**22,702**	22,478
CASH FLOWS BEFORE CHANGES IN WORKING CAPITAL	**4,744,364**	8,999,530
DECREASE IN WORKING CAPITAL		
Increase in loan and other receivables	**(1,49,419,393)**	(58,622, 343)
(Decrease)/Increase in trade and other payables	**(5,417,408)**	(360,954)
DECREASE IN WORKING CAPITAL	**(154,836,801)**	(58,983,297)
CASH FLOWS USED IN OPERATING ACTIVITIES	**(150,092,437)**	(49,983,767)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire property, plant and equipment	**(896)**	(38,245)
Interest received, classified as investing	**5,396,037**	10,523,992
NET CASH FLOWS FROM INVESTING ACTIVITIES	**5,395,141**	10,485,747
	(144,697,296)	(39,498,020)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gross proceeds from issue of equity share capital	**-**	28,999,999
Gross proceeds from bond issued	**-**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-**	8,999,999
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(144,697,296)**	(10,498,021)
Cash and cash equivalents as at 1April 2010	**261,120,330**	271,618,351
CASH AND CASH EQUIVALENTS AS AT 31 MARCH 2011	**116,423,034**	261,120,330

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

The company's financial statements for the period were authorised for issue on 16 April 2011 and the statement of financial position signed on the board's behalf by Mr. S K Goel, Dr N K Madan, Mr N S Srinath and Prof. Gerard George. 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 2 (June 2009) Group Cash Settled Share-based Payment Transactions
- IFRS 3 (revised January 2009) Business Combinations
- Amendments to IAS 27 (January 2008) Consolidated and Separate Financial Statements
- Amendments to IAS 39 (July 2008) Eligible Hedged Items
- IFRIC 18 Transfer of Assets from Customers
- IFRIC 17: Distribution of Non-cash Assets to owners

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 European Union):

- IAS 24 (revised November 2009) Related Party Disclosures
- Amendments to IFRIC 14 (November 2009) Prepayments of a Minimum Funding Requirements
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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.

Interest income and expense for all interest bearing financial instruments are recognised over the tenor of the instrument in the relevant accounting period at the contractual rate.

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

Interest expense is recognised as it accrues, using the effective interest method, to the net carrying amount of the financial liability.

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; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

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.

iii. Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments which are classified as held to maturity are carried at cost less impairment, if any.

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

iv. Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates or exchange rates. After initial recognition, investments which are classified as available for sale are carried at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in other reserves. Where the investment is disposed of the cumulative gain or loss, previously recognised in other reserves is included in income statement for that period.

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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

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. Revenue is derived mainly from India.

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

	2011 $	2010 $
Depreciation of property, plant and equipment	**22,702**	22,478
Auditor's remuneration - audit services	**19,238**	12,146
Auditor's remuneration - non-audit services	**2,405**	3,036
	21,643	15,182

	2011 $	2010 $
Included in administrative expenses:		
Employee benefits expense	**244,520**	226,054
Depreciation and amortisation	**22,702**	22,478
	267,222	248,532

4. EMPLOYEE EXPENSES

	2011 $	2010 $
Wages and salaries	**110,198**	102,864
Otheremployee benefits	**121,765**	114,956
Post employment expense for provident fund (India)	**1,159**	1,524
Social security costs	**11,398**	6,710
	244,520	226,054

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

	2011 No.	2010 No.
Administration	**3**	3

5. DIRECTORS' REMUNERATION

	2011 $	2010 $
Remuneration	**172,288**	122,915
Contributions to provident fund (India)	**982**	921

6. FINANCE COSTS

	2011 $	2010 $
Other financing instruments	**1,100,609**	3,072,054
Foreign exchange difference	**13,062**	3,323
Other financing fees and charges	**630,540**	625,419
	1,744,211	700 ,796

7. INCOME TAX

Components of income tax expense

	2011 $	2010 $
Current income tax expense		
Current income tax charge	**2,696,105**	5,457,694
Deferred income tax expense		
Relating to origination and reversal of temporary differences	**(3,652)**	(5,542)
Income tax expense reported in income statement	**2,692,453**	5,452,152

Reconciliation of income tax charge to accounting profit

	2011 % age	2011 $	2010 % age	2010 $
Profit before tax		**10,117,699**		19,501,044
Tax at the domestic income tax rate	**28.00**	**2,832,956**	28.00	5,460,292
Tax effect of capital allowances		**(4,581)**		(9,872)
Tax effect of non deductible expenses		**6,357**		1,732
Overprovision in previous year		**(142,279)**		-
Tax expense using effective rate	**26.61**	**2,692,453**	27.96	5,452,152

8. PROPERTY, PLANT AND EQUIPMENT

At 31 March 2011

	Plant and equipment $	Fixtures and fittings $	Total $
Cost			
At 1 April 2010	42,307	47,603	89,910
Additions	896	-	896
At 31 March 2011	43,203	47,603	90,806
Depreciation			
At 1 April 2010	(17,308)	(18,085)	(35,393)
Charge for period	(10,801)	(11,901)	(22,702)
At 31 March 2011	(28,109)	(29,986)	(58,095)
Net book value			
At 1 April 2010	24,999	29,518	5 4,517
At 31 March 2011	15,094	17,617	32,711

At 31 March 2010

	Plant and equipment $	Fixtures and fittings $	Total $
Cost			
1 April 2009	12,578	39,087	51,665
Additions	29,729	8,516	38,245
At 31 March 2010	42,307	47,603	89,910
Depreciation			
At 1 April 2009	(3,144)	(9,771)	12,915
Charge for year	(14,164)	(8,314)	(22,478)
At 31 March 2010	(17,308)	(18,085)	(35,393)
Net book value			
At 1 April 2009	9,434	29,316	38,750
At 31 March2010	24,999	29,518	54,517

9. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The objective of the company's capital management is to ensure that it 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 31 March 2011.

Risk Governance

The Board of Directors (Board), comprising of four 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.

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.

SIFTI and other guidelines provide that the Company can lend up to a maximum of 20 percent of the estimated project cost, 80 percent of the exposure taken by the Lead Bank/Institution in the project and 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 ratings of the projects obtained from CRISIL Risk Assessment Model followed in the parent company to, inter alia, arrive at single project and group exposure limits.

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 first tranche of USD 250 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.

Capital management

	2011 $	2010 $
Interest bearing loans and borrowings	**250,000,000**	250,000,000
Less: Cash and short term deposits	**(116,423,034)**	(261,120,330)
Net (debt)/funds	**133,576,966**	(11,120,330)
Equity including reserves brought forward	**64 ,711,313**	50,662,421
Total capital	**64,711,313**	50,662,421
Capital and net (debt)/funds	**198,288,279**	39,542,091

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. The holding company is committed to subscribe the paid-up capital as business of IIFC (UK) Limited grows. During the financial year to 31 March 2011, the Company has added reserves of USD 7,425,246 to its net-worth. As such, the Company does not perceive any difficulty in capital management.

10. FINANCIAL INSTRUMENTS

	Carrying amount		Fair value	
	2011 $	2010 $	**2011 $**	2010 $
Financial assets				
Cash and cash equivalents	**1 16,423,034**	2 61,120,330	**116,423,034**	261,120,330
Loans and receivables	**208,461,313**	**58,748,846**	**208,461,313**	**58,748,846**
Trade and other receivables	**111,223**	398,785	**111,223**	398,785
Financial liabilities				
Fixed rate borrowings	**(250,000,000)**	(250,000,000)	**(250,000,000)**	(250,000,000)

11. TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
Current		
Other receivables	**111,223**	398,785
Tax receivables	**3,358**	8,870
	114,581	407,655

Movements in the provision for other receivables were as follows:

	2011 $	2010 $
In respect of VAT recoverable	**(3,358)**	(8,870)

12. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The company is a whollyowned 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

	2011 $	2010 $
Wages and salaries	**57,318**	40,189
Short term employee benefits	**107,789**	79,689
Post employment benefits: Defined contribution	**982**	921
Social security costs	**6,199**	2,116
	172,288	122,915

13. CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash on hand	**103**	17
Cash at bank	**116,422,931**	261,120,313
	116,423,034	261,120,330

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 31 March 2011.

	2011 $	2010 $
Cash on hand	**103**	17
Cash at bank	**116,422,931**	261,120,313
	1 16,423,034	261,120,330

14. SHARE CAPITAL

Authorised share capital

	Ordinary shares	2011 $	Ordinary shares	2010 $
Ordinary share capital	**500,000,000**	**500,000,000**	500,000,000	500,000,000

Issued share capital

	No.	2011 $	No.	2010 $
Issued and fully paid				
Ordinary share capital At 1 April 2010	**50,000,000**	**50,000,000**	21,000,001	21,000,001
New issues of share capital	-	-	28,999,999	28,999,999
At 3 1 March 2011	**50,000,000**	**50,000,000**	50,000,000	50,000,000

All issued share capital is classified as equity.

15. FINANCIAL LIABILITIES

	2011 $	2010 $
Bonds issued	**250,000,000**	250,000,000

The Bonds issued refer to a ten year bond maturing on 19 March 2019 bearing interest linked to the USD Six month LIBOR. The bond is secured by a sovereign guarantee of the Government of India. The bond is 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

	2011 $	2010 $
Other fixed rate borrowing	**250,000,000**	250,000,000

16. DEFERRED TAX

	Statement of financial position		Income statement	
	2011 $	2010 $	**2011 $**	2010 $
Deferred tax liabilities				
Relating to depreciation	**(1,292)**	(4,914)	**(3,652)**	(5,542)

17. TRADE AND OTHER PAYABLES

	2011 $	2010 $
Accrued liabilities	**2,207,534**	1 47,307
Tax payable	**686 ,284**	5,467,814
	2,893,818	5,615,121

18. OTHER COMMITMENTS AND CONTINGENCIES

The company has an outstanding commitment of USD 93,686,393 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.

Signing of MOU with Banks
for Takeout Finance

IIFCL

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
HT House, 8th Floor, 18 & 20,
Kasturba Gandhi Marg, New Delhi-110001
Website : www.iifcl.org

India Infrastructure Finance Company (UK) Limited
87, Gresham Street, London EC2V 7NQ
Tel.: +44 20 77768955, +44 20 7600 6564
Fax : +44 20 77768958