

### TO THE BOARD OF DIRECTORS OF INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

1. We have audited the attached Consolidated Balance Sheet of **INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in an associate accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 eleven subsidiaries, whose financial statements reflect total assets of ₹ 2,965,037,082 as at March 31, 2011, total revenues (net) of ₹ 1,738,387,796 and net cash outflow amounting to ₹ 232,021,611 for the year ended on that date as considered in the Consolidated Financial Statements. We have also not audited the financial statements of one associate in which the Company's share of profit amounts to ₹ 22,273,705. These financial statements have been audited by other auditors whose

reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and associate, is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, the aforesaid subsidiaries and the associate, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
- (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

#### FOR DELOITTE HASKINS & SELLS

Chartered Accountants  
(Registration No. 117366W)

#### NALIN M. SHAH

Partner  
Membership No. 15860

Mumbai  
April 29, 2011

# BALANCE SHEET

CONSOLIDATED AS AT MARCH 31, 2011

		₹	₹	₹
	SCHEDULE ↘		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>SOURCES OF FUNDS :</b>				
Shareholders' Funds				
Capital	1	23,009,475,480		13,006,123,930
Share Application Money		41,425,329		2,563,997
Reserves and Surplus	2	89,433,527,766		57,094,567,294
			112,484,428,575	70,103,255,221
Loan Funds				
Secured	3	354,350,149,984		-
Unsecured		8,689,340,276		265,438,628,642
			363,039,490,260	265,438,628,642
Minority Interest			1,733,376	63,273,606
Deferred Tax Liability (See Schedule 18 Note 22)			15,342,000	11,123,518
			475,540,994,211	335,616,280,987
<b>APPLICATION OF FUNDS :</b>				
Fixed Assets				
Gross Block	4	5,329,584,528		5,184,174,458
Less: Depreciation and Amortisation		1,204,255,434		907,410,471
		4,125,329,094		4,276,763,987
Add: Capital Work-in-Progress		6,442,966		54,620,121
Add: Pre-operative Expenses pending capitalisation		337,288,896		83,706,961
			4,469,060,956	4,415,091,069
Goodwill on Consolidation			11,638,014,347	11,596,304,199
Investments	5		69,611,476,590	46,553,986,474
Infrastructure Loans	6		376,523,158,142	250,310,645,435
Deferred Tax Asset (See Schedule 18 Note 22)			2,495,612,522	1,766,206,997
Current Assets, Loans and Advances				
Income accrued on Investments		689,565,001		454,857,387
Interest accrued on Infrastructure Loans		5,441,213,003		3,598,209,916
Sundry Debtors	7	621,682,920		859,124,016
Cash and Bank balances	8	11,049,068,106		2,714,698,979
Loans and Advances	9	10,628,566,711		25,830,180,195
		28,430,095,741		33,457,070,493
Less: Current Liabilities and Provisions				
Current Liabilities	10	12,863,082,587		10,185,729,828
Provisions	11	4,763,341,500		2,297,293,852
		17,626,424,087		12,483,023,680
Net Current Assets			10,803,671,654	20,974,046,813
			475,540,994,211	335,616,280,987
Notes to the Accounts	18			
Schedules 1 to 18 form an integral part of the Accounts				

## IN TERMS OF OUR REPORT ATTACHED

### FOR DELOITTE HASKINS & SELLS

Chartered Accountants

**NALIN M. SHAH**

Partner

Mumbai | April 29, 2011

### FOR AND ON BEHALF OF THE BOARD

**DEEPAK S. PAREKH**

Chairman

**SUNIL KAKAR**

Chief Financial Officer

**RAJIV B. LALL**

Managing Director & CEO

**MAHENDRA N. SHAH**

Company Secretary

# PROFIT AND LOSS ACCOUNT

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2011

		₹	₹	₹
	SCHEDULE ↘		APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
<b>INCOME</b>				
Operating and Other Income	12		49,330,287,135	40,626,410,905
<b>EXPENDITURE</b>				
Interest and Other Charges	13	23,875,265,740		19,534,659,942
Staff Expenses	14	2,955,922,314		3,083,660,252
Establishment Expenses	15	361,288,736		405,981,195
Other Expenses	16	1,601,563,845		1,630,320,629
Provisions and Contingencies	17	2,346,138,173		1,282,526,807
Depreciation and Amortisation		401,726,338		405,742,123
			31,541,905,146	26,342,890,948
<b>PROFIT BEFORE TAXATION</b>				
			17,788,381,989	14,283,519,957
Less: Provision for Taxation				
Current Tax		5,724,207,032		3,999,628,119
Less: Deferred Tax Credit (See Schedule 18 Note 22)		726,665,378		333,869,109
			4,997,541,654	3,665,759,010
<b>PROFIT AFTER TAXATION</b> (before share of profit from Associates and adjustment for Minority Interest)				
			12,790,840,335	10,617,760,947
Add: Share of Net Profit from Associates (Equity method)			22,273,705	10,754,759
Less: Share of Profit/(Loss) of Minority Interest			(3,418,268)	1,004,831
Less: Pre acquisition Profit for the year of Subsidiaries (net)			-	4,594,461
<b>PROFIT AFTER TAXATION</b>				
			12,816,532,308	10,622,916,414
Add: Balance as per last Balance Sheet			14,324,848,269	10,885,845,000
Add: Opening Adjustment (See Schedule 18 Note 25)			313,773	24,083,297
<b>AVAILABLE FOR APPROPRIATION</b>				
			27,141,694,350	21,532,844,711
Appropriations:				
Debtenture Redemption Reserve (See Schedule 18 Note 7)			726,000,000	-
Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 (See Schedule 18 Note 8)			2,460,000,000	2,340,989,999
Special Reserve u/s 45-IC of RBI Act, 1934			2,560,908,732	2,038,352,575
General Reserve			1,029,976,000	553,323,000
Proposed Dividend				
Equity Shares			2,925,128,345	1,951,251,394
[₹ 2.00 per equity share (Previous Year ₹ 1.50 per equity share)] (See Schedule 18 Note 9)				
<b>PREFERENCE SHARES</b>				
			321,731,507	-
[@ 6% p.a. (Previous Year Nil)] (See Schedule 18 Note 5)				
Tax on Dividend			572,595,785	324,079,474
Balance carried forward			16,545,353,981	14,324,848,269
			27,141,694,350	21,532,844,711
Earnings per share (Face Value ₹ 10) (See Schedule 18 Note 21)				
Basic			8.77	8.20
Diluted			8.71	8.12
Notes to the Accounts	18			
Schedules 1 to 18 form an integral part of the Accounts				

## IN TERMS OF OUR REPORT ATTACHED

### FOR DELOITTE HASKINS & SELLS

Chartered Accountants

**NALIN M. SHAH**

Partner

Mumbai | April 29, 2011

### FOR AND ON BEHALF OF THE BOARD

**DEEPAK S. PAREKH**

Chairman

**SUNIL KAKAR**

Chief Financial Officer

**RAJIV B. LALL**

Managing Director & CEO

**MAHENDRA N. SHAH**

Company Secretary

# CASH FLOW STATEMENT

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2011

	₹	₹	₹
		FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before Taxation		17,788,381,989	14,283,519,957
Adjustments for:			
Depreciation and Amortisation	401,726,338		405,742,123
Provision for Employee Benefits	(19,136,519)		11,037,564
ESOP compensation cost	167,493,624		53,382,037
Provision for Contingencies	1,484,775,667		1,026,200,000
Provision for Doubtful Loans, Debtors and Restructured Loans	61,055,341		36,022,452
Provision for Diminution in value of Investments	798,685,465		220,304,355
Provision for Mark to Market on Derivatives	1,621,700		-
(Gain)/Loss on Foreign Currency Revaluation	(74,185,461)		358,406,574
Amortisation of Premium on Investments	30,068,206		13,147,575
Foreign Currency Translation Reserve	(12,704,524)		(11,433,177)
Profit on sale of Investments	(2,555,409,102)		(4,286,094,945)
Profit on sale of Fixed Assets	(68,854,505)		(118,952,133)
		215,136,230	(2,292,237,575)
Changes in:			
Current Assets, Loans and Advances	(3,409,299,915)		1,070,440,799
Current Liabilities	835,003,555		1,915,944,085
		(2,574,296,360)	2,986,384,884
Direct Taxes paid		(4,815,134,322)	(3,299,985,374)
<b>CASH GENERATED FROM OPERATIONS</b>		10,614,087,537	11,677,681,892
Infrastructure Loans disbursed (net of repayments)		(126,739,739,359)	(44,936,679,433)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		(116,125,651,822)	(33,258,997,541)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets (including Capital Work-in-Progress and Pre-operative Expenses pending capitalisation)		(524,617,345)	(399,343,699)
Sale of Fixed Assets		137,775,624	240,817,681
Purchase of Investments		(1,874,280,487,961)	(1,017,624,964,934)
Sale Proceeds of Investments		1,869,393,316,917	1,018,717,531,978
Goodwill on acquisitions		(41,710,148)	(904,487,428)
Capital Reserve on increase of stake in Subsidiary/Joint Venture		(1,269)	1,269
Opening Adjustment (See Schedule 18 Note 25)		313,773	24,083,297
<b>NET CASH FROM/(USED) IN INVESTING ACTIVITIES</b>		(5,315,410,409)	53,638,164
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from fresh issue of shares (net of issue expenses)		35,052,369,151	207,455,365
Proceeds from Borrowings (net of repayments)		97,067,589,863	29,368,119,263
Dividend paid (including dividend tax)		(2,250,791,857)	(1,852,785,221)
Decrease in Minority Interest		(58,121,962)	(218,786,058)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		129,811,045,195	27,504,003,349
Net increase/(decrease) in cash and cash equivalents (A+B+C)		8,369,982,964	(5,701,356,028)
Cash and cash equivalents as at the beginning of the period/year (See Schedule 18 Note 12)		1,982,695,741	7,684,051,769
Cash and cash equivalents as at the end of the period/year (See Schedule 18 Note 12)		10,352,678,705	1,982,695,741
		8,369,982,964	(5,701,356,028)

## IN TERMS OF OUR REPORT ATTACHED

### FOR DELOITTE HASKINS & SELLS

Chartered Accountants

**NALIN M. SHAH**

Partner

### FOR AND ON BEHALF OF THE BOARD

**DEEPAK S. PAREKH**

Chairman

**RAJIV B. LALL**

Managing Director & CEO

**SUNIL KAKAR**

Chief Financial Officer

**MAHENDRA N. SHAH**

Company Secretary

Mumbai | April 29, 2011

<b>SCHEDULE 1 Capital</b>		₹	₹
		<b>AS AT MARCH 31, 2011</b>	<b>AS AT MARCH 31, 2010</b>
<b>AUTHORISED:</b>			
4,000,000,000 Equity Shares of ₹ 10 each		40,000,000,000	40,000,000,000
100,000,000 Preference Shares of ₹ 100 each		10,000,000,000	10,000,000,000
		<b>50,000,000,000</b>	<b>50,000,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>			
(See Schedule 18 Notes 4 & 5)			
<b>1,460,947,548</b> (Previous Year 1,300,612,393) Equity Shares of ₹ 10 each, fully paid-up		14,609,475,480	13,006,123,930
<b>84,000,000</b> (Previous Year Nil) 6% compulsorily convertible cumulative Preference Shares of ₹ 100 each fully paid-up		8,400,000,000	-
		<b>23,009,475,480</b>	<b>13,006,123,930</b>
<b>SCHEDULE 2 Reserves and Surplus</b>		₹	₹
		<b>AS AT MARCH 31, 2011</b>	<b>AS AT MARCH 31, 2010</b>
<b>SECURITIES PREMIUM ACCOUNT</b>			
Opening Balance	21,914,270,425		22,037,481,915
Add: Received during the year	25,101,204,403		152,052,448
Add: Options exercised	58,183,450		1,397,289
Less: Utilised during the year	1,914,422,206		276,661,227
		<b>45,159,236,072</b>	<b>21,914,270,425</b>
<b>EMPLOYEES' STOCK OPTIONS OUTSTANDING</b>			
(See Schedule 18 Note 6)			
Opening Balance	203,647,842		151,663,094
Add: Net charge for the year	167,493,624		53,382,037
Less: Options exercised	58,183,450		1,397,289
		<b>312,958,016</b>	<b>203,647,842</b>
<b>CAPITAL RESERVE ON CONSOLIDATION</b>			
Opening Balance	12,542,703		12,541,434
Add: Increase in holding of Joint Venture	-		1,269
Less: Sale of holding in Joint Venture	1,269		-
		<b>12,541,434</b>	<b>12,542,703</b>
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>			
[See Schedule 18 Note 2(I)(viii)]			
Opening Balance	(4,842,272)		6,590,905
Add/(Less): Foreign Exchange translation in relation to non-integral foreign operations	(12,704,524)		(11,433,177)
		<b>(17,546,796)</b>	<b>(4,842,272)</b>
<b>DEBENTURE REDEMPTION RESERVE</b>			
(See Schedule 18 Note 7)			
Opening Balance	-		-
Add: Transfer from Profit and Loss Account	726,000,000		-
		<b>726,000,000</b>	<b>-</b>
<b>SPECIAL RESERVE U/S 36(1)(viii) OF INCOME-TAX ACT, 1961</b>			
(See Schedule 18 Note 8)			
Opening Balance	9,146,806,496		6,805,816,497
Add: Transfer from Profit and Loss Account	2,460,000,000		2,340,989,999
		<b>11,606,806,496</b>	<b>9,146,806,496</b>
<b>SPECIAL RESERVE U/S 45-IC OF RBI ACT, 1934</b>			
Opening Balance	9,410,584,308		7,372,231,733
Add: Transfer from Profit and Loss Account	2,560,908,732		2,038,352,575
		<b>11,971,493,040</b>	<b>9,410,584,308</b>
<b>GENERAL RESERVE</b>			
Opening Balance	2,086,709,523		1,533,386,523
Add: Transfer from Profit and Loss Account	1,029,976,000		553,323,000
		<b>3,116,685,523</b>	<b>2,086,709,523</b>
<b>PROFIT AND LOSS ACCOUNT</b>		<b>16,545,353,981</b>	<b>14,324,848,269</b>
		<b>89,433,527,766</b>	<b>57,094,567,294</b>

SCHEDULE 3 Loan Funds		₹	₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010	
<b>LOAN FUNDS (Secured) [See Schedule 18 Note 10(a)]</b>				
<b>LONG-TERM</b>				
<b>DEBENTURES (NON-CONVERTIBLE)</b> [Refer Note (i)]		247,824,605,000		-
Less: Unexpired discount on zero percent debentures [Refer Note (v)]		2,811,586,678		-
			245,013,018,322	-
<b>TERM LOANS</b> [Refer Note (iii)]				
From Banks		80,472,032,782		-
From Others		14,117,842,442		-
			94,589,875,224	-
			339,602,893,546	-
<b>SHORT-TERM</b>				
<b>TERM LOANS</b>				
From Banks		12,250,000,000		-
Collateralised Borrowing and Lending Obligation [See Schedule 18 Note 10(b)]		2,497,256,438		-
			14,747,256,438	-
Total Secured Loan Funds			354,350,149,984	-
<b>LOAN FUNDS (Unsecured)</b>				
<b>LONG-TERM</b>				
Subordinated Debt from Government of India			6,500,000,000	6,500,000,000
Loan from Government of Karnataka			-	146,072,789
Debentures (Convertible)			66,732,000	63,772,100
Debentures (Non-Convertible) [Refer Note (ii)] [See Schedule 18 Note 10(c)]		-		162,866,000,000
Less: Unexpired discount on zero percent debentures [Refer Note (v)]		-		4,092,546,142
			-	158,773,453,858
<b>TERM LOANS</b> [Refer Note (iv)]				
From Banks		-		50,455,497,768
From Others		-		11,656,312,500
			-	62,111,810,268
			6,566,732,000	227,595,109,015
<b>SHORT-TERM</b>				
<b>DEBENTURES (NON-CONVERTIBLE)</b>				
Less: Unexpired discount on zero percent debentures [Refer Note (v)]		-		7,500,000,000
			-	187,928,402
			-	7,312,071,598
<b>TERM LOANS</b>				
From Banks		-		11,300,000,000
From Others		-		2,000,000,000
			-	13,300,000,000
<b>COMMERCIAL PAPER</b>				
		2,100,000,000		17,500,000,000
Less: Unexpired discount on commercial papers [Refer Note (v)]		36,496,733		268,551,971
			2,063,503,267	17,231,448,029
Bank Overdraft			59,105,009	-
			2,122,608,276	37,843,519,627
Total Unsecured Loan Funds			8,689,340,276	265,438,628,642

**NOTES:**

- (i) Debentures include ₹ **58,040,000,000** (Previous Year ₹ Nil) repayable within a year.
- (ii) Debentures include ₹ **Nil** (Previous Year ₹ 48,580,000,000) repayable within a year.
- (iii) Term Loans from Banks include ₹ **19,981,597,085** (Previous Year ₹ Nil) and from Others include ₹ **1,074,937,245** (Previous Year ₹ Nil) repayable within a year.
- (iv) Term Loans from Banks include ₹ **Nil** (Previous Year ₹ 13,162,285,085) and from Others include ₹ **Nil** (Previous Year ₹ 922,874,743) repayable within a year.
- (v) Unexpired discount is net of ₹ **2,357,045,237** (Previous Year ₹ 1,631,380,732) towards interest accrued but not due.

**SCHEDULE 4 Fixed Assets**

DESCRIPTION	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at April 1, 2010	Additions	Deletions	Translation Exchange Difference	Opening Adjustment*	As at March 31, 2011	As at April 1, 2010	Charge for the year	Deletions	Translation Exchange Difference	Opening Adjustment*	As at March 31, 2011	As at March 31, 2010
<b>Tangible</b>													
Land - Freehold	50,646,516	4,000	-	-	-	50,650,516	-	-	-	-	-	50,650,516	50,646,516
Land - Leasehold	-	45,058,537	-	-	-	45,058,537	-	-	-	-	-	45,058,537	-
<b>Buildings</b>													
Own Use	3,296,799,539	58,414,115	75,934,134	-	-	3,279,279,520	247,573,298	151,960,201	36,514,492	-	-	363,019,007	2,916,260,513
Under Operating Lease	188,120,350	-	-	-	-	188,120,350	86,885,372	5,061,749	-	-	-	91,947,121	96,173,229
Leasehold improvements	89,463,353	49,874,505	616,510	(52,247)	(711,508)	137,957,593	25,547,942	28,092,844	251,432	(78,959)	(711,508)	52,598,887	85,358,706
Computer Hardware	164,260,727	35,401,475	11,220,677	(24,554)	(10,290,933)	178,126,038	107,165,923	29,901,012	10,825,196	(23,898)	(5,096,930)	121,120,911	57,005,127
<b>Furniture, Fittings and Office Equipments</b>													
Owned	245,952,333	51,956,500	17,885,357	(28,166)	(23,752,679)	256,242,631	87,006,209	30,951,591	13,387,191	(17,016)	(8,312,075)	96,241,518	160,001,113
Under Operating Lease	4,344,305	-	-	-	-	4,344,305	1,048,746	235,688	-	-	-	1,284,434	3,059,871
Windmills	1,012,500,000	-	-	-	-	1,012,500,000	282,363,895	111,929,865	-	-	-	394,293,760	618,206,240
Vehicles	13,521,910	124,800	1,987,475	-	(1,313,853)	10,345,382	7,276,237	1,426,475	1,529,976	-	(661,413)	6,511,323	3,834,059
<b>Intangible</b>													
Computer Software	117,482,225	78,363,015	27,782,735	(4,569)	(2,181,480)	165,876,456	62,424,142	42,058,593	26,829,435	(5,280)	(636,574)	77,011,446	88,865,010
Tenancy Rights	1,083,200	-	-	-	-	1,083,200	118,707	108,320	-	-	-	227,027	856,173
<b>Total</b>	<b>5,184,174,458</b>	<b>319,196,947</b>	<b>135,426,888</b>	<b>(109,536)</b>	<b>(38,250,453)</b>	<b>5,329,584,528</b>	<b>907,410,471</b>	<b>401,726,338</b>	<b>89,337,722</b>	<b>(125,153)</b>	<b>(15,418,500)</b>	<b>1,204,255,434</b>	<b>4,125,329,094</b>
Previous Year	5,111,516,822	290,775,657	232,809,961	(1,784,094)	(16,476,034)	5,184,174,458	612,579,446	405,742,123	110,944,413	(30,199)	(63,514)	907,410,471	4,276,763,987

\* See Schedule 18 Note 25

Note: Buildings include ₹ 500 (Previous Year ₹ 1,000) being the cost of shares in co-operative housing societies.

**SCHEDULE 5 Investments**

₹

**AS AT MARCH 31, 2011**

₹

**AS AT MARCH 31, 2010**

₹

**I. LONG-TERM**
**INVESTMENT IN ASSOCIATES:**

Equity Shares	102,877,304	102,877,304
Add: Goodwill on acquisition of Associates	97,993,681	97,993,681
	<b>200,870,985</b>	<b>200,870,985</b>
Add: Adjustment for post-acquisition share of profit and reserves of Associates (Equity method)	102,936,355	87,910,690
	<b>303,807,340</b>	<b>288,781,675</b>

**OTHER INVESTMENTS:**

Equity Shares	7,568,949,150	7,267,468,837
Preference Shares	6,687,178,543	7,622,090,543
Venture Capital Units	4,666,929,819	3,979,378,730
Bonds	7,357,352,861	11,869,854,139
Government Securities	499,862,500	256,262,500
Security Receipts	217,172,886	220,031,677
Trust Units	-	5,000,000
	<b>26,997,445,759</b>	<b>31,220,086,426</b>
	<b>27,301,253,099</b>	<b>31,508,868,101</b>

**II. CURRENT**

Equity Shares	818,391,339	871,752,699
Bonds	11,680,563,063	5,226,798,900
Pass Through Certificates	12,802,283	1,102,632,104
Certificate of Deposits with Scheduled Banks	18,898,927,298	3,710,542,969
Commercial Papers	8,214,683,135	1,441,284,534
Government Securities	2,617,356,559	-
Mutual Funds	1,505,100,989	3,300,954,671
Convertible Warrants	46,750	46,750
	<b>43,747,871,416</b>	<b>15,654,012,627</b>
<b>TOTAL (I + II)</b>	<b>71,049,124,515</b>	<b>47,162,880,728</b>
Less : Provision for Diminution in Value of Investments	1,437,647,925	608,894,254
	<b>69,611,476,590</b>	<b>46,553,986,474</b>

Continued...

SCHEDULE 5 Investments (Continued)		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>NOTES:</b>			
(1) Aggregate amount of quoted investments			
Cost		3,678,903,578	3,142,224,439
Market Value		3,436,733,060	4,144,842,552
(2) Aggregate amount of unquoted investments – Cost			
		67,370,220,937	44,020,656,289
(3) Aggregate amount of investments in Unquoted Mutual Funds			
Cost		1,505,100,989	3,300,954,671
Market Value		1,513,670,497	3,302,022,935
Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.			
(4) Investments include ₹ 476,853,181 (Previous Year ₹ 17,578,988) in respect of equity shares which are subject to a lock-in-period.			
(5) Investments include ₹ 4,698,543 (Previous Year ₹ 544,698,543) in respect of equity shares and ₹ 4,657,908,833 (Previous Year ₹ 3,979,376,890) in respect of Venture Capital Units which are subject to restrictive covenants.			

SCHEDULE 6 Infrastructure Loans (See Schedule 18 Note 11)		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>LOANS</b>	373,817,657,099		248,877,968,919
<b>DEBENTURES</b>	8,332,267,721		6,516,784,194
		382,149,924,820	255,394,753,113
Less: Provision for Doubtful Infrastructure Loans		408,291,011	368,707,678
Provision against Restructured Loans		-	14,200,000
Provision for Contingencies		5,218,475,667	4,701,200,000
		376,523,158,142	250,310,645,435
Whereof:			
(i) Considered good		381,741,633,809	255,026,045,435
(ii) Considered doubtful		408,291,011	368,707,678

SCHEDULE 7 Sundry Debtors (Unsecured)		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>CONSIDERED GOOD</b>			
Over six months	261,097,800		24,988,031
Others	360,585,120		834,135,985
		621,682,920	859,124,016
<b>CONSIDERED DOUBTFUL</b>			
Over six months	43,159,669		45,169,030
Others	101,280		229,976
		43,260,949	45,399,006
		664,943,869	904,523,022
Less: Provision for Doubtful Debts		43,260,949	45,399,006
		621,682,920	859,124,016

SCHEDULE 8 Cash and Bank Balances (See Schedule 18 Note 12)		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>CASH</b>		9,267,420	41,589,851
(includes Cheques on Hand ₹ 9,072,100; Previous Year ₹ 41,382,707)			
<b>BALANCE WITH BANKS</b>			
Saving Accounts	-		2,037,388
Current Accounts	2,485,067,060		538,351,487
Deposit Accounts	8,554,733,626		2,132,720,253
		11,039,800,686	2,673,109,128
		11,049,068,106	2,714,698,979

<b>SCHEDULE 9 Loans and Advances (Unsecured)</b>		₹	₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010	
<b>CONSIDERED GOOD</b>				
Interest accrued on Deposits & Loan to Financial Institution		248,657,808		66,818,920
Advances recoverable in cash or in kind or for value to be received		1,590,201,264		421,689,450
Loan to Financial Institution		300,000,000		300,000,000
Inter Corporate Deposits		5,776,500,000		22,200,000,000
Advance against Investments		573,182,869		454,233,149
Other Deposits		450,035,020		389,874,938
Advance payment of Income Tax (Net of provision)		1,649,979,682		1,996,570,241
Advance payment of Fringe Benefit Tax (Net of provision)		10,068		993,497
Initial margin account – Stock Futures		40,000,000		–
Mark-to-Market margin – Stock Futures account	1,621,700			–
Less: Provision for loss – Stock Futures account	1,621,700			–
			–	–
		10,628,566,711		25,830,180,195
<b>CONSIDERED DOUBTFUL</b>				
Advances recoverable in cash or in kind or for value to be received	6,392,114			8,192,114
Less : Provision against Doubtful Advances	6,392,114			8,192,114
			–	–
		10,628,566,711		25,830,180,195

<b>SCHEDULE 10 Current Liabilities</b>		₹	₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010	
Sundry Creditors		3,066,351,286		2,990,398,638
Interest Accrued but not due on Loan Funds		8,931,300,722		5,501,554,146
Fees/Other Amounts Received in Advance		647,044,856		1,043,574,510
Other Liabilities		218,385,723		650,202,534
		12,863,082,587		10,185,729,828

<b>SCHEDULE 11 Provisions</b>		₹	₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010	
Proposed Dividend		3,245,357,987		1,950,990,402
Tax on Proposed Dividend		496,361,313		222,065,118
Contingent Provision against Standard Assets (See Schedule 18 Note 13)		967,500,000		–
Provision for Employee Benefits (See Schedule 18 Note 17)		47,054,284		66,190,803
Provision for Income Tax (Net of advance payment of tax)		387,572		50,732,498
Provision for Wealth Tax (Net of advance payment of tax)		2,778,377		2,380,377
Provision for Fringe Benefit Tax (Net of advance payment of tax)		3,901,967		4,934,654
		4,763,341,500		2,297,293,852

<b>SCHEDULE 12 Operating and Other Income</b>		₹	₹	₹
			<b>APRIL 1, 2010 TO MARCH 31, 2011</b>	<b>APRIL 1, 2009 TO MARCH 31, 2010</b>
<b>OPERATING INCOME</b>				
Interest on Infrastructure Loans [See Schedule 18 Note 14(b)]	34,461,939,227			25,674,664,424
Interest on Deposits and Loan to Financial Institution and Others	1,081,844,007			693,573,060
Interest on Investments [See Schedule 18 Note 14(a)]	3,935,366,818			2,548,186,542
Dividend on Investments [See Schedule 18 Note 14(a)]	449,387,591			792,871,020
Profit on assignment/sale of Loans	58,557,171			26,838,299
Profit on sale of Investments [See Schedule 18 Note 14(a)]	2,555,409,102			4,286,094,945
Income from trading in derivatives	28,119,763			-
Brokerage	531,508,861			701,962,708
Fees (Net)	5,881,001,528			5,479,988,724
Sale of Power	100,446,439			126,121,060
Other operating income	83,813,837			-
			<b>49,167,394,344</b>	<b>40,330,300,782</b>
<b>OTHER INCOME</b>				
Interest on Income Tax Refund	59,209,389			130,245,181
Other Interest	599,999			1,384,184
Profit on Sale of Fixed Assets (Net)	68,854,505			118,952,133
Miscellaneous Income [See Schedule 18 Notes 14(c) & 20(iii)]	34,228,898			45,528,625
			<b>162,892,791</b>	<b>296,110,123</b>
			<b>49,330,287,135</b>	<b>40,626,410,905</b>
<b>SCHEDULE 13 Interest and Other Charges</b>		₹	₹	₹
			<b>APRIL 1, 2010 TO MARCH 31, 2011</b>	<b>APRIL 1, 2009 TO MARCH 31, 2010</b>
<b>INTEREST</b>				
On Fixed Loans	22,983,333,484			19,195,107,686
On Others	1,683,697			28,257,570
			<b>22,985,017,181</b>	<b>19,223,365,256</b>
<b>OTHER CHARGES</b> [See Schedule 18 Note 14(d)]			<b>890,248,559</b>	<b>311,294,686</b>
			<b>23,875,265,740</b>	<b>19,534,659,942</b>
<b>SCHEDULE 14 Staff Expenses</b>		₹	₹	₹
			<b>APRIL 1, 2010 TO MARCH 31, 2011</b>	<b>APRIL 1, 2009 TO MARCH 31, 2010</b>
Salaries [See Schedule 18 Notes 6 & 20(i)]			2,739,883,741	2,850,369,078
Contribution to Provident and Other Funds (See Schedule 18 Note 17)			121,921,671	93,746,026
Staff Welfare Expenses			94,116,902	139,545,148
			<b>2,955,922,314</b>	<b>3,083,660,252</b>
<b>SCHEDULE 15 Establishment Expenses</b>		₹	₹	₹
			<b>APRIL 1, 2010 TO MARCH 31, 2011</b>	<b>APRIL 1, 2009 TO MARCH 31, 2010</b>
Rent [See Schedule 18 Note 20(ii)]			231,612,035	260,867,188
Rates & Taxes			25,978,314	23,901,457
Electricity			34,884,408	38,316,700
Repairs & Maintenance:				
Buildings	20,563,449			32,960,588
Equipments	19,844,571			22,956,427
Others	19,816,353			21,015,901
			<b>60,224,373</b>	<b>76,932,916</b>
Insurance Charges			8,589,606	5,962,934
			<b>361,288,736</b>	<b>405,981,195</b>

SCHEDULE 16 Other Expenses	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Travelling and Conveyance	184,301,067	193,198,803
Printing and Stationery	42,894,300	32,179,101
Postage, Telephone and Fax	98,314,066	84,887,026
Advertising and Publicity	64,947,917	114,339,078
Professional Fees	582,899,119	512,276,270
Profit/(Loss) on Foreign Exchange Fluctuation (Net)	-	180,148
Directors' Fees	5,505,562	3,984,270
Commission to Directors	11,100,000	5,626,786
Other Operating Expenses	285,009,803	442,376,440
Bad Debts written off	54,200,138	15,184,670
Miscellaneous Expenses	242,826,837	200,378,068
Auditors' Remuneration (See Schedule 18 Note 15)	29,565,036	25,709,969
	<b>1,601,563,845</b>	<b>1,630,320,629</b>

SCHEDULE 17 Provisions and Contingencies	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Provision for Contingencies	1,484,775,667	1,026,200,000
Provision for Doubtful Loans, Debtors and Restructured Loans	61,055,341	36,022,452
Provision for Diminution in Value of Investments (Net)	798,685,465	220,304,355
Provision for Mark-to-Market on Stock Futures account	1,621,700	-
	<b>2,346,138,173</b>	<b>1,282,526,807</b>

## **1 Significant Accounting Policies**

### **A. Accounting Convention**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, relevant provisions of the Companies Act, 1956 and the applicable guidelines issued by the Reserve Bank of India (RBI).

### **B. System of Accounting**

The Group adopts accrual concept in the preparation of the accounts. The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

### **C. Investments**

#### **(i) Non Banking Financial Company (NBFC)**

The Holding Company is regulated as NBFC – IFC (Infrastructure Finance Company) and a subsidiary company is regulated as NBFC by the Reserve Bank of India (RBI). Accordingly, Investments are classified under two categories i.e. Current and Long-Term, and are valued in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as notified by the Companies (Accounting Standards) Rules, 2006.

- 'Long-Term Investments' are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis.
- 'Current Investments' are carried at the lower of cost and fair value on an individual basis. Commercial Papers, Certificate of Deposits and Treasury Bills are valued at carrying cost.

#### **(ii) Other than NBFC**

- 'Long-Term Investments' are valued at cost except where there is a diminution in value other than temporary in which case the carrying value is reduced to recognise the decline. 'Current Investments' are valued at lower of cost and market value.

### **D. Infrastructure Loans and Advances**

In accordance with the RBI guidelines, all loans and advances are classified under any of four categories i.e. (i) Standard Assets, (ii) Sub-standard Assets, (iii) Doubtful Assets and (iv) Loss Assets.

### **E. Fixed Assets**

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

### **F. Intangible Assets**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is charged annually to the Profit and Loss Account. Consideration paid by a subsidiary for transfer of Tenancy Rights is capitalised as an Intangible Asset.

### **G. Impairment**

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

### **H. Provisions and Contingencies**

- Adequate provision for diminution is made as per the regulatory guidelines applicable to Non-Performing Advances and the provisioning policy of the Holding Company in respect of Loans and Debentures in the nature of advances.
- Provision on restructured advances is arrived at in accordance with the RBI guidelines.
- Provision for Contingencies is made as per the provisioning policy of the Holding Company, which includes a general provision at 0.25% of the outstanding standard assets in accordance with the RBI guidelines and provision under Section 36(1)(viiia) of the Income-tax Act, 1961.

### **I. Depreciation and Amortisation**

#### **▪ Tangible Assets**

Depreciation on Fixed Assets, excluding certain electronic items, is provided on the written down value method, at the rates prescribed by Schedule XIV of the Companies Act, 1956. Certain electronic items are depreciated over a period of two years on straight line method based on

## SCHEDULE 18 Notes Forming Part of the Accounts (Continued)

the Management's estimate of the useful life of assets. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are written off in the year of capitalisation. Leasehold improvements are amortised on straight line method over the primary period of the lease, except in case of a subsidiary where leasehold improvements are amortised on straight line method over period of extended lease or five years whichever is shorter.

### ■ Intangible Assets

Intangible assets consisting of computer software are being amortised over a period of three years on straight line method. Tenancy Rights are amortised over a period of ten years on straight line method.

## J. Operating Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term. Lease rental income is recognised in accordance with Accounting Standard 19 on 'Leases' as notified by the Companies (Accounting Standards) Rules, 2006. Initial direct costs incurred specifically for operating leases are recognised as expenses in the year in which they are incurred.

## K. Employee Benefits

### ■ Defined Contribution Plans

The Group's contribution paid/payable during the year towards Provident Fund and Superannuation Fund is charged to the Profit and Loss Account.

### ■ Defined Benefit Plan

The net present value of the Group's obligation towards gratuity to employees is actuarially determined as at the Balance Sheet date based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account.

## L. Income-Tax

The accounting treatment for income-tax is based on Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year arising on account of timing differences are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets, other than on carry forward losses and unabsorbed depreciation, are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on carry forward losses and unabsorbed depreciation is recognised only to the extent there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income.

## M. Revenue Recognition

- (a) Interest and other dues are accounted on accrual basis except in the case of non-performing assets ("NPAs") where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- (b) Income on discounted instruments is recognised over the tenure of the instrument on straight line basis.
- (c) Dividend is accounted on accrual basis when the right to receive is established.
- (d) Front end fees on processing of loans are recognised upfront as income.
- (e) Brokerage is recognised on trade date basis and is net of statutory payments.
- (f) Management Fees are recognised on accrual basis.
- (g) Performance Fees relating to Investment Advisory are recognised on an annual basis.
- (h) All fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due except commission income on guarantees, is recognised pro-rata over the period of the guarantee.
- (i) Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- (j) Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the FIFO cost for current investments and weighted average cost for long-term investments.
- (k) Profit on securitisation is recognised over the residual life of the loan in terms of the RBI guidelines. Profit on sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of securitisation and direct assignment of loan assets is recognised at the time of sale.
- (l) Revenue from Power Supply is accounted on accrual basis.
- (m) Income from trading in derivatives is recognised on final settlement or squaring up of the contracts.

## N. Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the dates of the transactions. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rates of exchange. Gains and losses resulting from the settlement of

such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account. Premium in respect of forward contracts is accounted over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

[See Note 2 (I)(viii)]

## O. Derivatives

### ■ Interest Rate Swaps

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on an accrual basis and these transactions are not marked to market. Any resultant gain or loss on termination of hedge swaps is amortised over the life of swap or underlying asset/liability whichever is shorter.

### ■ Currency Interest Rate Swaps

Currency interest rate swaps in the nature of hedge are recorded on an accrual basis and these transactions are not marked to market. Any resultant gain or loss on termination of hedge swaps is amortised over the life of swap or underlying asset/liability whichever is shorter. The foreign currency balances on account of principal of cross currency swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

### ■ Stock Futures

Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin – Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Stock Futures till the Balance Sheet date.

As on the Balance Sheet date, the profit/loss on open positions in Stock Futures are accounted for as follows:

(a) Credit balance in the "Mark-to-Market Margin – Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the Profit and Loss Account.

(b) Debit balance in the "Mark-to-Market Margin – Stock Futures Account", being anticipated loss, is recognised in the Profit and Loss Account.

On final settlement or squaring-up of contracts for Stock Futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin – Stock Futures Account" is recognised in the Profit and Loss Account upon expiry of the contracts. When more than one contract in respect of the relevant series of Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average method for calculating profit/loss on squaring-up.

"Initial Margin Account – Stock Futures", representing initial margin paid is disclosed under Loans and Advances.

## P. Employee Stock Option Scheme

The Holding Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provides for grant of options to employees of the Holding Company and its Subsidiaries to acquire equity shares of the Holding Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines, the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight line basis over the vesting period.

## 2 Basis of Consolidation

I. The Consolidated Financial Statements comprise the individual financial statements of Infrastructure Development Finance Company Limited ('the Holding Company'), its subsidiaries and associate 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 Holding Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.
- ii. The financial statements of the jointly controlled entities have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standards) Rules, 2006 using the "proportionate consolidation" method.
- iii. The Holding Company's investments in associates are accounted under the equity method and its share of pre-acquisition profits/losses is reflected as Capital Reserve/Goodwill in the carrying value of investments in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006.

**SCHEDULE 18 Notes Forming Part of the Accounts (Continued)**

- iv. The financial statements of the subsidiaries and the associate used in the consolidation are drawn up to the same reporting date as that of the Holding Company, i.e. March 31, 2011.
- v. The excess of the cost to the Holding Company of its investment in the subsidiaries, the jointly controlled entities and the associates over the Holding Company's portion of equity is recognised in the financial statements as Goodwill and is tested for impairment on an annual basis.
- vi. The excess of the Holding Company's portion of equity of the subsidiaries, the jointly controlled entities and the associates on the acquisition date over its cost of investment is treated as Capital Reserve.
- vii. Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to minorities at the date on which investment in a subsidiary is made. Net Profit for the year of the subsidiaries attributable to minorities is identified and adjusted against the Profit After Tax of the Group.
- viii. In case of foreign subsidiaries, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.
- II. (a) The financial statements of the following subsidiaries have been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006:

NAME OF SUBSIDIARY	CURRENT YEAR PROPORTION OF OWNERSHIP INTEREST (%)	PREVIOUS YEAR PROPORTION OF OWNERSHIP INTEREST (%)
Dheeru Powergen Limited (formerly Dheeru Powergen Private Limited) (Subsidiary of IDFC Projects Limited)	51.00	51.00
Emerging Markets Private Equity Fund, L.P. (Subsidiary of IDFC Fund of Funds Limited)	100.00	100.00
IDFC Asset Management Company Limited [See Note 3(a)]	100.00	100.00
IDFC AMC Trustee Company Limited	100.00	100.00
IDFC Capital Limited (Subsidiary of IDFC Securities Limited)	100.00	100.00
IDFC Capital (Singapore) Pte. Ltd. (Subsidiary of IDFC Capital Limited)	100.00	100.00
IDFC Distribution Company Limited (formerly IDFC-SSKI Stock Broking Limited) (Subsidiary of IDFC Securities Limited)	100.00	100.00
IDFC Finance Limited	100.00	100.00
IDFC Fund of Funds Limited (Subsidiary of IDFC Capital Limited)	100.00	100.00
IDFC General Partners Limited (Subsidiary of IDFC Capital Limited)	100.00	100.00
IDFC Investment Advisors Limited (Subsidiary of IDFC Asset Management Company Limited)	100.00	100.00
IDFC Investment Managers (Mauritius) Limited (Subsidiary of IDFC Asset Management Company Limited) [See Note 3(b)]	100.00	Nil
IDFC Pension Fund Management Company Limited (Subsidiary of IDFC Asset Management Company Limited)	100.00	100.00
IDFC PPP Trusteeship Company Limited	100.00	100.00
IDFC Private Equity Company Limited	100.00	100.00
IDFC Project Equity Company Limited	100.00	100.00
IDFC Projects Limited	100.00	100.00
IDFC Securities Limited	100.00	100.00
IDFC Capital (USA) Inc. (Subsidiary of IDFC Securities Limited) [See Note 3(c)]	100.00	Nil
IDFC Trustee Company Limited	100.00	100.00
India Infrastructure Initiative Trust [See Note 3(d)]	Nil*	60.00

Continued...

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

NAME OF SUBSIDIARY	CURRENT YEAR	PREVIOUS YEAR
	PROPORTION OF OWNERSHIP INTEREST (%)	PROPORTION OF OWNERSHIP INTEREST (%)
India PPP Capacity Building Trust [See Note 3(d)]	Nil*	100.00
Jetpur Somnath Highway Limited (formerly IDFC Capital Company Limited) (Subsidiary of IDFC Projects Limited) [See Note 3(e)]	74.00	100.00
Jetpur Somnath Tollways Limited (Subsidiary of IDFC Projects Limited) [See Note 3(f)]	74.00	Nil
Uniquet Infra Ventures Private Limited [See Note 3(g)]	100.00	Nil

\*Subsidiary of IDFC Foundation, a wholly owned subsidiary which is not consolidated.

All the subsidiaries are incorporated in India, except:

IDFC Capital (Singapore) Pte. Ltd., a Company incorporated in Singapore.

IDFC General Partners Limited, a Company incorporated in Guernsey.

IDFC Fund of Funds Limited, a Company incorporated in Guernsey.

Emerging Markets Private Equity Fund LP, a Limited Partnership registered in Guernsey.

IDFC Investment Managers (Mauritius) Limited, a Company incorporated in Mauritius.

IDFC Capital (USA) Inc., a Company incorporated in USA.

The Holding Company has made an investment in IDFC Foundation, a Section 25 Company under Companies Act, 1956, wherein the profits will be applied for promoting its objects. Accordingly, the consolidated accounts of IDFC Foundation are not consolidated in these financial statements, since the Holding Company will not derive any economic benefits from its investments in IDFC Foundation.

(b) The financial statements of the following jointly controlled entities have been consolidated as per Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standards) Rules, 2006.

NAME OF JOINTLY CONTROLLED ENTITY	CURRENT YEAR	PREVIOUS YEAR
	PROPORTION OF OWNERSHIP INTEREST (%)	PROPORTION OF OWNERSHIP INTEREST (%)
Delhi Integrated Multi-Modal Transit System Limited	Nil*	50.00
Infrastructure Development Corporation (Karnataka) Limited	Nil*	49.50
Uttarakhand Infrastructure Development Company Limited	Nil*	50.44

\*Jointly controlled entities of IDFC Foundation, a wholly owned subsidiary which is not consolidated. [See Note 3(d)]

All the jointly controlled entities are incorporated in India.

The following amounts are included in the Financial Statements in respect of the jointly controlled entities referred to in Note (b) above, based on the proportionate consolidation method:

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
<b>ASSETS</b>		
Fixed Assets (Net Block)	Nil	22,512,346
Investments	Nil	56,333,724
Infrastructure Loans	Nil	40,678,116
Deferred Tax Asset	Nil	1,608,749
Interest accrued on Infrastructure Loans	Nil	Nil
Sundry Debtors	Nil	46,908,448
Cash and Bank Balances	Nil	598,582,355
Loans and Advances	Nil	82,314,538
<b>LIABILITIES</b>		
Reserves and Surplus	Nil	160,488,894
Unsecured Loans	Nil	146,072,789

Continued...

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Current Liabilities	Nil	377,278,642
Provisions	Nil	40,411,792
Deferred Tax Liability	Nil	130,419
<b>INCOME</b>		
Interest on Infrastructure Loans	Nil	4,949,310
Interest on Deposits and Loan to Financial Institution and Others	Nil	39,759,595
Dividend on Investments	Nil	1,428,960
Profit on sale of Investments	Nil	19,167,114
Fees	Nil	204,423,009
Profit/(Loss) on sale of Fixed Assets	Nil	(207,245)
Other Interest	Nil	766,016
Miscellaneous Income	Nil	995,376
<b>EXPENSES</b>		
Interest	Nil	Nil
Staff Expenses	Nil	67,068,372
Establishment Expenses	Nil	8,068,471
Other Expenses	Nil	115,922,649
Provisions and Contingencies	Nil	(1,424,184)
Depreciation	Nil	5,261,234
Provision for Taxation	Nil	21,178,499

- (c) The Holding Company has investment in an associate, which is accounted for on the Equity Method in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as notified by the Companies (Accounting Standards) Rules, 2006:

NAME OF ASSOCIATE	CURRENT YEAR	PREVIOUS YEAR
	PROPORTION OF OWNERSHIP INTEREST (%)	PROPORTION OF OWNERSHIP INTEREST (%)
Feedback Ventures Private Limited	24.61	24.61

**3 During the year,**

- the Holding Company subscribed 64,000 equity shares of IDFC Asset Management Company Limited.
- IDFC Asset Management Company Limited has subscribed 100% equity shares of IDFC Investment Managers (Mauritius) Limited.
- IDFC Securities Limited has subscribed 100% equity shares of IDFC Capital (USA) Inc.
- the Holding Company sold its holding in Delhi Integrated Multi-Modal Transit System Limited, Infrastructure Development Corporation (Karnataka) Limited and Uttarakhand Infrastructure Development Company Limited and transferred its beneficial interest in India PPP Capacity Building Trust and India Infrastructure Initiative Trust, to IDFC Foundation, a wholly owned subsidiary.
- IDFC Projects Limited has subscribed 240,000 equity shares of Jetpur Somnath Highway Limited.
- IDFC Projects Limited has subscribed 74% equity shares of Jetpur Somnath Tollways Limited.
- the Holding Company purchased 10,000 shares of Uniquiest Infra Ventures Private Limited.
- the Holding Company subscribed to 50,000 shares of IDFC Foundation.

**4** On July 7, 2010 the Holding Company issued and allotted **157,752,090** equity shares of ₹ 10 each at a premium of ₹ **158.25** per share pursuant to a Qualified Institutional Placement. Further, the Holding Company issued and allotted **84,000,000** Compulsorily Convertible Cumulative Preference Shares (CCCPS) of ₹ 100 each at par on August 11, 2010 pursuant to a Qualified Institutional Placement. Additionally, **2,583,065** equity shares of ₹ 10 each were allotted under the Employee Stock Option Scheme. Accordingly, the issued equity share capital has increased from ₹ 13,006,123,930 to ₹ **14,609,475,480** and an amount of ₹ **25,101,204,403** has been credited to the Securities Premium Account. The proceeds of the issue have been utilised for general business purposes.

**5** The Holding Company had raised ₹ **8,400,000,000** through the issue of CCCPS. The preference shares are convertible at any time into equity shares of face value of ₹ 10 each until the date falling 18 months from the date of issuance of the Preference Shares, at the option of the holders, at ₹ **176** per equity share and carry dividend @ 6% p.a.

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

6 During the year, the Holding Company granted to eligible employees **7,459,308** (Previous Year 603,000) options under the Employee Stock Option Schemes. The details of outstanding options are as under:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Options outstanding as at the beginning	16,548,268	21,766,956
Add: Options granted during the year	7,459,308	603,000
Less: Options exercised during the year	2,583,065	5,336,332
Less: Options lapsed during the year	673,790	485,356
Options outstanding as at the end of the year	20,750,721	16,548,268

The charge towards ESOP Compensation included under Salaries is ₹ **167,493,624** (Previous Year ₹ 53,382,037).

7 Debenture Redemption Reserve has been created by the Holding Company in accordance with Section 117C of the Companies Act, 1956 in respect of public issue of long-term Infrastructure Bonds.

8 Special Reserve has been created in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Holding Company.

9 In respect of equity shares issued pursuant to Employee Stock Option Scheme, the Holding Company paid dividend of ₹ **1,501,865** for the year 2009-10 (₹ 260,992 for the year 2008-09) and tax on dividend of ₹ **249,441** (Previous Year ₹ 44,356) as approved by the shareholders at the Annual General Meeting held on June 28, 2010.

10 (a) Secured Loans of ₹ **351,852,893,546** (Previous Year ₹ Nil) are secured by way of a first floating *pari passu* charge over investments, infrastructure loans, current assets and loans and advances excluding investments in and other receivables from subsidiaries and affiliates.

(b) Secured Loans in the nature of borrowings under Collateralised Borrowing and Lending Obligation are secured against Investments in Government of India Loans.

(c) Unsecured Loans – Debentures of ₹ **Nil** (Previous Year ₹ 162,866,000,000) are secured by a mortgage on certain immovable properties up to a value of ₹ 1,000,000.

11 Infrastructure loans to the extent of ₹ **374,409,924,820** (Previous Year ₹ 247,654,753,113) are secured by:

- i. Hypothecation of assets and/or
- ii. Mortgage of property and/or
- iii. Trust and Retention Account and/or
- iv. Bank guarantees, company guarantee, sponsor guarantee or personal guarantee and/or
- v. Assignment of receivables or rights and/or
- vi. Pledge of shares and/or
- vii. Negative lien and/or
- viii. Undertaking to create a security.

12 Cash and cash equivalents represent:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Cash and Bank Balances (As per Schedule 8)	11,049,068,106	2,714,698,979
Current Accounts held for Unclaimed Dividends	9,605,775	7,623,995
Bank Deposits under lien	686,783,626	724,379,243
Cash and cash equivalents as at the end of the year	10,352,678,705	1,982,695,741

13 (a) During the year, a contingent provision against standard assets has been created by the Holding Company at 0.25% of the outstanding standard assets in terms of the RBI Circular No. DNBS.PD.CC. No. 207/03.02.002/2010-11 dated January 17, 2011.

(b) Movement in contingent provision against standard assets during the year is as under:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Opening Balance	Nil	Nil
Additions during the year	967,500,000	Nil
Closing Balance	967,500,000	Nil

**SCHEDULE 18 Notes Forming Part of the Accounts (Continued)**

**14** (a) Interest on Investments, Dividend on Investments and Profit on sale of Investments include ₹ **3,283,539,210** (Previous Year ₹ 2,298,776,294), ₹ **323,935,995** (Previous Year ₹ 699,262,171) and ₹ **484,288,186** (Previous Year ₹ 1,036,345,464) respectively, in respect of Current Investments. Provision for diminution in value of Investments includes amortised premium of ₹ **30,068,206** (Previous Year ₹ 13,487,870) on purchase of Long-Term Investments.

(b) Interest on Infrastructure Loans includes exchange gain of ₹ **484,052,986** (Previous Year ₹ 56,879,384).

(c) Miscellaneous income includes exchange gain of ₹ **520,767** (Previous Year ₹ 28,532,594).

(d) Interest – Other Charges includes exchange loss of ₹ **315,806,898** (Previous Year ₹ 61,320,748).

**15** Auditors' Remuneration:

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	₹		₹	
Audit Fees	13,948,887		12,967,341	
Tax Audit Fees	2,975,000		2,547,025	
Other Services	10,108,476		8,850,517	
Taxation Matters	2,264,500		1,140,000	
Out of Pocket Expenses	176,180		118,360	
Service Tax	2,454,427		2,116,580	
	31,927,470		27,739,823	
Less: Service tax set off claimed	2,362,434		2,029,854	
	29,565,036		25,709,969	

**16** Tax on proposed dividend for the year 2010-11 is net of dividend distribution tax of ₹ **75,985,031** (Previous Year ₹ 101,970,000) paid by Subsidiary Companies on interim dividend of ₹ **457,500,000** (Previous Year ₹ 600,000,000) under Section 115-O of the Income-tax Act, 1961.

**17** In accordance with Accounting Standard 15 on 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:

i. The Group has recognised the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under Contribution to Provident and Other Funds:

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	₹		₹	
Provident Fund	63,725,680		52,651,479	
Superannuation Fund	9,845,119		32,624,396	

ii. The details of post-retirement benefit plans for gratuity are given below which are certified by the actuary and relied upon by the auditors:

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	₹		₹	
	FUNDED	NON-FUNDED	FUNDED	NON-FUNDED
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>				
Liability at the beginning of the year	84,256,165	21,150,737	72,326,809	16,125,943
Current Service Cost	25,280,984	11,046,035	21,118,194	6,301,243
Interest Cost	8,394,600	2,419,257	7,243,285	1,467,028
Liabilities Extinguished on Settlement	Nil	Nil	5,426,826	Nil
Liabilities assumed on acquisition/(Settled on Divestiture)	(3,238,244)	(254,224)	Nil	Nil
Benefits Paid	6,802,946	4,155,426	3,821,647	2,201,375
Actuarial (Loss)/Gain	(9,524,452)	(7,850,135)	5,518,928	542,102
Past Service Cost	8,399,630	3,541,862	Nil	Nil
Liability at the end of the year	125,814,641	41,598,376	85,920,887	21,150,737
<b>FAIR VALUE OF PLAN ASSETS:</b>				
Fair Value of Plan Assets at the beginning of the year	80,943,196	Nil	66,752,436	Nil
Expected Return on Plan Assets	7,748,719	Nil	5,327,126	Nil
Contributions	40,300,000	435,766	2,038,460	Nil
Benefits paid	6,802,946	435,766	3,821,647	Nil
<b>ACTUARIAL (LOSS)/GAIN ON PLAN ASSETS:</b>				
	(2,460,920)	Nil	12,620,081	Nil
Fair Value of Plan Assets at the end of the year	119,728,049	Nil	82,916,456	Nil
Total Actuarial (Loss)/Gain to be recognised	(11,985,372)	(7,850,135)	18,139,009	542,102

Continued...

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	₹	₹	₹	₹
	FUNDED	NON-FUNDED	FUNDED	NON-FUNDED
<b>ACTUAL RETURN ON PLAN ASSETS:</b>				
Expected Return on Plan Assets	7,748,719	Nil	5,327,126	Nil
Actuarial (Loss)/Gain on Plan Assets	(2,460,920)	Nil	12,620,081	Nil
Actual Return on Plan Assets	5,287,799	Nil	17,947,207	Nil
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>				
Liability at the end of the year	125,814,641	41,598,376	85,920,887	21,150,737
Fair Value of Plan Assets at the end of the year	119,728,049	Nil	82,916,456	Nil
Unrecognised Past Service Cost	1,893,829	2,951,552	Nil	Nil
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	5,223,517	38,646,824	3,004,431	21,150,737
<b>EXPENSE RECOGNISED IN THE PROFIT AND LOSS ACCOUNT:</b>				
Current Service Cost	25,280,984	11,046,035	21,118,194	6,301,243
Interest Cost	8,394,600	2,419,257	7,243,285	1,467,028
Expected Return on Plan Assets	7,748,719	Nil	5,327,126	Nil
Net Actuarial (Loss)/Gain to be recognised	(11,985,372)	(7,850,135)	18,139,009	542,102
Recovery of past service cost	6,505,801	590,310	Nil	1,885,505
Liabilities assumed on acquisition/(Settled on Divestiture)	(3,238,244)	(254,224)	Nil	Nil
Unfunded obligation on transfer of employees	Nil	Nil	Nil	5,426,826
Expense recognised in the Profit and Loss Account under staff expenses	41,179,794	21,651,513	4,895,344	10,767,490
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>				
Opening Net Liability	3,312,969	21,150,737	5,574,373	16,125,943
Expense recognised	41,179,794	21,651,513	4,895,344	10,767,490
Contribution by the Group	(40,300,000)	(4,155,426)	2,038,460	Nil
Benefits paid net of recovery of past service cost	Nil	Nil	Nil	315,870
Liabilities Extinguished on Settlement	Nil	Nil	5,426,826	Nil
Unfunded obligation on transfer of employees	Nil	Nil	Nil	5,426,826
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	5,223,517	38,646,824	3,004,431	21,150,737
Estimated Contribution	23,000,000	2,326,351	23,000,000	1,086,876

	CURRENT YEAR	PREVIOUS YEAR	MARCH 31, 2009	MARCH 31, 2008	MARCH 31, 2007
	₹	₹	₹	₹	₹
<b>EXPERIENCE ADJUSTMENTS:</b>					
Defined Benefit Obligation	163,366,901	107,071,624	88,452,752	48,841,884	20,577,193
Plan Assets	119,728,049	82,916,456	66,752,436	34,528,319	18,416,688
Unrecognised past service cost	1,893,829	Nil	Nil	Nil	Nil
Deficit	41,745,023	24,155,168	21,700,316	14,313,565	2,160,505
Experience Adjustments on Plan Liabilities	27,414,063	(2,675,139)	22,351,939	8,037,218	(171,688)
Experience Adjustments on Plan Assets	(1,326,636)	13,025,909	(7,391,316)	(182,483)	(311,306)

	CURRENT YEAR	PREVIOUS YEAR
	(%)	(%)
<b>INVESTMENT PATTERN:</b>		
<b>INSURER MANAGED FUNDS</b>	<b>100.00</b>	<b>100.00</b>
Government Securities	23.40	13.95
Deposit and Money Market Securities	13.51	14.90
Debentures/Bonds	41.68	50.89
Equity Shares	21.41	20.26

<b>PRINCIPAL ASSUMPTIONS:</b>		
Discount Rate (p.a.)	8.30	8.00 - 8.10
Expected Rate of Return on Assets (p.a.)	8.00	8.00 - 10.00
Salary Escalation (p.a.)	8.00	5.00 - 9.00

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

**18** The Group is engaged in providing finance and advisory services for infrastructure projects, asset management and investment banking. The Group does not have any reportable geographic segment. Since the revenues, profit or assets of the asset management segment and investment banking segment individually do not exceed 10% of the Group's revenues, profit or assets, the Group has one reportable segment i.e. Infrastructure Operations in terms of Accounting Standard 17 on 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
<b>I. SEGMENT OPERATING REVENUE</b>		
(a) Infrastructure Operations	45,232,849,041	36,143,186,175
(b) Others	4,540,806,926	4,861,031,130
Total	49,773,655,967	41,004,217,305
Less: Inter Segment Revenue	(606,261,623)	(673,916,523)
Total Income	49,167,394,344	40,330,300,782
<b>II. SEGMENT RESULTS</b>		
(a) Infrastructure Operations	16,582,620,014	12,509,553,573
(b) Others	1,146,552,586	1,643,721,204
(c) Unallocated	59,209,389	130,245,180
<b>PROFIT BEFORE TAXATION</b>	<b>17,788,381,989</b>	<b>14,283,519,957</b>
Less: Provision for Taxation	4,997,541,654	3,665,759,010
<b>PROFIT AFTER TAXATION</b>	<b>12,790,840,335</b>	<b>10,617,760,947</b>
(before Share of profit from Associates and adjustment for Minority Interest)		
<b>III. SEGMENT ASSETS</b>		
(a) Infrastructure Operations	472,866,871,899	327,956,642,395
(b) Others	16,154,944,125	16,378,891,538
(c) Unallocated	4,145,602,274	3,763,770,734
Total	493,167,418,298	348,099,304,667
<b>IV. SEGMENT LIABILITIES</b>		
(a) Infrastructure Operations	379,044,292,886	275,866,660,330
(b) Others	1,616,286,921	2,060,218,070
(c) Unallocated	22,409,916	69,171,046
Total	380,682,989,723	277,996,049,446
<b>V. CAPITAL EMPLOYED</b>		
(a) Infrastructure Operations	93,822,579,013	52,089,982,065
(b) Others	14,538,657,204	14,318,673,468
(c) Unallocated	4,123,192,358	3,694,599,688
Total	112,484,428,575	70,103,255,221
<b>VI. CAPITAL EXPENDITURE (INCLUDING CAPITAL WORK-IN-PROGRESS)</b>		
(a) Infrastructure Operations	445,753,900	303,299,274
(b) Others	56,015,873	97,861,834
Total	501,769,773	401,161,108
<b>VII. DEPRECIATION AND AMORTISATION</b>		
(a) Infrastructure Operations	328,084,372	334,121,460
(b) Others	73,641,967	71,620,663
Total	401,726,339	405,742,123
<b>VIII. SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION</b>		
(a) Infrastructure Operations	2,453,130,672	1,724,906,597
(b) Others	(15,457,173)	(17,839,216)
Total	2,437,673,499	1,707,067,381

## SCHEDULE 18 Notes Forming Part of the Accounts (Continued)

19 As per Accounting Standard 18 on 'Related Party Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Group are as follows:

- RELATIONSHIPS:
  - I. **ASSOCIATE**  
Feedback Ventures Private Limited
  - II. **KEY MANAGEMENT PERSONNEL**  
[of the Holding Company]  
Dr. Rajiv B. Lall – Managing Director and CEO  
Mr. Vikram Limaye – Whole-time Director

The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
		₹	₹
<b>(a) ASSOCIATE:</b>			
Feedback Ventures Private Limited	Dividend received	7,288,040	3,699,036
	Miscellaneous Income	40,000	70,000
	Sundry Debtors	Nil	109,959
<b>(b) KEY MANAGEMENT PERSONNEL:</b>			
Dr. Rajiv B. Lall	Remuneration paid	62,585,557	16,757,312
Mr. Vikram Limaye	Remuneration paid	67,835,987	17,031,531

20 In accordance with Accounting Standard 19 on 'Leases' as notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of Operating Leases are made.

(i) The Group companies have taken vehicles for certain employees under Operating Leases, which expire between **August 2011 to March 2015** (Previous Year June 2010 to November 2013). Salaries include gross rental expenses of ₹ **5,442,846** (Previous Year ₹ 12,753,879). The committed lease rentals in the future are:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Not later than one year	9,878,451	6,320,542
Later than one year and not later than five years	19,630,147	6,433,337

(ii) Properties under Operating Leases have been acquired by the Group which expires between **April 2013 to September 2018** (Previous Year December 2015 to September 2018). The total minimum lease payments for the current year, in respect thereof, included under Rent amounts to ₹ **165,129,666** (Previous Year ₹ 70,801,549). The future lease payments in respect of the above are as follows:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Not later than one year	183,696,919	68,665,609
Later than one year and not later than five years	428,375,847	320,410,927
Later than five years	77,358,085	167,325,350

(iii) The Holding Company has given one of its office premises under non cancellable Operating Lease, which expires on **October 31, 2012**. Miscellaneous Income includes income from such leases of ₹ **19,585,800** (Previous Year ₹ 8,160,750). The future minimum lease payment are as follows:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Not later than one year	19,585,800	19,585,800
Later than one year and not later than five years	11,425,050	31,010,850

21 In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified by the Companies (Accounting Standards) Rules, 2006:

i. The Basic Earnings Per Share has been calculated based on the following:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Net Profit after Tax	12,816,532,308	10,622,916,414
Less: Adjustment for Dividend and Dividend Distribution Tax on CCCPS	373,924,401	Nil
Net amount available for Equity Shareholders	12,442,607,907	10,622,916,414
Weighted average number of Equity Shares (Nos.)	1,418,087,937	1,295,934,260

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

ii. The reconciliation between the Basic and the Diluted Earnings Per Share is as follows:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Basic Earnings Per Share	8.77	8.20
Effect of Outstanding Stock Options	(0.06)	(0.08)
Diluted Earnings Per Share	8.71	8.12

iii. The Basic Earnings Per Share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares for the respective years; whereas the Diluted Earnings Per Share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. Since, the effect of the conversion of CCCPS was anti-dilutive, it has been ignored. The relevant details as described above are as follows:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Weighted average number of shares for computation of Basic Earnings Per Share	1,418,087,937	1,295,934,260
Dilutive effect of outstanding Stock Options	10,165,050	12,596,753
Weighted average number of shares for computation of Diluted Earnings Per Share	1,428,252,987	1,308,531,013

**22** In compliance with Accounting Standard 22 relating to 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, credit has been taken in the Profit and Loss Account of ₹ **726,665,378** (Previous Year ₹ 333,869,109) towards deferred tax asset (net) on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
	₹	₹	₹	₹
	Assets		Liabilities	
(a) Depreciation	(237,484,698)	21,570,069	(193,693,169)	16,532,898
(b) Provisions	2,659,856,075	(6,228,069)	1,943,992,555	(4,676,324)
(c) Others	73,241,145	Nil	15,907,611	(733,056)
	<b>2,495,612,522</b>	<b>15,342,000</b>	<b>1,766,206,997</b>	<b>11,123,518</b>

Deferred Tax opening Assets & Liabilities include ₹ 1,608,749 and ₹ 130,414 respectively, being proportionate share of the Deferred Tax in the jointly controlled entities that have been transferred to IDFC Foundation, a wholly owned subsidiary during the current year.

**23** Contingent liabilities not provided for in respect of:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
(a) Capital Commitments	7,288,887,415	6,896,557,752
(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) [including ₹ <b>54,881,304</b> (Previous Year ₹ 1,255,133) on account of proportionate share in an associate company and ₹ <b>Nil</b> (Previous Year ₹ 661,800) on account of proportionate share in a jointly controlled entity]	75,070,174	42,750,088
(c) Claims not acknowledged as debts in respect of Income-tax demands under appeal amount to [including ₹ <b>Nil</b> (Previous Year ₹ 12,193,292) on account of proportionate share in jointly controlled entities]	1,184,774,318	723,667,359
(d) Guarantees issued by Holding Company	(₹ in crore)	(₹ in crore)
1. Financial Guarantees	1,234.45	280.12
2. Performance Guarantees	259.00	40.30
3. Risk Participation Facility	5.31	29.39

**24** The Holding Company has entered into Interest Rate Swaps in the nature of "fixed/floating" or "floating/fixed" for notional principal of ₹ **2,391** crore outstanding as on March 31, 2011 (Previous Year ₹ 1,660 crore) for varying maturities linked to various benchmarks for asset liability management and hedging.

The Holding Company has foreign currency borrowings of **USD 62.56** crore (Previous Year USD 48.83 crore), against which the Company has undertaken currency interest rate swaps and forward contracts of **USD 60.91** crore (Previous Year USD 38.32 crore) to hedge foreign currency risk. One of the subsidiaries has **USD 0.08** crore (Previous Year USD 0.49 crore) of unhedged foreign currency exposure as on the Balance Sheet date.

The Holding Company has also entered in to coupon only currency swaps for notional principal of **USD 11.11** crore (Previous Year USD 15.61 crore) to hedge the foreign currency risk towards interest on the foreign currency borrowings.

**25** Consequent to the change in the control in some entities, certain opening balances have been considered based on current ownership and accordingly the differences are reflected as 'Opening Adjustment'.

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

**26** Statement of information of Subsidiaries\* in compliance with Section 212 of the Companies Act, 1956 as on March 31, 2011

Name of Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Details of investment				Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed dividend
					Equity	Mutual Fund	Trust Units	Venture Capital Units					
Dheeru Powergen Limited	19,729,000	(18,718,023)	549,637,640	548,626,662	-	-	-	-	-	(4,675,201)	-	(4,675,201)	-
(Previous Year)	19,729,000	(14,042,823)	280,350,005	274,663,828	-	-	-	-	-	(12,428,177)	2,505,975	(14,934,152)	-
IDFC AMC Trustee Company Limited	500,000	378,289	1,252,411	374,122	-	-	-	-	400,000	(143,941)	-	(143,941)	-
(Previous Year)	500,000	522,230	1,408,317	386,087	-	-	-	-	500,000	218,647	68,000	150,647	-
IDFC Asset Management Company Limited	26,740,020	510,390,759	848,672,769	311,541,991	-	175,702,090	-	-	930,897,151	(32,565,168)	(4,451,000)	(28,114,168)	-
(Previous Year)	224,025,020	339,144,927	1,054,936,258	491,766,311	-	499,483,872	-	-	1,042,167,512	21,547,695	4,480,654	17,067,041	-
IDFC Capital (Singapore) Pte. Ltd.*	367,380,570	(332,228,119)	79,537,883	44,385,431	-	-	-	-	74,077,727	(120,536,075)	-	(120,536,075)	-
(Previous Year)	216,718,695	(208,276,976)	29,479,553	21,037,834	-	-	-	-	10,038,692	(110,802,874)	-	(110,802,874)	-
IDFC Capital (USA) Inc.	46,240,000	(7,711,762)	40,091,514	1,563,275	-	-	-	-	-	(6,185,093)	-	(6,185,093)	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
IDFC Capital Limited	60,352,200	1,083,223,453	1,508,455,450	364,879,797	20,585,060	77,699,215	-	-	1,030,599,770	449,072,591	143,170,757	305,901,834	-
(Previous Year)	60,352,200	777,321,619	1,134,704,962	297,031,143	20,585,060	46,075,461	-	-	813,957,873	440,020,668	158,833,437	281,187,231	-
IDFC Distribution Company Limited	15,000,000	2,681,086	20,007,900	2,326,813	-	6,397,764	-	-	2,982,575	1,123,422	222,537	900,885	-
(Previous Year)	15,000,000	1,780,201	17,163,253	383,052	-	6,820,300	-	-	-	1,126,662	350,000	776,662	-
IDFC Finance Limited	210,002,000	69,555,800	279,777,833	220,033	-	277,574,256	-	-	5,131,849	4,648,662	105,000	4,543,662	-
(Previous Year)	210,002,000	65,012,138	275,230,925	216,877	-	184,062,068	-	-	7,554,870	7,254,040	141,132	7,112,908	-
IDFC Foundation	500,000	(214,443)	455,340,707	455,055,150	306,771,900	-	148,467,700	-	40,707	(214,443)	-	(214,443)	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
IDFC Fund of Funds Limited *	536,826,562	(24,809,685)	513,253,115	1,236,238	-	-	-	-	-	(3,181,355)	-	(3,181,355)	-
(Previous Year)	303,648,301	(1,175,571)	303,717,913	1,200,779	-	-	-	-	-	(1,153,369)	-	(1,153,369)	-
IDFC General Partners Limited *	769,725	(34,016)	735,709	-	-	-	-	-	-	-	-	-	-
(Previous Year)	769,725	-	769,725	-	-	-	-	-	-	-	-	-	-
IDFC Investment Advisors Limited	100,000,000	15,587,980	148,021,809	32,433,829	-	98,281,920	-	-	165,309,995	14,622,674	7,955,803	6,666,871	-
(Previous Year)	100,000,000	8,921,109	191,342,150	82,039,937	-	40,043,030	-	-	269,842,048	74,500,907	5,031,104	69,469,803	-
IDFC Investment Managers (Mauritius) Limited *	2,569,224	25,546	3,152,381	557,611	-	-	-	-	1,553,283	58,439	17,250	41,189	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
IDFC Pension Fund Management Company Limited	120,000,000	1,568,739	121,817,580	248,841	-	117,028,760	-	-	115	2,980,458	135,646	2,844,812	-
(Previous Year)	120,000,000	(1,276,073)	120,886,406	2,162,480	-	119,027,255	-	-	-	(1,728,486)	(452,413)	(1,276,073)	-
IDFC PPP Trusteeship Company Limited	500,000	(544,417)	560,666	60,666	-	-	-	-	25,000	(126,111)	-	(126,111)	-
(Previous Year)	500,000	(418,306)	555,150	55,150	-	-	-	-	9,041	(135,234)	-	(135,234)	-
IDFC Private Equity Company Limited	500,000	551,379,603	839,904,013	288,024,410	-	-	-	9,020,986	812,608,701	571,257,390	186,480,000	384,777,390	-
(Previous Year)	500,000	539,750,213	886,681,408	346,431,195	-	-	-	1,840	968,500,071	705,165,006	236,942,000	468,223,006	-
IDFC Project Equity Company Limited	500,000	149,901,066	408,866,352	258,465,286	-	-	-	-	575,508,582	269,727,742	82,915,492	186,812,250	-
(Previous Year)	500,000	123,425,847	579,202,372	455,276,526	-	-	-	-	605,593,024	287,947,451	57,862,431	230,085,020	-
IDFC Projects Limited	340,500,000	(250,881,675)	580,962,774	491,344,449	-	-	-	-	36,224,559	(71,729,268)	54,160	(71,783,428)	-
(Previous Year)	340,500,000	(179,098,247)	320,406,397	159,004,643	-	-	-	-	10,465,733	(83,798,069)	-	(83,798,069)	-
IDFC Securities Limited	141,372,000	986,269,562	1,796,339,449	668,697,887	10,000	726,446,130	-	-	789,256,266	195,412,378	46,273,816	149,138,562	200%
(Previous Year)	141,372,000	1,165,743,145	1,705,363,841	398,248,696	10,000	964,434,605	-	-	981,130,970	358,887,853	122,226,067	236,661,786	-
IDFC Trustee Company Limited	500,000	13,919,316	14,719,629	300,313	-	12,319,860	-	-	5,600,000	5,842,905	1,616,493	4,226,412	-
(Previous Year)	500,000	9,692,904	10,266,178	73,274	-	9,755,556	-	-	5,600,000	5,638,553	1,663,000	3,975,553	-
Jetpur Somnath Highway Limited	1,000,000	(1,006,318)	55,954	62,272	-	-	-	-	-	246,201	45,700	200,501	-
(Previous Year)	500,000	(1,206,819)	184,241	891,060	-	-	-	-	-	(144,275)	-	(144,275)	-
Jetpur Somnath Tollways Limited	1,000,000	(4,536,729)	1,000,000	4,536,729	-	-	-	-	-	(4,536,729)	-	(4,536,729)	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Uniquist Infra Ventures Private Limited	100,000	(246,513)	100,000	246,513	-	-	-	-	-	(246,513)	-	(246,513)	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

# Subsidiary as defined under Section 4 of the Companies Act, 1956.

\* Exchange Rate:

Closing Rate: 1 US\$ = ₹ 44.59

Average Rate: 1 US\$ = ₹ 44.51

**27** Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's classification.

**FOR AND ON BEHALF OF THE BOARD**

**DEEPAK S. PAREKH**

Chairman

**RAJIV B. LALL**

Managing Director & CEO

**SUNIL KAKAR**

Chief Financial Officer

**MAHENDRA N. SHAH**

Company Secretary

Mumbai | April 29, 2011

## TO THE MEMBERS OF INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

1. We have audited the attached Balance Sheet of **INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED** ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company 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 the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) 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 as follows:

- (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 it 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 account;
- (d) as required by Article 215(4)(f) of the Articles of Association of the Company, we report that in our opinion,

the transactions of the Company which have come to our notice have been within the powers of the Company;

- (e) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

### FOR DELOITTE HASKINS & SELLS

Chartered Accountants  
(Registration No. 117366W)

**NALIN M. SHAH**  
Partner  
Membership No. 15860

Mumbai  
April 29, 2011

**(Referred to in paragraph 3 of our report of even date)**

- (i) Having regard to the nature of the Company's business/ activities/result/transactions, etc., clauses (ii), (viii), (x) and (xiii) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) During the year, the fixed assets have not been physically verified by the Management. However, the Company has a regular programme of physical verification of its fixed assets whereby all fixed assets are verified in a phased manner at regular intervals. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has granted short-term loans aggregating ₹ 940,000,000 to two parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ Nil and the maximum amount involved during the year was ₹ 400,000,000.
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The receipts of principal amounts and interest have been regular.
- (iv) In case of loans, secured or unsecured, taken by the Company from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) Thirteen parties have subscribed to the public issue of Infrastructure Bonds during the year. At the year-end, the outstanding balance of such bonds aggregated ₹ 370,000 and the maximum amount involved during the year was the amount subscribed.
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) No payment of the principal amount and interest were due during the year.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transactions (excluding loans reported under paragraph (iii) above) is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices wherever applicable, at the relevant time.
- (vii) The Company has not accepted any deposit from the public within the meaning of Sections 58A & 58AA of the Companies Act, 1956.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Service Tax, Wealth Tax, Cess and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2011 on account of disputes are given below:

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED (₹)
Income-tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2007-08	388,394,270
Income-tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2008-09	8,021,093

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- (xi) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xii) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name, except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xv) According to the information and explanations given to us and on the basis of the maturity profile of assets and liabilities with a maturity profile of one year as given in the Asset Liability Management Report, liabilities maturing in the next one year are in excess of the assets of similar maturity by ₹ 1,900.14 crore.
- (xvi) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties covered in the Register maintained under Section 301

of the Companies Act, 1956 at a price which is *prima facie* not prejudicial to the interests of the Company.

- (xvii) According to the information and explanations given to us and the records examined by us, securities/charges have been created in respect of all debentures issued during the year except in respect of debentures aggregating ₹ 19,760,000,000 for which securities/charges have been subsequently created.
- (xviii) We have verified the end use of money raised by public issue of Infrastructure Bonds during the year as disclosed in Note 8 of Schedule 18 to the Accounts.
- (xix) To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

**FOR DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No. 117366W)

**NALIN M. SHAH**  
Partner  
Membership No. 15860

Mumbai  
April 29, 2011

# BALANCE SHEET

AS AT MARCH 31, 2011

		₹	₹	₹
	SCHEDULE		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>SOURCES OF FUNDS</b>				
Shareholders' Funds				
Capital	1	23,009,475,480		13,006,123,930
Share Application Money		41,425,329		2,563,997
Reserves and Surplus	2	87,650,605,932		55,222,447,121
			110,701,506,741	68,231,135,048
Loan Funds				
Secured	3	354,350,149,984		-
Unsecured		8,622,608,276		265,228,783,753
			362,972,758,260	265,228,783,753
			<b>473,674,265,001</b>	<b>333,459,918,801</b>
<b>APPLICATION OF FUNDS</b>				
Fixed Assets				
Gross Block	4	4,416,728,878		4,332,599,865
Less: Depreciation and Amortisation		997,081,323		754,441,687
		3,419,647,555		3,578,158,178
Add: Capital Work-in-Progress		6,442,966		46,340,563
			3,426,090,521	3,624,498,741
Investments	5		81,074,153,914	57,826,891,944
Infrastructure Loans	6		376,523,158,142	250,269,967,319
Deferred Tax Asset (See Schedule 18 Note 34)			2,449,000,000	1,743,000,000
Current Assets, Loans and Advances				
Income accrued on Investments		688,705,501		454,702,161
Interest accrued on Infrastructure Loans [See Schedule 18 Note 10(d)]		5,441,213,003		3,598,209,916
Sundry Debtors	7	154,481,197		459,308,243
Cash and Bank Balances	8	9,685,465,454		320,298,097
Loans and Advances	9	10,237,723,699		25,107,785,120
		26,207,588,854		29,940,303,537
Less: Current Liabilities and Provisions				
Current Liabilities	10	11,335,694,929		7,742,264,013
Provisions	11	4,670,031,501		2,202,478,727
		16,005,726,430		9,944,742,740
Net Current Assets			10,201,862,424	19,995,560,797
			<b>473,674,265,001</b>	<b>333,459,918,801</b>
Notes to the Accounts	18			
Schedules 1 to 18 form an integral part of the Accounts				

## IN TERMS OF OUR REPORT ATTACHED

### FOR DELOITTE HASKINS & SELLS

Chartered Accountants

**NALIN M. SHAH**

Partner

Mumbai | April 29, 2011

### FOR AND ON BEHALF OF THE BOARD

**DEEPAK S. PAREKH**

Chairman

**SUNIL KAKAR**

Chief Financial Officer

**RAJIV B. LALL**

Managing Director & CEO

**MAHENDRA N. SHAH**

Company Secretary

# PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

		₹	₹	₹
	SCHEDULE ↘		APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
<b>INCOME</b>				
Operating and Other Income	12		45,603,534,228	35,971,062,777
<b>EXPENDITURE</b>				
Interest & Other Charges	13	23,865,209,137		19,502,308,368
Staff Expenses	14	1,065,206,532		1,049,967,930
Establishment Expenses	15	181,528,853		171,907,831
Other Expenses	16	624,593,408		443,486,064
Provisions and Contingencies	17	2,349,366,132		1,303,628,179
Depreciation & Amortisation		326,976,713		328,390,687
		28,412,880,775		22,799,689,059
Less: Shared Service Cost recovered [See Schedule 18 Note 19(b)]		113,832,000		-
			28,299,048,775	22,799,689,059
<b>PROFIT BEFORE TAXATION</b>			<b>17,304,485,453</b>	<b>13,171,373,718</b>
Less: Provision for Taxation				
Current Tax		5,239,000,000		3,393,000,000
Less: Deferred Tax (See Schedule 18 Note 34)		706,000,000		350,000,000
			4,533,000,000	3,043,000,000
<b>PROFIT AFTER TAXATION</b>			<b>12,771,485,453</b>	<b>10,128,373,718</b>
Add: Balance as per last Balance Sheet			12,631,228,854	9,552,716,004
<b>AVAILABLE FOR APPROPRIATION</b>			<b>25,402,714,307</b>	<b>19,681,089,722</b>
Appropriations:				
Special Reserve u/s 36(1) (viii) of Income-tax Act, 1961 (See Schedule 18 Note 5)			2,460,000,000	2,340,000,000
Debenture Redemption Reserve (See Schedule 18 Note 6)			726,000,000	-
Special Reserve u/s 45-IC of RBI Act, 1934			2,560,000,000	2,030,000,000
General Reserve			957,900,000	506,500,000
Proposed Dividend on				
Equity Shares			2,925,128,345	1,951,251,394
[₹ 2.00 per equity share (Previous Year ₹ 1.50 per equity share)] (See Schedule 18 Note 28)				
Preference Shares			321,731,507	-
[@ 6% p.a. (Previous Year Nil)] (See Schedule 18 Note 3)				
Tax on Dividend (See Schedule 18 Notes 18 & 28)			450,742,611	222,109,474
Balance carried forward			15,001,211,844	12,631,228,854
			<b>25,402,714,307</b>	<b>19,681,089,722</b>
Earnings per share (Face Value ₹ 10) (See Schedule 18 Notes 4 & 33)				
Basic			8.74	7.82
Diluted			8.68	7.74
Notes to the Accounts	18			
Schedules 1 to 18 form an integral part of the Accounts				

## IN TERMS OF OUR REPORT ATTACHED

### FOR DELOITTE HASKINS & SELLS

Chartered Accountants

**NALIN M. SHAH**

Partner

Mumbai | April 29, 2011

### FOR AND ON BEHALF OF THE BOARD

**DEEPAK S. PAREKH**

Chairman

**SUNIL KAKAR**

Chief Financial Officer

**RAJIV B. LALL**

Managing Director & CEO

**MAHENDRA N. SHAH**

Company Secretary

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2011

	₹	₹	₹
		FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before Taxation		17,304,485,453	13,171,373,718
Adjustments for:			
Depreciation and Amortisation	326,976,713		328,390,687
Provision for Employee Benefits	(23,140,863)		(3,884,909)
ESOP compensation cost	167,493,624		53,382,037
Provision for Contingencies	1,484,775,667		1,026,200,000
Provision for Doubtful Loans, Debtors and Restructured Loans	64,283,333		48,926,711
Provision for Diminution in value of Investments	798,685,432		228,501,468
Provision for Mark-to-Market on Derivatives	1,621,700		-
(Gain)/Loss on Foreign Currency Revaluation	(74,185,460)		358,406,574
Profit on sale of Investments	(2,741,336,565)		(4,252,624,857)
Amortisation of Premium on Investments	30,068,206		13,147,575
Profit on sale of Fixed Assets (Net)	(69,953,102)		(127,400,931)
		(34,711,315)	(2,326,955,645)
Changes in:			
Current Assets, Loans and Advances	(3,938,126,895)		2,124,181,888
Current Liabilities	1,751,081,712		580,997,943
		(2,187,045,183)	2,705,179,831
Direct Taxes paid		(4,227,596,546)	(2,590,546,285)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>10,855,132,409</b>	<b>10,959,051,619</b>
Infrastructure Loans disbursed (net of repayments)		(126,780,417,475)	(44,940,426,583)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(115,925,285,066)</b>	<b>(33,981,374,964)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Fixed Assets (including Capital Work-in-Progress)		(172,589,688)	(156,969,641)
Sale of Fixed Assets		113,974,297	236,725,239
Investments in Subsidiaries		(346,025,233)	(1,409,999,990)
Purchase of other Investments		(1,867,731,013,255)	(1,012,016,009,548)
Sale proceeds of Investments in Subsidiaries and Jointly Controlled Entities		652,899,100	80,000,000
Sale proceeds of other Investments		1,862,512,960,345	1,013,804,006,793
<b>NET CASH FROM/(USED) IN INVESTING ACTIVITIES</b>		<b>(4,969,794,434)</b>	<b>537,752,853</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from fresh issue of shares (net of issue expenses)		35,052,369,151	207,455,365
Proceeds from Borrowings (net of repayments) (net of public issue expenses)		97,210,702,752	28,744,128,128
Dividend paid (including dividend tax)		(2,174,806,826)	(1,750,815,221)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>130,088,265,077</b>	<b>27,200,768,272</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)		9,193,185,577	(6,242,853,839)
Cash and cash equivalents as at the beginning [See Schedule 18 Note 12(a)]		312,674,102	6,555,527,941
Cash and cash equivalents as at the end of the year [See Schedule 18 Note 12(a)]		9,505,859,679	312,674,102
		9,193,185,577	(6,242,853,839)

## IN TERMS OF OUR REPORT ATTACHED

### FOR DELOITTE HASKINS & SELLS

Chartered Accountants

**NALIN M. SHAH**

Partner

### FOR AND ON BEHALF OF THE BOARD

**DEEPAK S. PAREKH**

Chairman

**RAJIV B. LALL**

Managing Director & CEO

**SUNIL KAKAR**

Chief Financial Officer

**MAHENDRA N. SHAH**

Company Secretary

Mumbai | April 29, 2011

<b>SCHEDULE 1 Capital</b>		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>AUTHORISED:</b>			
4,000,000,000 Equity Shares of ₹ 10 each		40,000,000,000	40,000,000,000
100,000,000 Preference Shares of ₹ 100 each		10,000,000,000	10,000,000,000
		<b>50,000,000,000</b>	<b>50,000,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID-UP:</b>			
(See Schedule 18 Notes 2 & 3)			
<b>1,460,947,548</b> (Previous Year 1,300,612,393) Equity Shares of ₹ 10 each, fully paid-up		14,609,475,480	13,006,123,930
<b>84,000,000</b> (Previous Year Nil) 6% compulsorily convertible cumulative Preference Shares of ₹ 100 each fully paid-up		8,400,000,000	-
		<b>23,009,475,480</b>	<b>13,006,123,930</b>
<b>SCHEDULE 2 Reserves and Surplus</b>		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>SECURITIES PREMIUM ACCOUNT</b>			
Opening Balance	21,914,270,425		22,037,481,915
Add: Received during the year	25,101,204,403		152,052,448
Add: Options exercised	58,183,450		1,397,289
Less: Utilised during the year	1,914,422,206		276,661,227
		<b>45,159,236,072</b>	<b>21,914,270,425</b>
<b>EMPLOYEES' STOCK OPTIONS OUTSTANDING</b>			
(See Schedule 18 Note 4)			
Opening Balance	203,647,842		151,663,094
Add: Net charge for the year	167,493,624		53,382,037
Less: Options exercised	58,183,450		1,397,289
		<b>312,958,016</b>	<b>203,647,842</b>
<b>SPECIAL RESERVE U/S 36(1)(viii) OF INCOME-TAX ACT, 1961</b>			
(See Schedule 18 Note 5)			
Opening Balance	9,142,500,000		6,802,500,000
Add: Transfer from Profit and Loss Account	2,460,000,000		2,340,000,000
		<b>11,602,500,000</b>	<b>9,142,500,000</b>
<b>SPECIAL RESERVE U/S 45-IC OF RBI ACT, 1934</b>			
Opening Balance	9,375,000,000		7,345,000,000
Add: Transfer from Profit and Loss Account	2,560,000,000		2,030,000,000
		<b>11,935,000,000</b>	<b>9,375,000,000</b>
<b>DEBENTURE REDEMPTION RESERVE</b>			
(See Schedule 18 Note 6)			
Opening Balance	-		-
Add: Transfer from Profit and Loss Account	726,000,000		-
		<b>726,000,000</b>	<b>-</b>
<b>GENERAL RESERVE</b>			
Opening Balance	1,955,800,000		1,449,300,000
Add: Transfer from Profit and Loss Account	957,900,000		506,500,000
		<b>2,913,700,000</b>	<b>1,955,800,000</b>
<b>PROFIT AND LOSS ACCOUNT</b>		<b>15,001,211,844</b>	<b>12,631,228,854</b>
		<b>87,650,605,932</b>	<b>55,222,447,121</b>

SCHEDULE 3 Loan Funds	₹	₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<b>LOAN FUNDS (Secured) [See Schedule 18 Note 7(a)]</b>			
<b>LONG-TERM</b>			
<b>DEBENTURES (NON-CONVERTIBLE)</b> [Refer Note (i)]	247,824,605,000		-
(See Schedule 18 Notes 7(d) & 8)			
Less: Unexpired discount on zero percent debentures [Refer Note (vi)]	2,811,586,678		-
(Redeemable from <b>April 5, 2011 to March 28, 2026</b> )		245,013,018,322	-
<b>TERM LOANS</b> [Refer Note (iii)]			
From Banks	80,472,032,782		-
From Others	14,117,842,442		-
		94,589,875,224	-
		339,602,893,546	-
<b>SHORT-TERM</b>			
<b>TERM LOANS</b>			
From Banks	12,250,000,000		-
Collateralised Borrowing and Lending Obligation [See Schedule 18 Note 7(b)]	2,497,256,438		-
		14,747,256,438	-
<b>TOTAL SECURED LOAN FUNDS</b>		<b>354,350,149,984</b>	<b>-</b>
<b>LOAN FUNDS (UNSECURED)</b>			
<b>LONG-TERM</b>			
<b>SUBORDINATED DEBT FROM GOVERNMENT OF INDIA</b>		6,500,000,000	6,500,000,000
(Repayable from March 17, 2047 to September 29, 2047)			
<b>DEBENTURES (NON-CONVERTIBLE)</b> [Refer Note (ii)]	-		162,866,000,000
[See Schedule 18 Note 7(c)]			
Less: Unexpired discount on zero percent debentures [Refer Note (vi)]	-		4,092,546,142
(Previous Year Redeemable from April 6, 2010 to January 17, 2026)		-	158,773,453,858
<b>TERM LOANS</b> [Refer Note (iv)]			
From Banks	-		50,455,497,768
From Others	-		11,656,312,500
		-	62,111,810,268
		6,500,000,000	227,385,264,126
<b>SHORT-TERM</b>			
<b>DEBENTURES (NON-CONVERTIBLE)</b>	-		7,500,000,000
Less: Unexpired discount on zero percent debentures [Refer Note (vi)]	-		187,928,402
(Previous Year Redeemable from June 21, 2010 to September 29, 2010)		-	7,312,071,598
<b>TERM LOANS</b>			
From Banks	-		11,300,000,000
From Others	-		2,000,000,000
		-	13,300,000,000
<b>COMMERCIAL PAPER</b>	2,100,000,000		17,500,000,000
Less: Unexpired discount on commercial papers [Refer Note (vi)]	36,496,733		268,551,971
(Maximum amount outstanding during the year ₹ <b>29,750,000,000</b> )		2,063,503,267	17,231,448,029
Previous Year ₹ 21,760,000,000)			
<b>BANK OVERDRAFT</b>		59,105,009	-
		2,122,608,276	37,843,519,627
<b>TOTAL UNSECURED LOAN FUNDS</b>		<b>8,622,608,276</b>	<b>265,228,783,753</b>
<b>TOTAL LOAN FUNDS</b>		<b>362,972,758,260</b>	<b>265,228,783,753</b>

**NOTES:**

- (i) Debentures include ₹ **58,040,000,000** (Previous Year ₹ Nil) repayable within a year.
- (ii) Debentures include ₹ **Nil** (Previous Year ₹ 48,580,000,000) repayable within a year.
- (iii) Term Loans from Banks include ₹ **19,981,597,085** (Previous Year ₹ Nil) and from Others include ₹ **1,074,937,245** (Previous Year ₹ Nil) repayable within a year.
- (iv) Term Loans from Banks include ₹ **Nil** (Previous Year ₹ 13,162,285,085) and from Others include ₹ **Nil** (Previous Year ₹ 922,874,743) repayable within a year.
- (v) In terms of the Reserve Bank of India Circular (Ref. No. DNBS (PD) CC No. 178/03.02.001/2010-11 dated July 1, 2010) no loans remained overdue as on March 31, 2011 and March 31, 2010.
- (vi) Unexpired discount is net of ₹ **2,357,045,237** (Previous Year ₹ 1,631,380,732) towards interest accrued but not due.

**SCHEDULE 4 Fixed Assets**

DESCRIPTION	GROSS BLOCK			DEPRECIATION AND AMORTISATION				NET BLOCK		
	As at April 1, 2010	Additions	Deletions	As at March 31, 2011	As at April 1, 2010	Charge for the year	Deletions	As at March 31, 2011	As at March 31, 2010	
<b>Tangible</b>										
Buildings										
Own Use	2,773,236,423	58,414,115	75,934,134	2,755,716,404	220,304,983	127,207,781	36,514,492	310,998,272	2,444,718,132	2,552,931,440
Under Operating Lease	188,120,350	-	-	188,120,350	86,885,372	5,061,749	-	91,947,121	96,173,229	101,234,978
Leasehold Improvements	34,410,436	22,828,373	-	57,238,809	10,022,544	12,760,946	-	22,783,490	34,455,319	24,387,892
Computer Hardware	82,426,328	23,353,843	8,886,415	96,893,756	52,254,144	18,178,053	8,672,143	61,760,054	35,133,702	30,172,184
Furniture, Fittings and Office Equipments										
Owned	155,109,210	36,619,556	14,853,173	176,875,593	57,176,550	20,162,311	11,621,626	65,717,235	111,158,358	97,932,660
Under Operating Lease	4,344,305	-	-	4,344,305	1,048,746	235,688	-	1,284,434	3,059,871	3,295,559
Windmills	1,012,500,000	-	-	1,012,500,000	282,363,895	111,929,865	-	394,293,760	618,206,240	730,136,105
Vehicles	9,581,826	124,800	901,815	8,804,811	5,509,311	1,066,067	699,381	5,875,997	2,928,814	4,072,515
<b>Intangible</b>										
Computer Software	72,870,987	71,146,598	27,782,735	116,234,850	38,876,142	30,374,253	26,829,435	42,420,960	73,813,890	33,994,845
<b>Total</b>	<b>4,332,599,865</b>	<b>212,487,285</b>	<b>128,358,272</b>	<b>4,416,728,878</b>	<b>754,441,687</b>	<b>326,976,713</b>	<b>84,337,077</b>	<b>997,081,323</b>	<b>3,419,647,555</b>	<b>3,578,158,178</b>
Previous Year	4,377,128,101	150,679,215	195,207,451	4,332,599,865	511,934,143	328,390,687	85,883,143	754,441,687	3,578,158,178	

NOTE:

Buildings include ₹ 500 (Previous Year ₹ 1,000) being the cost of shares in co-operative housing societies.

**SCHEDULE 5 Investments**

₹ AS AT MARCH 31, 2011 AS AT MARCH 31, 2010 ₹

[See Schedule 18 Note 39(e)]

**I. LONG-TERM**
**A. EQUITY SHARES (FULLY PAID)**

	NUMBER OF SHARES	FACE VALUE		
<b>QUOTED (NON TRADE)</b>				
Andhra Cements Limited (7,020,611 shares acquired during the year)	15,760,611	10	402,353,430	249,964,000
Bharti Airtel Limited (155,600 shares sold during the year)	466,800	5	10,503,000	14,004,000
DQ Entertainment (International) Limited	258,097	10	17,578,988	17,578,988
Godrej Properties Limited	423,791	10	207,657,590	207,657,590
Gujarat State Petronet Limited (840,000 shares sold during the year)			-	16,800,000
Jaypee Infratech Limited	3,791,842	10	386,767,884	-
JSW Energy Limited	2,394,595	10	239,459,500	239,459,500
KSK Energy Ventures Limited	3,125,000	10	750,000,000	750,000,000
Mundra Port and Special Economic Zone Limited (1,675,000 shares sold during the year) (Face value changed from ₹ 10 to ₹ 2 per share during the year)			-	143,578,712
Sarda Energy & Minerals Limited	1,842,105	10	349,999,950	349,999,950
SJVN Limited	6,447,279	10	167,629,254	-
Tata Consultancy Services Limited (20,685 shares sold during the year)	62,055	1	436,688	582,250
Torrent Power Limited	3,900,000	10	280,800,000	280,800,000
VA Tech Wabag Limited	38,390	5	47,279,205	-
<i>Carried forward</i>			2,860,465,489	2,270,424,990

**SCHEDULE 5 Investments (Continued)**

 ₹ ₹ ₹  
**AS AT MARCH 31, 2011 AS AT MARCH 31, 2010**

	NUMBER OF SHARES	FACE VALUE		
<i>Brought forward</i>			2,860,465,489	2,270,424,990
<b>UNQUOTED</b>				
<b>SUBSIDIARIES (TRADE)</b>				
IDFC Asset Management Company Limited (64,000 shares subscribed during the year)	2,674,002	10	8,396,417,338	8,141,717,338
IDFC AMC Trustee Company Limited	50,000	10	662,351	662,351
Jetpur Somnath Highway Limited (Formerly IDFC Capital Company Limited) (50,000 shares transferred to a wholly owned subsidiary during the year)			-	500,000
IDFC Finance Limited	21,000,200	10	210,002,000	210,002,000
IDFC Foundation	50,000	10	500,000	-
IDFC Pension Fund Management Company Limited (Subsidiary of a Subsidiary Company)	5,999,999	10	59,999,990	59,999,990
IDFC PPP Trusteeship Company Limited	50,000	10	500,000	500,000
IDFC Private Equity Company Limited	50,000	10	500,000	500,000
IDFC Project Equity Company Limited	50,000	10	500,000	500,000
IDFC Projects Limited (9,049,900 shares purchased from a wholly owned subsidiary during the year)	34,050,000	10	340,726,233	250,001,000
IDFC Securities Limited	14,137,200	10	4,400,973,117	4,400,973,117
IDFC Trustee Company Limited	50,000	10	500,000	500,000
Uniquet Infra Ventures Private Limited	10,000	10	100,000	-
<b>OTHERS (NON TRADE)</b>				
Asset Reconstruction Company (India) Limited	27,197,743	10	1,137,708,410	1,137,708,410
Asia Bio Energy (India) Limited	2,500,000	10	25,000,000	25,000,000
Athena Energy Ventures Private Limited (8,000,000 shares subscribed during the year)	50,000,000	10	500,000,000	420,000,000
Avantika Gas Limited	3,500	10	35,000	35,000
BSCPL Infrastructure Limited [Formerly B. Seenaiiah & Company (Projects) Limited] (218,150 bonus shares received during the year)	436,300	10	249,999,900	249,999,900
Delhi Integrated Multi-Modal Transit System Limited (73,045 shares sold to a wholly owned subsidiary during the year)			-	73,045,000
Delhi Mumbai Industrial Corridor Development Corporation Limited	1,000,000	10	10,000,000	10,000,000
Ennore SEZ Company Limited	25,000	10	250,000	250,000
Feedback Ventures Private Limited	4,026,689	10	200,870,985	200,870,985
GMR Kamalanga Energy Limited	17,730,000	10	177,300,000	177,300,000
GR Infraprojects Limited	111,256	10	19,773,529	-
Green Gas Limited	10,000	10	100,000	100,000
Indian Commodity Exchange Limited	10,000,000	5	50,000,000	50,000,000
Indian Energy Exchange Limited	1,250,000	10	12,500,000	12,500,000
Indu Projects Limited	2,053,480	10	266,952,400	266,952,400
Intarvo Technologies Limited	69,800	10	14,029,800	-
Infrastructure Development Corporation (Karnataka) Limited (4,949,996 shares sold to a wholly owned subsidiary during the year)			-	49,499,960
KMC Constructions Limited	542,977	10	238,997,884	238,997,884
L & T Infrastructure Development Projects Limited (5,400,000 shares sold during the year)			-	540,000,000
MVR Infrastructure and Tollways Private Limited	1,200,000	100	120,000,000	120,000,000
National Stock Exchange of India Limited	3,547,990	10	889,161,443	889,161,443
One 97 Communication Limited	119,867	10	29,607,149	-
<i>Carried forward</i>			20,214,133,018	19,797,701,768

**SCHEDULE 5 Investments (Continued)**

 ₹ ₹ ₹  
**AS AT MARCH 31, 2011 AS AT MARCH 31, 2010**

	NUMBER OF SHARES	FACE VALUE		
<i>Brought forward</i>			20,214,133,018	19,797,701,768
Orbis Capital Limited	7,500,000	10	86,250,000	-
Petronet CCK Limited	19,973,332	10	199,733,320	199,733,320
Pipal Tree Ventures Private Limited	192,885	10	22,500,000	-
Quickjet Cargo Airlines Private Limited	90,909	10	999,999	999,999
Rohan Rajdeep Toll Roads Limited	4,070,000	10	40,700,000	40,700,000
Securities Trading Corporation of India Limited	3,530,136	10	540,428,382	540,428,382
SSIPL Retail Private Limited	304,599	10	50,002,890	50,002,890
Uttarakhand Infrastructure Development Company Limited (239,517 shares sold to a wholly owned subsidiary during the year)			-	2,395,170
		(A)	21,154,747,609	20,631,961,529
<b>B. PREFERENCE SHARES (FULLY PAID – UNQUOTED)</b>				
[See Schedule 18 Note 9(b)]				
<b>SUBSIDIARIES (TRADE)</b>				
IDFC Asset Management Company Limited (19,792,500 shares redeemed during the year)			-	197,925,000
<b>OTHERS (NON TRADE)</b>				
1% Asian Hotels Limited (5,000,000 shares redeemed during the year)			-	450,000,000
0.10% GMR Energy Limited (convertible)	540,088	1,000	540,088,000	-
0% Human Value Developers Private Limited (convertible)	23,749,200	10	237,492,000	237,492,000
0% Moser Baer Solar Limited (optionally convertible) (Formerly P. V. Technologies India Limited)	61,290,000	10	612,900,000	612,900,000
0% Quickjet Cargo Airlines Private Limited (convertible)	15,181,818	11	167,000,000	167,000,000
0.10% SMMS Investments Private Limited (215,000 shares redeemed during the year)			-	2,150,000,000
0% TRIL Infopark Limited (convertible) (3,750,000 shares redeemed during the year) (15,000,000 shares subscribed during the year) (Previous year optionally convertible)	26,250,000	100	2,625,000,000	1,500,000,000
13.50% Viom Networks Limited (optionally partially convertible) (Formerly Wireless-TT Info Services Limited)	250,000,000	10	2,500,000,000	2,500,000,000
0.02% Ziqitza Healthcare Limited (convertible)	2,209	10	4,698,543	4,698,543
		(B)	6,687,178,543	7,820,015,543
<b>C. VENTURE CAPITAL UNITS (UNQUOTED)</b>				
	NUMBER OF UNITS	FACE VALUE		
Faering Capital India Evolving Fund (fully paid)	45,000	1,000	45,000,000	-
India Development Fund - Class A (₹ 99.79 paid)	10,000,000	100	1,000,000	1,000,000
India Development Fund - Class B (fully paid)	700	100	70,000	70,000
India Infrastructure Fund - Class B (fully paid)	4,070	1	4,070	-
IDFC Project Equity Domestic Investors Trust I (fully paid) (2,539,200 units subscribed during the year) (1,092,920 units redeemed during the year)	15,628,280	100	1,562,828,000	1,418,200,000
IDFC Private Equity Fund II - Class A (₹ 8.90 paid) (₹ 141,817,500 repaid during the year)	135,000,000	10	952,234,650	1,050,042,150
IDFC Private Equity Fund II - Class C (₹ 10 paid)	6,621	10	66,210	66,210
IDFC Private Equity Fund III - Class A (₹ 4.79 paid)	280,000,000	10	1,342,443,116	1,040,200,000
IDFC Private Equity Fund III - Class C (₹ 4.23 paid)	1,350,000	10	5,709,345	-
IDFC Private Equity Fund III - Class D (₹ 1.75 paid)	79,996,000	10	139,913,004	-
IDFC Private Equity Fund III - Class F (₹ 1.72 paid)	385,695	10	662,625	-
Urban Infrastructure Opportunities Fund - Class A (fully paid)	2,700	100,000	274,000,000	274,000,000
		(C)	4,323,931,020	3,783,578,360

**SCHEDULE 5 Investments (Continued)**

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**AS AT MARCH 31, 2011 AS AT MARCH 31, 2010**

<b>D. BONDS (FULLY PAID – UNQUOTED)</b>				
[See Schedule 18 Note 9(c)]				
	<b>NUMBER OF BONDS</b>	<b>FACE VALUE</b>		
10.05% Axis Bank Limited	250	1,000,000	249,950,000	249,950,000
8.25% Corporation Bank Limited	250	1,000,000	249,721,250	249,721,250
9.50% Delhi Transco Limited (5,000 bonds sold during the year)			-	500,050,000
10.25% Future Capital Holdings Limited	500	1,000,000	494,946,000	-
9.92% HDFC Bank Limited	59	1,000,000	59,000,000	59,000,000
9.98% ICICI Bank Limited	200	1,000,000	200,000,000	200,000,000
6.25% ING Vysya Bank Limited	500	100,000	43,864,450	43,864,450
8.95% Infotel Broadband Services Private Limited	500	1,000,000	482,377,500	-
8.91% L&T Infrastructure Finance Company Limited	250	1,000,000	245,118,200	-
Floating Rate Bond LIC Housing Finance Limited (200 bonds sold during the year)			-	200,000,000
7.00% Power Finance Corporation Limited (250 bonds sold during the year)			-	252,932,500
8.49% Power Finance Corporation Limited (300 bonds sold during the year)			-	309,440,100
8.60% Power Finance Corporation Limited	250	1,000,000	250,000,000	250,000,000
8.80% Power Finance Corporation Limited (400 bonds sold during the year)			-	400,000,000
11.00% Power Finance Corporation Limited	700	1,000,000	785,913,800	785,913,800
11.15% Power Finance Corporation Limited (25 bonds sold during the year)			-	26,475,750
8.84% Power Grid Corporation Limited (3,360 bonds sold during the year)			-	4,200,000,000
10.90% Power Grid Corporation Limited	90	500,000	47,294,640	56,753,568
10.90% Reliance Gas Transportation Infrastructure Limited (250 bonds sold during the year)	100	1,000,000	107,451,700	372,677,950
10.95% Reliance Gas Transportation Infrastructure Limited	1,324	1,000,000	1,475,125,856	1,475,125,856
9.20% Reliance Utilities and Power Private Limited	500	1,000,000	509,555,000	-
7.15% Rural Electrification Corporation Limited	500	1,000,000	500,000,000	500,000,000
7.90% Rural Electrification Corporation Limited	650	1,000,000	654,725,950	654,725,950
0% Sharekhan Limited (convertible)	3,435,527	145.35	499,353,849	499,353,849
0% Sharekhan Limited (convertible)	567,601	264.27	149,999,916	149,999,916
10.60% Shriram Transport Finance Company Limited	100	1,000,000	100,000,000	-
11.00% Shriram Transport Finance Company Limited	250	1,000,000	252,954,750	-
10.10% State Bank of India (100 bonds sold during the year)			-	100,496,200
9.90% State Bank of Patiala (100 bonds sold during the year)			-	99,349,600
8.32% Tamilnadu Electricity Board (234 bonds sold during the year)			-	234,023,400
		(D)	7,357,352,861	11,869,854,139
<b>E. GOVERNMENT SECURITIES (UNQUOTED)</b>		(E)	499,862,500	256,262,500
<b>F. SECURITY RECEIPTS (UNQUOTED)</b>				
Issued by Asset Reconstruction Company (India) Limited		(F)	217,172,886	220,031,677

**SCHEDULE 5 Investments (Continued)**

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**AS AT MARCH 31, 2011**    **AS AT MARCH 31, 2010**

**G. TRUST UNITS (UNQUOTED)**

India Infrastructure Initiative (60,000 units transferred to a wholly owned subsidiary during the year)	-	60,000,000
India PPP Capacity Building Trust (250,000 units transferred to a wholly owned subsidiary during the year)	-	50,000,000
	(G)	-
<b>TOTAL LONG-TERM INVESTMENTS</b>	<b>(A + B + C + D + E + F + G)</b>	<b>40,240,245,419</b>
		<b>44,691,703,748</b>

**II. CURRENT (NON TRADE)**
**A. EQUITY SHARES (FULLY PAID – QUOTED)** [See Schedule 18 Note 9(a)]

	NUMBER OF SHARES	FACE VALUE		
Hathway Cable & Datacom Limited	416,650	10	99,996,000	99,996,000
Indiabulls Power Limited	3,423,184	10	154,043,280	154,043,280
NHPC Limited	10,555,729	10	380,006,244	380,006,244
Oil India Limited (90,581 shares sold during the year)			-	95,110,050
Vascon Engineers Limited	864,225	10	142,597,125	142,597,125
Engineers India Limited	143,961	5	41,748,690	-
		(A)	818,391,339	871,752,699

**B. BONDS (FULLY PAID – UNQUOTED)** [See Schedule 18 Note 9(c)]

	NUMBER OF BONDS	FACE VALUE		
9.25% Deccan Chronicle Holdings Limited	500	1,000,000	500,000,000	-
12.00% Deccan Chronicle Holdings Limited	1,000	1,000,000	1,000,000,000	-
10.10% Deutsche Post Bank Home Finance Limited	150	1,000,000	150,000,000	150,000,000
0% Dewan Housing Finance Limited	100	10,000,000	1,000,000,000	-
10.75% Dishergarh Power Supply Company Limited	2,350	200,000	470,000,000	-
5.60% Export Import Bank of India (Series M-01) (250 bonds sold during the year)			-	250,000,000
9.25% Fullerton India Credit Company Limited	850	1,000,000	850,720,000	-
9.35% Great Eastern Shipping Company Limited (315 bonds sold during the year)			-	315,000,000
9.60% Great Eastern Shipping Company Limited	100	1,000,000	100,928,600	100,928,600
0% Housing Development Finance Corporation Limited	500	1,000,000	500,000,000	-
6.84% Housing Development Finance Corporation Limited (250 bonds sold during the year)	200	1,000,000	201,846,400	453,795,600
8.35% Housing Development Finance Corporation Limited	200	1,000,000	200,000,000	-
8.40% Housing Development Finance Corporation Limited (250 bonds sold during the year)			-	250,000,000
9.29% ICICI Home Finance Limited	88	1,000,000	88,000,000	88,000,000
10.24% L&T Finance Limited	821,491	1,000	821,491,000	821,491,000
0% LIC Housing Finance Limited (200 bonds sold during the year)			-	188,679,800
6.55% National Housing Bank (50 bonds sold during the year)	450	1,000,000	445,919,850	500,000,000
7.00% Power Finance Corporation Limited	250	1,000,000	250,600,000	-
8.49% Power Finance Corporation Limited	300	1,000,000	307,260,000	-
8.80% Power Finance Corporation Limited	400	1,000,000	400,000,000	-
11.15% Power Finance Corporation Limited	25	1,000,000	26,475,750	-
<i>Carried forward</i>			7,313,241,600	3,117,895,000

SCHEDULE 5 Investments (Continued)		₹	₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
<i>Brought forward</i>			7,313,241,600	3,117,895,000
8.64% Power Grid Corporation Limited	80	1,250,000	99,991,463	-
8.84% Power Grid Corporation Limited	640	1,250,000	800,000,000	-
9.22% Reliance Capital Limited	250	1,000,000	252,810,000	252,810,000
9.25% Reliance Capital Limited	450	1,000,000	454,893,950	606,093,900
(150 bonds sold during the year)				
10.90% Reliance Gas Transportation Infrastructure Limited	650	1,000,000	692,028,050	-
10.95% Reliance Gas Transportation Infrastructure Limited	500	1,000,000	554,844,000	-
7.60% Rural Electrification Corporation Limited	350	1,000,000	353,501,050	-
10.90% Shriram Transport Finance Company Limited	200	1,000,000	200,232,000	-
9.05% State Bank of India	190	1,000,000	190,000,000	500,000,000
(310 bonds sold during the year)				
9.95% State Bank of India	45,000	10,000	469,020,950	-
10.00% Sundaram Finance Limited	250	1,000,000	250,000,000	250,000,000
10.30% Tata Sons Limited	50	1,000,000	50,000,000	500,000,000
		(B)	11,680,563,063	5,226,798,900
<b>C. PASS THROUGH CERTIFICATES (UNQUOTED)</b> [See Schedule 18 Note 9(d)]				
India MBS 2002 Certificates Series I D			10,586,045	12,969,693
NOVO IV Trust - Locomotive Series D			-	617,866,749
Loan Securitisation Trust (Series XVII)			2,216,238	9,584,310
Standard Chartered Bank Series A2			-	462,211,352
		(C)	12,802,283	1,102,632,104
<b>D. CERTIFICATE OF DEPOSITS WITH SCHEDULED BANKS (UNQUOTED)</b>				
		(D)	18,898,927,298	3,710,542,969
<b>E. COMMERCIAL PAPERS (UNQUOTED)</b>				
		(E)	8,214,683,135	1,441,284,534
<b>F. GOVERNMENT SECURITIES AND TREASURY BILLS (UNQUOTED)</b>				
		(F)	2,617,356,559	-
<b>G. MUTUAL FUNDS (UNQUOTED)</b>				
	NUMBER OF UNITS	FACE VALUE		
IDFC Money Manager Fund - Treasury - Daily Dividend	1,355,620.214	10	13,650,960	53,389,494
Religare Liquid Fund Super Institutional Plan Growth			-	1,322,500,000
		(G)	13,650,960	1,375,889,494
<b>H. CONVERTIBLE WARRANTS (QUOTED)</b>				
	NUMBER OF WARRANTS	FACE VALUE		
Housing Development Finance Corporation Limited	850	2	46,750	46,750
(Face value changed from ₹ 10 to ₹ 2 per warrant during the year)				
		(H)	46,750	46,750
<b>TOTAL CURRENT INVESTMENTS</b>	<b>(A + B + C + D + E + F + G + H)</b>		<b>42,256,421,387</b>	<b>13,728,947,450</b>
<b>GRAND TOTAL (I + II)</b>			<b>82,496,666,806</b>	<b>58,420,651,198</b>
Less: Provision for Diminution in Value of Investments			1,422,512,892	593,759,254
			<b>81,074,153,914</b>	<b>57,826,891,944</b>

**NOTES:**

- Aggregate amount of quoted investments
 

Cost	3,678,903,578	3,142,224,439
Market Value	3,436,733,060	4,144,842,552
- Aggregate amount of investments in Unquoted Mutual Funds
 

Cost	13,650,960	1,375,889,494
Market Value	13,650,960	1,376,078,404

Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.
- Aggregate amount of unquoted investments - Cost
 

	78,804,112,268	53,902,537,265
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- Investments include ₹ 476,853,181 (Previous Year ₹ 17,578,988) in respect of equity shares which are subject to a lock-in-period.
- Investments include ₹ 4,698,543 (Previous Year ₹ 544,698,543) in respect of equity shares and ₹ 4,323,931,020 (Previous Year ₹ 3,783,578,360) in respect of Venture Capital Units which are subject to restrictive covenants.
- Investments exclude equity shares held by the Company having face value of ₹ 135,836,000 (Previous Year ₹ 135,556,040), where the Company has no beneficial interest.

<b>SCHEDULE 6 Infrastructure Loans</b>		₹	₹	₹
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010
[See Schedule 18 Notes 11, 39(d) & 39(f)]				
<b>A. LOANS</b>		373,817,657,099		248,837,290,803
<b>B. DEBENTURES</b> [See Schedule 18 Notes 10(a) & 10(b)]		8,332,267,721		6,516,784,194
			382,149,924,820	255,354,074,997
Less: Provision for Doubtful Infrastructure Loans			408,291,011	368,707,678
Provision against Restructured Loans			-	14,200,000
Provision for Contingencies			5,218,475,667	4,701,200,000
			<b>376,523,158,142</b>	<b>250,269,967,319</b>
Whereof:				
(i) Considered good			381,741,633,809	254,985,367,319
(ii) Considered doubtful			408,291,011	368,707,678

<b>SCHEDULE 7 Sundry Debtors (Unsecured)</b>		₹	₹	₹
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010
<b>CONSIDERED GOOD - Less than six months</b>			154,481,197	459,308,243
<b>CONSIDERED DOUBTFUL</b>				
Over six months		36,498,720		34,970,024
Others		101,280		229,976
			36,600,000	35,200,000
Debtors			191,081,197	494,508,243
Less: Provision for Doubtful Debts			36,600,000	35,200,000
			<b>154,481,197</b>	<b>459,308,243</b>

<b>SCHEDULE 8 Cash and Bank Balances</b>		₹	₹	₹
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010
[See Schedule 18 Note 12(a)]				
Cash and Cheques on Hand			9,114,299	40,486,167
(includes Cheques on Hand ₹ 9,033,267; Previous Year ₹ 40,404,901)				
With Scheduled Banks				
Current Accounts (See Schedule 18 Note 8)		2,246,335,861		279,796,405
Deposit Accounts		7,430,000,000		-
			9,676,335,861	279,796,405
With Non-Scheduled Bank in Current Account			15,294	15,525
[See Schedule 18 Note 12(b)]				
			<b>9,685,465,454</b>	<b>320,298,097</b>

<b>SCHEDULE 9 Loans and Advances (Unsecured, considered good)</b>		₹	₹	₹
		AS AT MARCH 31, 2011		AS AT MARCH 31, 2010
Interest accrued on Deposits & Loan to Financial Institution			213,411,328	24,123,288
Advances recoverable in cash or in kind or for value to be received [See Schedule 18 Note 12(c)]			1,947,723,987	414,383,140
Loan to Financial Institution			300,000,000	300,000,000
Inter Corporate Deposits			5,776,500,000	22,200,000,000
Advance against Investments			573,182,869	440,001,457
Other Deposits			232,113,682	174,479,948
Advance payment of Income Tax (Net of provision)			1,154,791,833	1,554,797,287
Initial margin account - Stock Futures			40,000,000	-
Mark-to-market margin - Stock Futures account (See Schedule 18 Note 38)		1,621,700		-
Less: Provision for loss - Stock Futures account		1,621,700		-
			-	-
			<b>10,237,723,699</b>	<b>25,107,785,120</b>

SCHEDULE 10 Current Liabilities	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Sundry Creditors - Other than Micro and Small Enterprises [See Schedule 18 Note 13]	1,914,959,126	1,322,617,931
Interest Accrued but not due on Loan Funds [See Schedule 3 Note (vi) and Schedule 18 Note 14(b)]	8,931,300,722	5,501,554,146
Fees/Other Amounts Received in Advance	376,958,513	683,270,694
Other Liabilities [See Schedule 18 Note 14(a)]	112,476,568	234,821,242
	<b>11,335,694,929</b>	<b>7,742,264,013</b>

SCHEDULE 11 Provisions	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Proposed Dividend	3,245,357,987	1,950,990,402
Tax on Proposed Dividend (See Schedule 18 Note 18)	450,493,170	222,065,118
Contingent Provision against Standard Assets (See Schedule 18 Note 15)	967,500,000	-
Provision for Employee Benefits [See Schedule 18 Note 29(ii)]	-	23,140,863
Provision for Wealth Tax (Net of advance payment of tax)	2,778,377	2,380,377
Provision for Fringe Benefit Tax (Net of advance payment of tax)	3,901,967	3,901,967
	<b>4,670,031,501</b>	<b>2,202,478,727</b>

SCHEDULE 12 Operating and Other Income	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
<b>OPERATING INCOME</b>		
Interest on Infrastructure Loans [See Schedule 18 Notes 10(c) & 16]	34,461,939,227	25,669,043,288
Interest on Deposits and Loan to Financial Institution and Others	1,018,762,531	571,487,905
Interest on Investments [See Schedule 18 Note 17(a)]	3,935,366,818	2,548,186,542
Dividend on Investments [See Schedule 18 Notes 17(a) & 18]	818,793,470	1,321,465,273
Fees (Net) [See Schedule 18 Note 19(a)]	2,212,417,499	1,183,980,768
Profit on assignment/sale of Loans	58,557,171	26,838,299
Profit on sale/redemption of Investments [See Schedule 18 Notes 17 (a) & (b)]	2,741,336,565	4,252,624,857
Income from trading in Stock Futures	28,119,763	-
Sale of Power (See Schedule 18 Note 20)	100,446,439	126,121,060
Other Operating Income	83,813,837	-
(Tax deducted at source ₹ 1,611,889,359; Previous Year ₹ 511,586,650)	45,459,553,320	35,699,747,992
<b>OTHER INCOME</b>		
Interest on Income Tax Refund	50,623,841	127,881,567
Other Interest	599,999	618,168
Profit on Sale of Fixed Assets (net)	69,953,102	127,400,931
Miscellaneous Income [See Schedule 18 Note 32(iii)]	22,803,966	15,414,119
	143,980,908	271,314,785
	<b>45,603,534,228</b>	<b>35,971,062,777</b>

SCHEDULE 13 Interest & Other Charges	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
<b>INTEREST</b>		
On Fixed Loans	22,983,333,484	19,195,107,686
On Others	1,395,669	2,553,700
	22,984,729,153	19,197,661,386
<b>OTHER CHARGES</b>		
(including exchange loss ₹ 315,806,898; Previous Year ₹ 61,320,748)	880,479,984	304,646,982
	<b>23,865,209,137</b>	<b>19,502,308,368</b>

SCHEDULE 14 Staff Expenses	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Salaries [See Schedule 18 Notes 4, 21 & 32 (i)]	957,155,875	922,505,958
Contribution to Provident and Other Funds [See Schedule 18 Note 29(i)]	52,204,473	36,957,430
Staff Welfare Expenses	55,846,184	90,504,542
	<b>1,065,206,532</b>	<b>1,049,967,930</b>

SCHEDULE 15 Establishment Expenses	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Rent [See Schedule 18 Note 32 (ii)]	96,613,047	84,947,544
Rates & Taxes	17,957,950	15,467,167
Electricity	26,124,404	17,939,286
Repairs and Maintenance		
Buildings	20,205,568	31,844,438
Equipments	15,822,883	18,787,030
Others	319,193	351,996
	<b>36,347,644</b>	<b>50,983,464</b>
Insurance Charges	4,485,808	2,570,370
	<b>181,528,853</b>	<b>171,907,831</b>

SCHEDULE 16 Other Expenses	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Travelling and Conveyance	51,001,974	52,514,885
Printing and Stationery	12,245,792	12,423,581
Postage, Telephone and Fax	36,683,341	34,786,284
Advertising and Publicity	20,325,032	14,508,196
Professional Fees	297,540,834	182,667,303
Loss on Foreign Exchange Fluctuation (Net)	6,658	27,916
Directors' Fees	2,740,000	1,920,000
Commission to Directors [See Schedule 18 Note 22(b)]	11,100,000	5,626,786
Bad Debts written off	29,291,178	-
Miscellaneous Expenses (See Schedule 18 Note 23)	150,014,162	128,824,611
Auditors' Remuneration (See Schedule 18 Note 26)	13,644,437	10,186,502
	<b>624,593,408</b>	<b>443,486,064</b>

SCHEDULE 17 Provisions and Contingencies	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Provision for Contingencies	1,484,775,667	1,026,200,000
[including provision u/s. 36(1)(viiia) of Income-tax Act, 1961]		
Provision for Doubtful Loans, Debtors and Restructured Loans	64,283,333	48,926,711
Provision for Diminution in Value of Investments (Net)	798,685,432	228,501,468
Provision for Mark-to-Market on Stock Futures account	1,621,700	-
	<b>2,349,366,132</b>	<b>1,303,628,179</b>

## **1 Significant Accounting Policies**

### **A. Accounting Convention**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, relevant provisions of the Companies Act, 1956 and the applicable guidelines issued by the Reserve Bank of India (RBI).

### **B. System of Accounting**

The Company adopts the accrual concept in the preparation of the accounts. The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

### **C. Investments**

The Company is regulated as a Non-Banking Financial Company (NBFC) – Infrastructure Finance Company by the RBI. Accordingly, Investments are classified under two categories i.e. Current and Long-term and are valued in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as notified by the Companies (Accounting Standards) Rules, 2006.

- 'Long-term Investments' are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis.
- 'Current Investments' are carried at the lower of cost or fair value on an individual basis. Commercial Papers, Certificate of Deposits and Treasury Bills are valued at carrying cost.

### **D. Infrastructure Loans and Advances**

In accordance with the RBI guidelines, all loans and advances are classified under any of four categories i.e. (i) Standard Assets, (ii) Substandard Assets, (iii) Doubtful Assets and (iv) Loss Assets.

### **E. Fixed Assets**

Fixed Assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

### **F. Intangible Assets**

Intangible Assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is charged annually to the Profit and Loss Account.

### **G. Impairment**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount.

### **H. Provisions and Contingencies**

- Adequate provision for diminution is made as per the regulatory guidelines applicable to Non-Performing Advances and the provisioning policy of the Company in respect of Loans and Debentures in the nature of advances.
- Provision on restructured advances is computed in accordance with the RBI guidelines.
- Provision for Contingencies is made as per the provisioning policy of the Company, which includes a general provision at 0.25% of the outstanding standard assets in accordance with the RBI guidelines and provision under Section 36(1)(vii) of the Income-tax Act, 1961.

### **I. Depreciation and Amortisation**

#### **▪ Tangible Assets**

Depreciation on Fixed Assets, excluding certain electronic items, is provided on the written down value method, at the rates prescribed by Schedule XIV of the Companies Act, 1956. Certain electronic items are depreciated over a period of two years on straight-line method based on the Management's estimate of the useful life of assets. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are written off in the year of capitalisation. Depreciation in respect of Leasehold Improvements is provided on the straight-line method over the primary period of lease.

#### **▪ Intangible Assets**

Intangible assets consisting of computer software are being amortised over a period of three years on straight-line method.

### **J. Operating Leases**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Profit and Loss Account, on a straight-line basis, over the lease term. Lease rental income in respect of leases is recognised in accordance with Accounting Standard 19 on 'Leases' as notified by the Companies (Accounting Standards) Rules, 2006. Initial direct costs incurred specifically for operating leases are recognised as expense in the year in which they are incurred.

## **K. Employee Benefits**

### ■ Defined Contribution Plans

The Company's contribution to Provident Fund is deposited with the Regional Provident Fund Commissioner and is charged to the Profit and Loss Account every year.

The Company has taken a superannuation policy for future payment of superannuation and the Company's contribution paid/payable during the year is charged to the Profit and Loss Account every year.

### ■ Defined Benefit Plan

The net present value of the Company's obligation towards gratuity to employees is funded and actuarially determined as at the Balance Sheet date based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account.

## **L. Income-Tax**

The accounting treatment for income-tax in respect of the Company's income is based on Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year arising on account of timing differences are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

## **M. Revenue Recognition**

- (a) Interest and other dues are accounted on accrual basis except in the case of non-performing assets ("NPAs") where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- (b) Income on discounted instruments is recognised over the tenure of the instrument on straight-line basis.
- (c) Dividend is accounted on accrual basis when the right to receive is established.
- (d) Front end fees on processing of loans are recognised upfront as income.
- (e) All fees are recognised when reasonable right of recovery is established, revenue can be reliably measured and as and when they become due except commission income on guarantees, is recognised pro-rata over the period of the guarantee.
- (f) Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- (g) Profit/loss earned on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the FIFO cost for current investments and weighted average cost for long-term investments.
- (h) Profit on securitisation is recognised over the residual life of the loan in terms of the RBI guidelines. Profit on sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Net loss arising on account of securitisation and direct assignment of loan assets is recognised at the time of sale.
- (i) Revenue from Power Supply is accounted on accrual basis.
- (j) Income from trading in derivatives is recognised on final settlement or squaring-up of the contracts.

## **N. Foreign Currency Transactions**

Foreign currency transactions are accounted at the exchange rates prevailing on the dates of the transactions. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account. Premium in respect of forward contracts is accounted over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

## **O. Derivatives**

### ■ Interest Rate Swaps

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on an accrual basis and these transactions are not marked-to-market. Any resultant gain or loss on termination of hedge swaps is amortised over the life of swap or underlying asset/liability whichever is shorter.

### ■ Currency Interest Rate Swaps

Currency interest rate swaps in the nature of hedge are recorded on an accrual basis and these transactions are not marked-to-market. Any resultant gain or loss on termination of hedge swaps is amortised over the life of swap or underlying asset/liability whichever is shorter. The foreign currency balances on account of principal of cross currency swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

### ■ Stock Futures

Stock Futures are marked-to-market on a daily basis. Debit or credit balance disclosed under Loans and Advances or Current Liabilities, respectively, in the "Mark-to-Market Margin – Stock Futures Account", represents the net amount paid or received on the basis of movement in the prices of Stock Futures till the Balance Sheet date.

## SCHEDULE 18 Notes Forming Part of the Accounts (Continued)

As on the Balance Sheet date, the profit/loss on open positions in Stock Futures are accounted for as follows:

- Credit balance in the "Mark-to-Market Margin – Stock Futures Account", being anticipated profit, is ignored and no credit is taken in the Profit and Loss Account.
- Debit balance in the "Mark-to-Market Margin – Stock Futures Account", being anticipated loss, is recognised in the Profit and Loss Account.

On final settlement or squaring-up of contracts for Stock Futures, the profit or loss is calculated as the difference between the settlement/squaring-up price and the contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract in "Mark-to-Market Margin – Stock Futures Account" is recognised in the Profit and Loss Account upon expiry of the contracts. When more than one contract in respect of the relevant series of Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average method for calculating profit/loss on squaring-up.

"Initial Margin Account – Stock Futures", representing initial margin paid is disclosed under Loans and Advances.

### P. Employee Stock Option Scheme

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Schemes provide for grant of options to employees (including employees of the subsidiaries) to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the SEBI Guidelines, the excess, if any, of the closing market price on the day prior to the grant of the options under ESOS over the exercise price is amortised on a straight-line basis over the vesting period.

**2** On July 7, 2010 the Company issued and allotted **157,752,090** equity shares of ₹ 10 each at a premium of ₹ **158.25** per share pursuant to a Qualified Institutional Placement. Further, the Company issued and allotted **84,000,000** compulsorily convertible cumulative preference shares (CCCPS) of ₹ 100 each at par on August 11, 2010 pursuant to a Qualified Institutional Placement. Additionally, **2,583,065** equity shares of ₹ 10 each were allotted under the Employee Stock Option Scheme. Accordingly, the issued equity share capital has increased from ₹ 13,006,123,930 to ₹ **14,609,475,480** and an amount of ₹ **25,101,204,403** has been credited to the Securities Premium Account. The proceeds of the issue have been utilised for general business purposes.

**3** The Company had raised ₹ **8,400,000,000** through the issue of CCCPS. The preference shares are convertible at any time into equity shares of face value of ₹ 10 each until the date falling 18 months from the date of issuance of the Preference Shares, at the option of the holders, at ₹ **176** per equity share and carry dividend @ 6% p.a.

**4** During the year, the Company granted to eligible employees **7,459,308** (Previous Year 603,000) options under the Employee Stock Option Schemes. The details of the outstanding options are as under:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Options outstanding as at the beginning	16,548,268	21,766,956
Add: Options granted during the year	7,459,308	603,000
Less: Options exercised during the year	2,583,065	5,336,332
Less: Options lapsed during the year	673,790	485,356
Options outstanding as at the end of the year	<b>20,750,721</b>	<b>16,548,268</b>

The net charge towards ESOP Compensation included under Salaries is ₹ **75,720,933** (Previous Year ₹ 53,382,037).

**5** Special Reserve has been created in terms of Section 36(1)(viii) of the Income-tax Act, 1961 out of the distributable profits of the Company.

**6** Debenture Redemption Reserve has been created in accordance with Section 117C of the Companies Act, 1956 in respect of public issue of long-term Infrastructure Bonds.

**7** (a) Secured Loans of ₹ **351,852,893,546** (Previous Year ₹ Nil) are secured by way of a first floating *pari passu* charge over investments, infrastructure loans, current assets and loans and advances excluding investments in and other receivables from subsidiaries and affiliates.

(b) Secured Loans in the nature of borrowings under Collateralised Borrowing and Lending Obligation are secured against Investments in Government of India Loans.

(c) Unsecured Loans – Debentures of ₹ **Nil** (Previous Year ₹ 162,866,000,000) are secured by a mortgage on certain immovable properties up to a value of ₹ 1,000,000.

(d) Secured Loans include ₹ **130,000** (Previous Year ₹ Nil) from Directors.

**8** During the year, the Company raised ₹ **14,517,605,000** through public issues of long-term Infrastructure Bonds eligible for deduction under Section 80CCF of the Income-tax Act, 1961 in three tranches of which ₹ **12,283,295,000** has been utilised towards lending to Infrastructure projects. ₹ **2,234,310,000**, representing amount raised in tranche III remained unutilised as on March 31, 2011 pending regulatory approvals.

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

9 During the year, the following investments were purchased and sold/redeemed:

		₹	₹
<b>(A) EQUITY SHARES</b>	<b>NO. OF SHARES</b>	<b>FACE VALUE</b>	<b>COST</b>
Ashoka Buildcon Limited	52,757	10.00	17,093,268
GMR Energy Limited	1,000	10.00	51,320
Apollo Tyres Limited	800,000	1.00	53,952,955
Bharat Heavy Electricals Limited	50,000	10.00	110,651,342
Biocon Limited	250,000	5.00	96,628,307
Cairn India Limited	250,000	10.00	82,554,680
Cipla Limited	375,000	2.00	133,287,070
Educomp Solutions Limited	190,000	2.00	103,873,510
GAIL (India) Limited	175,000	10.00	77,406,945
HCL Technologies Limited	150,000	2.00	60,541,508
Hindustan Zinc Limited	30,000	2.00	40,464,425
Hindalco Industries Limited	700,000	1.00	148,467,979
ICICI Bank Limited	75,000	10.00	86,853,690
Idea Cellular Limited	700,000	10.00	49,534,976
ITC Limited	100,000	1.00	16,769,352
Jaiprakash Associates Limited	900,000	2.00	93,193,840
Larsen & Toubro Limited	80,000	2.00	125,546,664
Mphasis Limited	75,000	10.00	49,991,723
NTPC Limited	300,000	10.00	53,382,480
Punj Lloyd Limited	1,100,000	2.00	120,808,850
Ranbaxy Laboratories Limited	185,000	5.00	105,610,801
Shipping Corporation of India Limited	345,226	10.00	48,331,640
State Bank of India	80,000	10.00	220,155,744
Sterlite Industries (India) Limited	200,000	1.00	32,351,000
Tata Motors Limited	75,000	10.00	93,787,245
Tata Steel Limited	400,000	10.00	245,360,210
<b>(B) PREFERENCE SHARES</b>	<b>NO. OF SHARES</b>	<b>FACE VALUE</b>	<b>COST</b>
GMR Energy Limited	2,500,000	1,000	2,500,000,000
<b>(C) BONDS</b>	<b>NO. OF BONDS</b>	<b>FACE VALUE</b>	<b>COST</b>
Aditya Birla Nuvo Limited	250	1,000,000	242,975,000
Ashok Leyland Limited	280	10,000,000	2,739,086,250
Bajaj Auto Finance Limited	130	10,000,000	1,297,080,950
Bank of India	100	1,000,000	101,552,400
Bharat Forge Limited	250	1,000,000	250,000,000
Bharat Petroleum Corporation Limited	500	1,000,000	491,956,000
Brasco Estates Private Limited	2,000	1,000,000	2,000,000,000
Central Bank of India	1,650	1,000,000	1,645,205,000
Citi Financial Consumer Finance India Limited	1,000	1,000,000	1,008,876,000
Deccan Chronicle Holdings Limited	2,650	1,000,000	2,650,054,500
DPSC Limited	150	200,000	333,333,333
E.I.D. Parry India Limited	100	1,000,000	100,000,000
ETHL Communications Holdings Limited	11,000	1,000,000	10,452,457,100
Export Import Bank of India	12,900	1,000,000	12,887,982,200
Fullerton India Credit Company Limited	1,700	1,000,000	4,016,218,333
Gammon India Limited	30	10,000,000	300,000,000
Gujarat NRE Coke Limited	500	1,000,000	500,000,000
HDFC Bank Limited	1,993	1,000,000	1,993,000,000
Hindustan Petroleum Corporation Limited	3,200	1,000,000	3,200,636,050
Housing Development Finance Corporation Limited	12,650	1,000,000	13,396,653,500
ICICI Securities Limited	500	500,000	250,000,000
IDBI Bank Limited	1,500	1,000,000	1,529,400,000
IFCI Limited	350	1,000,000	350,150,000

Continued..

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

		₹	₹
<b>(C) BONDS</b>	<b>NO. OF BONDS</b>	<b>FACE VALUE</b>	<b>COST</b>
Infrastructure Leasing and Financial Services Limited	1,150,000	1,000	1,150,000,000
India Bulls Financial Services Limited	400	1,000,000	400,000,000
India Infoline Investment Services Limited	500	1,000,000	500,000,000
India Infrastructure Finance Company Limited	7,750	100,000	792,825,000
Indian Oil Corporation Limited	1,700	1,000,000	1,679,007,100
Indian Overseas Bank	1,000	1,000,000	1,000,400,000
Indian Railway Finance Corporation Limited	6,910	1,000,000	6,936,986,750
Infotel Broadband Services Private Limited	2,400	1,000,000	3,478,011,808
Indian Renewable Energy Development Agency Limited	1,500	1,000,000	1,512,000,000
Jai Prakash Associates Limited	450	1,000,000	464,945,000
L&T Finance Limited	750,000	1,000	745,681,500
L&T Finance Limited	500	1,000,000	501,061,500
L&T Finance Limited	30	10,000,000	300,000,000
Larsen & Toubro Limited	350	1,000,000	350,784,650
LIC Housing Finance Limited	7,940	1,000,000	7,903,777,550
LIC of India Limited	250	1,000,000	244,251,000
National Bank for Agriculture and Rural Development	42,000	20,000	473,966,760
National Bank for Agriculture and Rural Development	14,250	1,000,000	14,217,831,600
National Aviation Company India Limited	3,115	1,000,000	3,222,707,497
National Housing Bank	35,000	10,000	183,572,750
National Housing Bank	1,300	1,000,000	1,299,595,700
Nuclear Power Corporation of India Limited	1,000	1,000,000	1,034,553,500
ONGC Videsh Limited	2,600	1,000,000	2,608,144,050
Power Finance Corporation Limited	12,115	1,000,000	12,220,454,446
Power Grid Corporation of India Limited	2,040	1,250,000	2,776,889,126
Reliance Capital Limited	4,100	1,000,000	4,100,210,200
Reliance Industries Limited	100	1,000,000	100,171,800
Religare Finvest Limited	250	1,000,000	254,275,000
RIL Utilities and Power Private Limited	3,250	1,000,000	4,322,198,077
Rural Electrification Corporation Limited	8,330	30,000	109,135,328
Rural Electrification Corporation Limited	7,870	1,000,000	10,676,093,387
Shree Cements Limited	600	1,000,000	586,943,400
Shriram Transport Finance Company Limited	2,000	100,000	201,127,000
Shriram Transport Finance Company Limited	880	1,000,000	1,381,151,000
Small Industries Development Bank of India	6,850	1,000,000	6,819,221,050
Simplex Infrastructure Limited	130	10,000,000	1,300,000,000
State Bank of India	84,000	10,000	2,057,836,948
State Bank of India	500	1,000,000	497,378,500
Sundaram Finance Limited	1,050	1,000,000	854,408,000
Tata Bluescope Steel Limited	500	1,000,000	500,000,000
Tata Capital Limited	1,850	1,000,000	1,831,752,700
Tata Communications Limited	1,300	1,000,000	1,303,710,850
Tata International Limited	1,300	1,000,000	791,965,200
Tata Motors Limited	1,100	1,000,000	1,193,250,450
Tata Motors Limited	48	50,000,000	2,288,497,785
Tata Power Limited	285	2,000,000	570,000,000
Tata Power Limited	570	2,500,000	1,425,000,000
Tata Sons Limited	3,300	1,000,000	3,300,000,000
Tata Steel Limited	1,250	1,000,000	1,262,500,000
UCO Bank	650	1,000,000	652,370,000
Union Bank of India	1,000	1,000,000	998,750,000
<b>(D) PASS THROUGH CERTIFICATES</b>	<b>NO. OF CERTIFICATES</b>	<b>FACE VALUE</b>	<b>COST</b>
Vodafone Essar Cellular Limited IRST Series V - A1	450	10,063,220	4,528,449,000
Tata Motors Finance IRST Trust SR III SR A1	38	10,161,625	386,141,750
Tata Motors Finance IRST Trust SR III SR A2	215	10,175,742	2,187,784,552

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

**10 Infrastructure Loans:**

NAME OF COMPANY	NUMBER OF DEBENTURES	FACE VALUE	CURRENT YEAR COST	PREVIOUS YEAR COST
		₹	₹	₹
<b>(a) DEBENTURES (REDEEMABLE)</b>				
Andhra Cements Limited	500,000	100	50,000,000	Nil
Arkay Energy (Rameswarm) Limited	99,622,885	10	426,955,221	569,277,681
Asianet Satellite Communications Limited	260	1,000,000	260,000,000	552,506,513
Asianet Satellite Communications Limited	1	312,500	312,500	Nil
GVK Airport Developers Private Limited	2,250	1,000,000	2,250,000,000	Nil
<b>(b) DEBENTURES (CONVERTIBLE)</b>				
Simpson Unitech Wireless Private Limited	534,500,000	10	5,345,000,000	5,345,000,000
Andhra Cements Limited			Nil	50,000,000
(a+b)			<b>8,332,267,721</b>	<b>6,516,784,194</b>

(c) Interest on Infrastructure Loans includes ₹ **1,057,712,259** (Previous Year ₹ 1,201,675,537) from Infrastructure Loans – Debentures and ₹ **Nil** (Previous Year ₹ 205,077,279) from Infrastructure Loans – Pass Through Certificates.

(d) Interest accrued on Infrastructure Loans is net of provision of ₹ **37,500,000** (Previous Year ₹ Nil).

**11** Infrastructure loans to the extent of ₹ **374,409,924,820** (Previous Year ₹ 247,614,074,997) are secured by:

- Hypothecation of assets and/or
- Mortgage of property and/or
- Trust and Retention Account and/or
- Bank guarantees, company guarantee, sponsor guarantee or personal guarantee and/or
- Assignment of receivables or rights and/or
- Pledge of shares and/or
- Negative lien and/or
- Undertaking to create a security.

**12 (a) Cash and cash equivalents represent:**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Cash and Bank Balances	9,685,465,454	320,298,097
Current Accounts held for Unclaimed Dividends	9,605,775	7,623,995
Bank Fixed Deposits under Lien	170,000,000	–
Cash and cash equivalents as at the end of the year	9,505,859,679	312,674,102

**(b) Bank Balance with Non-Scheduled Banks:**

NAME OF BANK	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Bank of America	15,294	15,525

[Maximum amount outstanding during the year ₹ **16,334** (Previous Year ₹ 17,350)]

(c) Advances recoverable in cash or in kind include amount due from Subsidiaries ₹ **916,177,210** (Previous Year ₹ 121,511,872).

**13** No interest has been paid/is payable by the Company during the year to the “suppliers” covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Company for this purpose.

**14** (a) Other liabilities include ₹ **9,605,775** (Previous Year ₹ 7,623,995) towards Unclaimed Dividend of which no amount (Previous Year ₹ Nil) was due for transfer to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.

(b) Interest Accrued but not due includes ₹ **614** (Previous Year ₹ Nil) due to Managing Director & CEO of the Company.

**15** (a) During the year, a contingent provision against standard assets has been created at 0.25% of the outstanding standard assets in terms of the RBI Circular No. DNBS.PD.CC. No. 207/03.02.002/2010-11 dated January 17, 2011.

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

(b) Movement in contingent provision against standard assets during the year is as under:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Opening Balance	Nil	Nil
Additions during the year	967,500,000	Nil
Closing Balance	967,500,000	Nil

**16** Interest on Infrastructure Loans includes exchange gain of ₹ **484,052,986** (Previous Year ₹ 56,879,384).

**17** (a) Interest on Investments, Dividend on Investments and Profit on Sale of Investments include ₹ **3,283,539,210** (Previous Year ₹ 2,298,776,294), ₹ **229,113,834** (Previous Year ₹ 624,157,388) and ₹ **478,492,633** (Previous Year ₹ 1,026,308,223) respectively, in respect of Current Investments. Provision for diminution in value of Investments include amortised premium of ₹ **30,068,206** (Previous Year ₹ 13,487,870) on purchase of Long-term Investments.

(b) Profit on Sale of Investments includes ₹ **219,533,970** (Previous Year ₹ Nil) on account of sale of investments to a wholly owned subsidiary.

**18** Dividend on Investments includes ₹ **457,500,000** (Previous Year ₹ 600,000,000) from Subsidiary Companies. Tax on proposed dividend for the year 2010-11 is net of dividend distribution tax of ₹ **75,985,031** (Previous Year ₹ 101,970,000) paid by the Subsidiary Company under Section 115-O of the Income-tax Act, 1961.

**19** (a) Fees income is net of fees paid on sell down of loans and fee sharing of ₹ **316,414,990** (Previous Year ₹ 81,052,176).

(b) Shared service cost recovery of ₹ **113,832,000** (Previous Year ₹ Nil) represents recovery from subsidiary companies under a shared service agreement.

**20** Total number of electricity units generated during the year – **27,612,245 KWH** (Previous Year 34,975,283 KWH) and sold during the year – **27,575,519 KWH** (Previous Year 34,939,405 KWH).

**21** Expenditure on account of Salaries is after adjusting ₹ **52,388,656** (Previous Year ₹ 32,185,896) recovered from Subsidiary Companies and a Jointly Controlled Entity.

**22 (a) Managerial Remuneration:**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
(i) Salary #	67,929,062	28,368,225
(ii) Contribution to Provident and Other Funds	2,561,362	2,829,355
(iii) Perquisites	59,931,120	2,591,263
	<b>130,421,544</b>	<b>33,788,843</b>

# Includes Bonus on cash basis and ESOP Compensation Cost on allotment.

**(b) Commission to Non Whole-Time Directors:**

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Commission to Non Whole-Time Directors (net of excess provision of ₹ Nil Previous Year ₹ 3,523,214)	11,100,000	5,626,786

Computation of net profits in accordance with Section 198 read with Section 309(5) of the Companies Act, 1956

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Profit Before Taxation as per Profit and Loss Account	17,304,485,453	13,171,373,718
Add:		
Managerial Remuneration	130,421,544	33,788,843
Directors' Fees	2,740,000	1,920,000
Directors' Commission	11,100,000	5,626,786
Provisions and Contingencies	2,378,657,310	1,303,628,179
Less:		
Profit on Sale of Fixed Assets	Nil	41,517,788
Profit on Sale of Investments	2,741,336,565	4,252,624,857
Net Profits as per Section 198	<b>17,086,067,742</b>	<b>10,222,194,881</b>
Commission @ 1% of Net Profits	170,860,677	102,221,949
Commission to Non Whole-Time Directors	11,100,000	9,150,000

**23** Miscellaneous expenses include Provision for Wealth Tax amounting to ₹ **1,400,000** (Previous Year ₹ 1,002,000) and Securities Transaction Tax amounting to ₹ **8,592,030** (Previous Year ₹ 4,656,083).

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

**24 Expenditure in foreign currencies: (on accrual basis)**

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Interest - Other Charges	7,276,725	3,956,862
Travelling expenses	851,283	1,556,974
Professional Fees	18,323,741	1,431,303
Others	23,986,531	69,854,122

**25 Earnings in foreign currencies: (on accrual basis)**

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Fees	1,141,989	Nil
Others	8,403,286	Nil

**26 Auditors' Remuneration:**

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Audit Fees	4,000,000	3,000,000
Tax Audit Fees	1,200,000	900,000
Other Services	6,416,000	5,475,500
Taxation Matters	1,964,500	740,000
Out of Pocket Expenses	63,937	71,002
Service Tax	1,248,302	1,086,520
	14,892,739	11,273,022
Less: Service tax set off claimed	1,248,302	1,086,520
	<b>13,644,437</b>	<b>10,186,502</b>

The above amounts exclude professional fees of ₹ **6,705,000** (Previous Year ₹ 615,000) and Service tax of ₹ **690,615** (Previous Year ₹ 63,345) debited to other accounts.

**27 Remittance in foreign currencies for dividends**

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividends payable to non-resident shareholders which were declared during the year, are as under:

	CURRENT YEAR	PREVIOUS YEAR
Number of Non-Resident Shareholders	3,973	3,975
Number of Ordinary Shares held by them	589,863,715	599,867,184
Gross Amount of Dividend (₹)	884,795,923	719,840,562
Dividend relating to the year	2009-10	2008-09

**28** In respect of equity shares issued pursuant to Employee Stock Option Scheme, the Company paid dividend of ₹ **1,501,865** for the FY 10 (₹ 260,992 for the FY 09) and tax on dividend of ₹ **249,441** (Previous Year ₹ 44,356) as approved by the shareholders at the Annual General Meeting held on June 28, 2010.

**29** In accordance with Accounting Standard 15 on 'Employee Benefits' as notified by the Companies (Accounting Standards) Rules, 2006 the following disclosures have been made:

i. The Company has recognised the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under Contribution to Provident and Other Funds:

	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Provident Fund	22,813,394	17,891,000
Superannuation Fund	5,663,596	21,458,837

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

ii. The details of the Company's post-retirement benefit plans for gratuity for its employees are given below which are certified by the actuary and relied upon by the auditors:

	CURRENT YEAR	PREVIOUS YEAR			
	₹	₹			
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>					
Liability at the beginning of the year	67,159,497	58,324,352			
Current Service Cost	11,491,246	11,847,352			
Interest Cost	5,961,418	5,426,886			
Liabilities Extinguished on Settlement	Nil	5,426,826			
Liabilities assumed on Acquisition/(Settled on Divestiture)	(3,238,244)	Nil			
Benefits Paid	6,802,946	3,699,590			
Actuarial Loss	14,982,916	687,323			
Liability at the end of the year	89,553,887	67,159,497			
<b>FAIR VALUE OF PLAN ASSETS:</b>					
Fair Value of Plan Assets at the beginning of the year	72,252,101	58,543,569			
Expected Return on Plan Assets	6,601,201	4,496,635			
Contributions	20,100,000	Nil			
Benefits paid	6,802,946	3,699,590			
Actuarial Loss/(Gain) on Plan Assets	1,565,715	(12,911,487)			
Fair Value of Plan Assets at the end of the year	90,584,641	72,252,101			
Total Actuarial Loss/(Gain) to be recognised	16,548,631	(12,224,164)			
<b>ACTUAL RETURN ON PLAN ASSETS:</b>					
Expected Return on Plan Assets	6,601,201	4,496,635			
Actuarial Loss/(Gain) on Plan Assets	1,565,715	(12,911,487)			
Actual Return on Plan Assets	5,035,486	17,408,122			
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>					
Liability at the end of the year	89,553,887	67,159,497			
Fair Value of Plan Assets at the end of the year	90,584,641	72,252,101			
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	Nil	Nil			
<b>EXPENSE RECOGNISED IN THE PROFIT AND LOSS ACCOUNT:</b>					
Current Service Cost	11,491,246	11,847,352			
Interest Cost	5,961,418	5,426,886			
Expected Return on Plan Assets	6,601,201	4,496,635			
Net Actuarial Loss/(Gain) to be recognised	16,548,631	(12,224,164)			
Liabilities assumed on acquisition/(Settled on Divestiture)	(3,238,244)	Nil			
Expense recognised in the Profit and Loss Account under staff expenses	24,161,850	553,439			
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>					
Opening Net Asset	5,092,604	219,217			
Expense recognised	24,161,850	553,439			
Contribution by the Company	20,100,000	Nil			
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	Nil	Nil			
Expected Employer's Contribution Next Year	10,000,000	10,000,000			
<b>EXPERIENCE ADJUSTMENTS:</b>					
	CURRENT YEAR	PREVIOUS YEAR	MARCH 31, 2009	MARCH 31, 2008	MARCH 31, 2007
	₹	₹	₹	₹	₹
Defined Benefit Obligation	89,553,887	67,159,497	58,324,352	38,490,873	20,577,193
Plan Assets	90,584,641	72,252,101	58,543,569	30,970,208	18,416,688
Surplus/(Deficit)	1,030,754	5,092,604	219,217	(7,520,665)	(2,160,505)
Experience Adjustments on Plan Liabilities	17,095,179	(5,352,411)	14,503,430	8,037,218	(171,688)
Experience Adjustments on Plan Assets	(1,565,715)	12,911,487	(7,394,891)	(182,483)	(311,306)
<b>INVESTMENT PATTERN:</b>			CURRENT YEAR	PREVIOUS YEAR	
			(%)	(%)	
<b>INSURER MANAGED FUNDS</b>			<b>100.00</b>	<b>100.00</b>	
Government Securities			12.92	7.74	
Deposit and Money Market Securities			17.21	16.81	
Debentures/Bonds			43.50	53.08	
Equity Shares			26.37	22.37	
<b>PRINCIPAL ASSUMPTIONS:</b>					
Discount Rate (p.a.)			8.30	8.10	
Expected Rate of Return on Assets (p.a.)			8.00	8.00	
Salary Escalation Rate (p.a.)			8.00	8.00	

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

## SCHEDULE 18 Notes Forming Part of the Accounts (Continued)

30 The Company's main business is to provide finance for infrastructure projects including through ownership of infrastructure assets. All other activities revolve around the main business. The Company does not have any geographic segments. As such, there are no separate reportable segments as per Accounting Standard 17 on 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

31 As per Accounting Standard 18 on 'Related Party Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

### I. SUBSIDIARIES:

#### (a) Direct

IDFC Asset Management Company Limited  
IDFC AMC Trustee Company Limited  
IDFC Finance Limited  
IDFC Foundation (with effect from March 4, 2011)  
IDFC PPP Trusteeship Company Limited  
IDFC Private Equity Company Limited  
IDFC Project Equity Company Limited  
IDFC Projects Limited  
IDFC Securities Limited  
IDFC Trustee Company Limited  
Jetpur Somnath Highway Limited  
(formerly IDFC Capital Company Limited) (up to November 14, 2010)  
Uniquet Infra Ventures Private Limited (with effect from February 3, 2011)

#### (b) Through Subsidiaries

Dheeru Powergen Limited  
(formerly Dheeru Powergen Private Limited) (with effect from February 5, 2010)  
IDFC Capital Limited  
IDFC Capital (USA) Inc. (with effect from August 4, 2010)  
IDFC Capital (Singapore) Pte. Ltd.  
IDFC Distribution Company Limited (formerly IDFC-SSKI Stock Broking Limited)  
IDFC Fund of Funds Limited (with effect from October 28, 2009)  
IDFC General Partners Limited (with effect from November 30, 2009)  
IDFC Investment Advisors Limited  
IDFC Investment Managers (Mauritius) Limited (with effect from September 13, 2010)  
IDFC Pension Fund Management Company Limited  
Jetpur Somnath Highway Limited  
(formerly IDFC Capital Company Limited) (with effect from November 15, 2010)  
Jetpur Somnath Tollways Limited (with effect from January 11, 2011)

### II. JOINTLY CONTROLLED ENTITIES:

#### (a) Direct

Delhi Integrated Multi-Modal Transit System Limited (up to March 23, 2011)  
Infrastructure Development Corporation (Karnataka) Limited (up to March 23, 2011)  
Uttarakhand Infrastructure Development Company Limited (up to March 23, 2011)

#### (b) Through Subsidiaries

Delhi Integrated Multi-Modal Transit System Limited (with effect from March 24, 2011)  
Infrastructure Development Corporation (Karnataka) Limited (with effect from March 24, 2011)  
Uttarakhand Infrastructure Development Company Limited (with effect from March 24, 2011)

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

**III. ASSOCIATES:**

Athena Energy Ventures Private Limited (up to July 23, 2009)  
 Feedback Ventures Private Limited

**IV. ENTITIES OVER WHICH CONTROL IS EXERCISED:**
**(a) Direct**

India Infrastructure Initiative Trust (up to March 23, 2011)  
 India PPP Capacity Building Trust (up to March 23, 2011)

**(b) Through Subsidiaries**

Emerging Markets Private Equity Fund, L. P. (with effect from October 28, 2009)  
 India Infrastructure Initiative Trust (with effect from March 24, 2011)  
 India PPP Capacity Building Trust (with effect from March 24, 2011)

**V. KEY MANAGEMENT PERSONNEL:**

Dr. Rajiv B. Lall – Managing Director & CEO  
 Mr. Vikram Limaye – Whole-Time Director

The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
		₹	₹
<b>(A) SUBSIDIARIES:</b>			
IDFC Foundation	Sale of Investments	454,474,100	NA
	Advances Recoverable – Balance outstanding	455,000,000	NA
IDFC Asset Management Company Limited	Inter Corporate Deposits placed and repaid	150,000,000	Nil
	Sale of Investments	Nil	80,000,000
	Acquisition of Equity Shares	200,000,000	Nil
	Redemption of Preference Shares	197,925,000	Nil
	Shared Services Fees	8,960,772	Nil
Jetpur Somnath Highway Limited (formerly IDFC Capital Company Limited)	Professional Fees paid	453,634	Nil
	Advances Recoverable – Balance outstanding	Nil	835,910
IDFC Capital Limited	Fees Shared	114,381,100	58,136,373
	Professional Fees paid	64,339,757	65,884,396
	Shared Services Fees	25,320,468	Nil
IDFC Capital (Singapore) Pte. Ltd.	Shared Service Cost	50,074,523	Nil
	Sundry Creditors – Balance outstanding	38,440,430	Nil
IDFC Finance Limited	Advance given and recovered	90,050,000	20,000
	Purchase of Investments	90,499,000	Nil
IDFC Investment Advisors Limited	Management Fees paid	7,130,337	7,835,000
	Advances Recoverable – Balance outstanding	Nil	4,137,462
	Deputation charges recovered	57,424,433	Nil
IDFC Pension Fund Management Company Limited	Subscription of Equity Shares	Nil	49,999,990
IDFC Private Equity Company Limited	Dividend Received	320,000,000	600,000,000
	Shared Services Fees	4,963,500	Nil
IDFC Projects Limited	Subscription of Equity Shares	Nil	250,000,000
	Sale of Investments	500,000	Nil
	Fees Received	9,708,953	4,103,677
	Advance given	318,534,987	116,538,500
	Advances Recoverable – Balance outstanding	460,965,515	116,538,500
	Shared Services Fees	18,384,804	Nil

Continued...

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
		₹	₹
IDFC Project Equity Company Limited	Advances given and repaid	26,900,000	Nil
	Dividend Received	137,500,000	Nil
	Fees Received	Nil	1,770,836
	Sale of Fixed Assets	Nil	489,261
	Shared Services Fees	22,805,628	Nil
	Rent recovered	Nil	407,399
IDFC Securities Limited	Brokerage paid	1,043,063	5,672,744
	Inter Corporate Deposits given and repaid	790,000,000	5,819,000,000
	Interest received on Inter Corporate Deposits	194,795	2,224,889
	Shared Services Fees	45,452,424	Nil
	Sale of Fixed Assets	450,170	Nil
IDFC Trustee Company Limited	Advance given and recovered	Nil	50,000
<b>(B) JOINTLY CONTROLLED ENTITIES:</b>			
Delhi Integrated Multi-Modal Transit System Limited	Subscription of Equity Shares	Nil	6,000
	Sponsorship Fees paid	Nil	500,000
	Miscellaneous Income	35,000	60,000
Infrastructure Development Corporation (Karnataka) Limited	Fees paid	5,857,329	1,055,571
	Rent paid	165,874	136,992
	Deputation Charges recovered	360,254	Nil
	Sundry Creditors – Balance outstanding	3,694,206	776,543
<b>(C) ASSOCIATES:</b>			
Athena Energy Ventures Private Limited	Miscellaneous Income	N.A.	39,000
Feedback Ventures Private Limited	Dividend Received	7,288,040	3,699,036
	Miscellaneous Income	40,000	70,000
	Debtors – Balance outstanding	Nil	109,959
<b>(D) ENTITIES OVER WHICH CONTROL IS EXERCISED:</b>			
India PPP Capacity Building Trust	Fees paid	23,913,011	32,569,672
	Sundry Creditors – Balance outstanding	22,296,387	22,941,289
<b>(E) KEY MANAGEMENT PERSONNEL:</b>			
Dr. Rajiv B. Lall	Remuneration paid	62,585,557	16,757,312
Mr. Vikram Limaye	Remuneration paid	67,835,987	17,031,531

**32** In accordance with Accounting Standard 19 on 'Leases' as notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures in respect of Operating Leases are made:

i. The Company has taken vehicles for certain employees under Operating Leases, which expire between **August 2011 to March 2015** (Previous Year June 2010 to November 2013). Salaries include gross rental expenses of ₹ **3,729,629** (Previous Year ₹ 3,357,564). The committed lease rentals in the future are:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Not later than one year	9,271,383	5,396,538
Later than one year and not later than five years	19,427,791	5,205,440

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

ii. The Company has taken office premises under Operating Leases, which expire between **December 2015 to September 2018** (Previous Year October 2016 to September 2018). Rent includes gross rental expenses of ₹ **77,901,171** (Previous Year ₹ 67,319,687). The committed lease rentals in the future are:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Not later than one year	85,439,208	68,289,480
Later than one year and not later than five years	379,860,765	320,410,927
Later than five years	77,358,085	167,325,350

iii. The Company has given an office premise under non cancellable Operating Lease, which expires on October 31, 2012. Miscellaneous Income includes income from such leases of ₹ **19,585,800** (Previous Year ₹ 8,160,750). The future minimum lease rental is as follows:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Not later than one year	19,585,800	19,585,800
Later than one year and not later than five years	11,425,050	31,010,850

**33** In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified by the Companies (Accounting Standards) Rules, 2006:

i. The Basic Earnings Per Share has been calculated based on the following:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Net Profit after Tax	12,771,485,453	10,128,373,718
Less: Adjustment for Dividend and Dividend Distribution Tax on CCCPS	373,924,401	Nil
Net amount available for Equity Shareholders	12,397,561,052	10,128,373,718
Weighted average number of Equity Shares (Nos.)	1,418,087,937	1,295,934,260

ii. The reconciliation between Basic and Diluted Earnings Per Share is as follows:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Basic Earnings Per Share	8.74	7.82
Effect of outstanding Stock Options	(0.06)	(0.08)
Diluted Earnings Per Share	8.68	7.74

iii. The Basic Earnings Per Share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares for the respective years; whereas the Diluted Earnings Per Share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock Options for the respective periods. Since the effect of the conversion of CCCPS is anti-dilutive, it has been ignored. The relevant details as described above are as follows:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Weighted average number of shares for computation of Basic Earnings Per Share	1,418,087,937	1,295,934,260
Dilutive effect of outstanding Stock Options	10,165,050	12,596,753
Weighted average number of shares for computation of Diluted Earnings Per Share	1,428,252,987	1,308,531,013

**34** In compliance with Accounting Standard 22 relating to 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has taken credit of ₹ **706,000,000** (Previous Year ₹ 350,000,000) in the Profit and Loss Account towards deferred tax asset (net) on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
	ASSETS (₹)		LIABILITIES (₹)	
(a) Depreciation	Nil	Nil	248,400,000	200,300,000
(b) Provisions	2,625,600,000	1,932,000,000	Nil	Nil
(c) Others	71,800,000	11,300,000	Nil	Nil
	2,697,400,000	1,943,300,000	248,400,000	200,300,000
Net Deferred Tax Asset	2,449,000,000	1,743,000,000		

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

**35** In compliance with Accounting Standard 27 on 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has interests in the following jointly controlled entities, which are incorporated in India:

(₹ in crore)

NAME OF COMPANIES	PERCENTAGE OF SHAREHOLDING	AMOUNT OF INTEREST BASED ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011				
		ASSETS	LIABILITIES	INCOME	EXPENDITURE	CONTINGENT LIABILITY
Infrastructure Development Corporation (Karnataka) Limited (Audited)	Nil (49.50)	Nil (34.07)	Nil (18.62)	Nil (8.82)	Nil (4.34)	Nil (0.25)
Uttarakhand Infrastructure Development Company Limited (Audited)	Nil (49.90)	Nil (0.82)	Nil (0.36)	Nil (0.30)	Nil (0.41)	Nil (Nil)
Delhi Integrated Multi-Modal Transit System Limited (Unaudited)	Nil (50.00)	Nil (50.05)	Nil (37.42)	Nil (18.05)	Nil (15.00)	Nil (Nil)

Figures in bracket pertain to the Previous Year.

**36** Contingent liabilities not provided for in respect of:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
<b>(a) CAPITAL COMMITMENTS</b>	5,063,844,420	6,259,327,510
<b>(b) ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT (NET OF ADVANCES)</b>	20,188,870	38,070,155
<b>(c) CLAIMS NOT ACKNOWLEDGED AS DEBTS IN RESPECT OF:</b>		
Income-tax demands disputed by the Company (net of amounts provided). The matters in dispute are under appeal. The demands have been paid/adjusted and will be received as refund if the matters are decided in favour of the Company	1,095,004,432 (₹ in crore)	639,221,887 (₹ in crore)
<b>(d) GUARANTEES ISSUED:</b>		
As a part of project assistance, the Company has also provided the following guarantees:		
1. Financial Guarantees	1,301.34	221.18
2. Performance Guarantees	259.00	40.30
3. Risk Participation Facility	5.31	29.39

**37** The Company has entered into Interest Rate Swaps in the nature of "fixed/floating" or "floating/fixed" for notional principal of ₹ **2,391** crore outstanding as on March 31, 2011 (Previous Year ₹ 1,660 crore) for varying maturities linked to various benchmarks for asset liability management and hedging.

The Company has foreign currency borrowings of **USD 62.56 crore** (Previous Year USD 48.83 crore), against which the Company has undertaken currency interest rate swaps and forward contracts of **USD 60.91 crore** (Previous Year USD 38.32 crore) to hedge foreign currency risk.

The Company has also entered in to coupon only currency swaps for notional principal of **USD 11.11 crore** (Previous Year USD 15.61 crore) to hedge the foreign currency risk towards interest on the foreign currency borrowings.

**38** Open interest in Stock Futures as at the Balance Sheet date:

Long Position

SR. NO.	NAME OF FUTURE	SERIES OF FUTURE	NUMBER OF CONTRACTS	NUMBER OF UNITS INVOLVED
1	Rural Electrification Corporation Limited	April 28, 2011	2	250,000

Short Position

SR. NO.	NAME OF FUTURE	SERIES OF FUTURE	NUMBER OF CONTRACTS	NUMBER OF UNITS INVOLVED
1	Larsen & Toubro Limited	April 28, 2011	1	35,000
2	Shree Renuka Sugars Limited	April 28, 2011	2	700,000

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

39 The following additional information is disclosed in terms of the RBI Circular (Ref. No. DNBS (PD) CC No. 178/03.02.001/2010-11 dated July 1, 2010):

(a) Capital to Risk Assets Ratio (CRAR):

ITEMS	CURRENT YEAR	PREVIOUS YEAR
CRAR (%)	24.48	20.39
CRAR – Tier I Capital (%)	21.86	17.24
CRAR – Tier II Capital (%)	2.62	3.15

(b) Exposures to Real Estate Sector\*:

CATEGORY	CURRENT YEAR	PREVIOUS YEAR
(₹ in crore)		
<b>(a) DIRECT EXPOSURE</b>		
(i) Commercial Real Estate	2,670.40	2,979.20
Lending fully secured by mortgage (including securities in the process of being created) on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits.		
(ii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	1.06	1.30
b. Commercial Real Estate	Nil	Nil
<b>(b) INDIRECT EXPOSURE</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	258.58	265.20

\* Based on amounts sanctioned.

(c) MATURITY PATTERN OF CERTAIN ITEMS OF ASSETS AND LIABILITIES

Current Year

	1 DAY TO 30/31 DAYS (ONE MONTH)	OVER ONE MONTH TO TWO MONTHS	OVER TWO MONTHS TO THREE MONTHS	OVER THREE MONTHS TO SIX MONTHS	OVER SIX MONTHS TO ONE YEAR	OVER ONE YEAR TO THREE YEARS	OVER THREE YEARS TO FIVE YEARS	OVER FIVE YEARS	TOTAL
(₹ in crore)									
<b>LIABILITIES</b>									
Borrowing from Banks	308.13	208.68	765.00	610.00	1,937.22	4,001.55	1,447.54	Nil	9,278.12
Market Borrowing	1,488.83	258.22	596.66	662.21	3,273.76	6,667.09	3,728.20	10,344.19	27,019.16
<b>ASSETS</b>									
Advances	331.23	187.60	293.85	797.52	2,910.78	8,323.39	6,198.92	19,130.87	38,174.16
Investments	3,198.17	229.54	94.71	148.12	17.05	350.10	90.13	4,121.85	8,249.67

Previous Year

	1 DAY TO 30/31 DAYS (ONE MONTH)	OVER ONE MONTH TO TWO MONTHS	OVER TWO MONTHS TO THREE MONTHS	OVER THREE MONTHS TO SIX MONTHS	OVER SIX MONTHS TO ONE YEAR	OVER ONE YEAR TO THREE YEARS	OVER THREE YEARS TO FIVE YEARS	OVER FIVE YEARS	TOTAL
(₹ in crore)									
<b>LIABILITIES</b>									
Borrowing from Banks	Nil	612.35	1,401.54	735.00	2,549.40	621.52	Nil	255.74	6,175.55
Market Borrowing	599.04	1,547.60	592.19	1,735.07	2,848.03	6,573.47	1,826.66	4,625.27	20,347.33
<b>ASSETS</b>									
Advances	225.72	292.68	183.91	2,343.80	1,819.52	7,066.44	4,949.80	8,616.67	25,498.54
Investments	503.23	47.01	0.28	92.87	176.96	358.49	189.26	4,473.97	5,842.07

**SCHEDULE 18** Notes Forming Part of the Accounts (Continued)

**(d) BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED**

CATEGORY	CURRENT YEAR AMOUNT NET OF PROVISION * (₹)	PREVIOUS YEAR AMOUNT NET OF PROVISION * (₹)
<b>1. RELATED PARTIES</b>		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other Related Parties	Nil	Nil
<b>2. OTHER THAN RELATED PARTIES</b>	381,741,633,809	254,971,167,319
Total	<b>381,741,633,809</b>	<b>254,971,167,319</b>

\*Excludes Provision for Contingencies.

**(e) INVESTOR GROUP-WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND LONG-TERM) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED)**

CATEGORY	CURRENT YEAR (₹)		PREVIOUS YEAR (₹)	
	MARKET VALUE/ BREAK UP VALUE/ FAIR VALUE/NAV	BOOK VALUE NET OF PROVISION	MARKET VALUE/ BREAK UP VALUE/ FAIR VALUE/NAV	BOOK VALUE NET OF PROVISION
<b>1. RELATED PARTIES</b>				
(a) Subsidiaries	5,159,207,642	13,411,381,029	893,750,831	13,263,780,796
(b) Companies in the same group	Nil	Nil	Nil	Nil
(c) Other Related Parties	197,760,282	200,870,985	600,968,735	435,811,115
<b>2. OTHER THAN RELATED PARTIES</b>	68,903,904,529	67,461,901,900	46,749,340,723	44,127,300,033
Total	<b>74,260,872,453</b>	<b>81,074,153,914</b>	<b>48,244,060,289</b>	<b>57,826,891,944</b>

**(f) OTHER INFORMATION**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
<b>1. GROSS NON-PERFORMING ASSETS</b>		
(a) Related Parties	Nil	Nil
(b) Other than Related Parties	797,343,115	797,343,115
<b>2. NET NON-PERFORMING ASSETS</b>		
(a) Related Parties	Nil	Nil
(b) Other than Related Parties	389,052,103	428,635,437
<b>3. ASSETS ACQUIRED IN SATISFACTION OF DEBT</b>	Nil	Nil

40 Previous year's figures have been regrouped/rearranged wherever necessary to conform to the current year's classification.

**FOR AND ON BEHALF OF THE BOARD**

**DEEPAK S. PAREKH**  
Chairman

**SUNIL KAKAR**  
Chief Financial Officer

**RAJIV B. LALL**  
Managing Director & CEO

**MAHENDRA N. SHAH**  
Company Secretary

(Submitted in terms of Part IV of the Companies Act, 1956)

## I. REGISTRATION DETAILS

Registration No.	3	7	4	1	5			
State Code	1	8						
Balance Sheet Date	3	1	0	3	2	0	1	1

## II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ '000)

Public Issue	N	I	L	Right Issue	N	I	L								
Bonus Issue	N	I	L	Stock Options	2	5	8	3	1						
Qualified Institutional Placement - Equity	1	5	7	7	5	2	1	Preferential Issue - Preference Shares	8	4	0	0	0	0	0

## III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ '000)

Total Liabilities	4	8	9	6	7	9	9	9	1	Total Assets	4	8	9	6	7	9	9	9	1
<b>SOURCES OF FUNDS</b>									<b>Share Application Money</b>	4	1	4	2	5					
Paid-up Capital	2	3	0	0	9	4	7	5	Secured Loans	3	5	4	3	5	0	1	5	0	
Reserves and Surplus	8	7	6	5	0	6	0	6	Unsecured Loans	8	6	2	2	6	0	8			
<b>APPLICATION OF FUNDS</b>									<b>Investments</b>	8	1	0	7	4	1	5	4		
Net Fixed Assets	3	4	2	6	0	9	1	Net Current Assets	1	0	2	0	1	8	6	2			
Infrastructure Loans	3	7	6	5	2	3	1	5	8	Miscellaneous Expenditure	N	I	L						
Deferred Tax Asset	2	4	4	9	0	0	0												

## IV. PERFORMANCE OF THE COMPANY (AMOUNT IN ₹ '000)

Total Income	4	5	6	0	3	5	3	4	Total Expenditure	2	8	2	9	9	0	4	9
Profit Before Tax	1	7	3	0	4	4	8	5	Profit After Tax	1	2	7	7	1	4	8	5
Earnings per Share (in ₹)	8	.	7	4	Dividend %	2	0	.	0	0							

## V. GENERIC NAMES OF PRINCIPAL SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	N	I	L																		
Product Description	I	N	F	R	A	S	T	R	U	C	T	U	R	E	F	I	N	A	N	C	E
Item Code No. (ITC Code)	N	I	L																		
Product Description	F	I	N	A	N	C	I	A	L	S	E	R	V	I	C	E	S				

## RELATING TO SUBSIDIARY COMPANIES

NAME OF SUBSIDIARY COMPANIES	DHEERU POWERGEN LIMITED	IDFC ASSET MANAGEMENT COMPANY LIMITED	IDFC AMC TRUSTEE COMPANY LIMITED	IDFC CAPITAL LIMITED	IDFC CAPITAL (SINGAPORE) PTE. LTD.*	IDFC CAPITAL (USA) INC.	IDFC DISTRIBUTION COMPANY LIMITED	IDFC FINANCE LIMITED	IDFC FOUNDATION	IDFC FUND OF FUNDS LIMITED*	IDFC GENERAL PARTNERS LIMITED*
The financial year of the Subsidiary Companies ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
Number of shares in the Subsidiary Companies held by Infrastructure Development Finance Company Limited and its subsidiaries at the above date.	5,100 shares of ₹ 10 each	2,674,002 shares of ₹ 10 each	50,000 shares of ₹ 10 each	6,035,220 shares of ₹ 10 each	10,970,000 shares of SD 1 each	100,000,000 shares of USD 0.01 each	1,500,000 shares of ₹ 10 each	21,000,200 shares of ₹ 10 each	50,000 shares of ₹ 10 each	11,577,712 shares of USD 1 each	10,000 shares of USD 1.65 each
Holding Company's interest in percentage	51.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
The net aggregate of profits of the Subsidiary Companies so far as these concern the member of Infrastructure Development Finance Company Limited.											
(i) dealt with in the accounts of Infrastructure Development Finance Company Limited amounted to:											
(a) for subsidiaries' financial year ended on March 31, 2011	-	-	-	-	-	-	-	-	-	-	-
(b) for previous financial years of the subsidiaries since these became subsidiaries of Infrastructure Development Finance Company Limited	-	-	-	-	-	-	-	-	-	-	-
(ii) not dealt with in the accounts of Infrastructure Development Finance Company Limited amounted to:											
(a) for subsidiaries' financial year ended on March 31, 2011	(2,384,352)	(28,114,168)	(143,941)	305,901,835	(120,536,075)	(6,185,093)	900,885	4,543,662	(214,443)	(3,181,355)	-
(b) for previous financial years of the subsidiaries since these became subsidiaries of Infrastructure Development Finance Company Limited.	(1,147,679)	38,081,559	195,501	513,932,415	(301,685,438)	-	1,751,404	70,021,281	-	(1,153,369)	-
Capital	19,729,000	26,740,020	500,000	60,352,200	367,380,570	46,240,000	15,000,000	210,002,000	500,000	536,826,562	769,725
Reserves	(18,718,023)	510,390,759	378,289	1,083,223,453	(332,228,119)	(7,711,762)	2,681,086	69,555,800	(214,443)	(24,809,685)	(34,016)
Total Assets	549,637,640	848,672,769	1,252,411	1,508,455,450	79,537,883	40,091,514	20,007,900	279,777,833	455,340,707	513,253,115	735,709
Total Liabilities	548,626,662	311,541,991	374,122	364,879,797	44,385,431	1,563,275	2,326,813	220,033	455,055,150	1,236,238	-
Details of investment											
Equity	-	-	-	20,585,060	-	-	-	-	306,771,900	-	-
Mutual Fund	-	175,702,090	-	77,699,215	-	-	6,397,764	277,574,256	-	-	-
Trust Units	-	-	-	-	-	-	-	-	148,467,700	-	-
Venture Capital Units	-	-	-	-	-	-	-	-	-	-	-
Turnover	-	930,897,151	400,000	1,030,599,770	74,077,727	-	2,982,575	5,131,849	40,707	-	-
Profit before taxation	(4,675,201)	(32,565,168)	(143,941)	449,072,591	(120,536,075)	(6,185,093)	1,123,422	4,648,662	(214,443)	(3,181,355)	-
Provision for taxation	-	(4,451,000)	-	143,170,757	-	-	222,537	105,000	-	-	-
Profit after taxation	(4,675,201)	(28,114,168)	(143,941)	305,901,834	(120,536,075)	(6,185,093)	900,885	4,543,662	(214,443)	(3,181,355)	-
Proposed dividend	-	-	-	-	-	-	-	-	-	-	-

\* Exchange Rate:

Closing Rate: 1 US\$ = ₹ 44.59

Average Rate: 1 US\$ = ₹ 44.51

## RELATING TO SUBSIDIARY COMPANIES

NAME OF SUBSIDIARY COMPANIES	IDFC INVESTMENT ADVISORS LIMITED	IDFC INVESTMENT MANAGERS (MAURITIUS) LIMITED*	IDFC PENSION FUND MANAGEMENT COMPANY LIMITED	IDFC PPP TRUSTEESHIP COMPANY LIMITED	IDFC PRIVATE EQUITY COMPANY LIMITED	IDFC PROJECT EQUITY COMPANY LIMITED	IDFC PROJECTS LIMITED	IDFC SECURITIES LIMITED	IDFC TRUSTEE COMPANY LIMITED	JETPUR SOMNATH HIGHWAY LIMITED	JETPUR SOMNATH TOLLWAYS LIMITED	UNIQUEST INFRA VENTURES PRIVATE LIMITED
The financial year of the Subsidiary Companies ended on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
Number of shares in the Subsidiary Companies held by Infrastructure Development Finance Company Limited and its subsidiaries at the above date.	10,000,000 shares of ₹10 each	57,290 shares of USD 1 each	12,000,000 shares of ₹10 each	50,000 shares of ₹10 each	50,000 shares of ₹10 each	50,000 shares of ₹10 each	34,050,000 shares of ₹10 each	14,137,200 shares of ₹10 each	50,000 shares of ₹10 each	74,000 shares of ₹10 each	74,000 shares of ₹10 each	10,000 shares of ₹10 each
Holding Company's interest in percentage	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	74.00%	74.00%	100.00%
The net aggregate of profits of the Subsidiary Companies so far as these concern the member of Infrastructure Development Finance Company Limited.												
(i) dealt with in the accounts of Infrastructure Development Finance Company Limited amounted to:												
(a) for subsidiaries' financial year ended on March 31, 2011	-	-	-	-	320,000,000	137,500,000	-	-	-	-	-	-
(b) for previous financial years of the subsidiaries since these became subsidiaries of Infrastructure Development Finance Company Limited	-	-	-	-	1,000,000,000	-	-	942,579	-	-	-	-
(ii) not dealt with in the accounts of Infrastructure Development Finance Company Limited amounted to:												
(a) for subsidiaries' financial year ended on March 31, 2011	6,666,871	41,190	2,844,812	(126,111)	11,629,390	26,475,219	(71,783,428)	149,138,562	4,226,412	148,371	(3,357,179)	(246,513)
(b) for previous financial years of the subsidiaries since these became subsidiaries of Infrastructure Development Finance Company Limited.	8,921,109	-	(1,276,073)	(418,306)	539,750,213	123,425,847	(179,098,247)	578,913,181	9,692,904	(1,206,819)	-	-
Capital	100,000,000	2,569,224	120,000,000	500,000	500,000	500,000	340,500,000	141,372,000	500,000	1,000,000	1,000,000	100,000
Reserves	15,587,980	25,546	1,568,739	(544,417)	551,379,603	149,901,066	(250,881,675)	986,269,562	13,919,316	(1,006,318)	(4,536,729)	(246,513)
Total Assets	148,021,809	3,152,381	121,817,580	560,666	839,904,013	408,866,352	580,962,774	1,796,339,449	14,719,629	55,954	1,000,000	100,000
Total Liabilities	32,433,829	557,611	248,841	60,666	288,024,410	258,465,286	491,344,449	668,697,887	300,313	62,272	4,536,729	246,513
Details of investment												
Equity	-	-	-	-	-	-	-	10,000	-	-	-	-
Mutual Fund	98,281,920	-	117,028,760	-	-	-	-	726,446,130	12,319,860	-	-	-
Trust Units	-	-	-	-	-	-	-	-	-	-	-	-
Venture Capital Units	-	-	-	-	9,020,986	-	-	-	-	-	-	-
Turnover	165,309,995	1,553,283	115	25,000	812,608,701	575,508,582	36,224,559	789,256,266	5,600,000	-	-	-
Profit before taxation	14,622,674	58,439	2,980,458	(126,111)	571,257,390	269,727,742	(71,729,268)	195,412,378	5,842,905	246,201	(4,536,729)	(246,513)
Provision for taxation	7,955,803	17,250	135,646	-	186,480,000	82,915,492	54,160	46,273,816	1,616,493	45,700	-	-
Profit after taxation	6,666,871	41,189	2,844,812	(126,111)	384,777,390	186,812,250	(71,783,428)	149,138,562	4,226,412	200,501	(4,536,729)	(246,513)
Proposed dividend	-	-	-	-	-	-	-	200%	-	-	-	-

\* Exchange Rate:

Closing Rate: 1 US\$ = ₹ 44.59

Average Rate: 1 US\$ = ₹ 44.51

## FOR AND ON BEHALF OF THE BOARD

DEEPAK S. PAREKH  
ChairmanRAJIV B. LALL  
Managing Director & CEOSUNIL KAKAR  
Chief Financial OfficerMAHENDRA N. SHAH  
Company Secretary

Mumbai | April 29, 2011

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