

IDFC Foundation

BOARD OF DIRECTORS

- Mr. Anil Baijal
Chairman
- Dr. Rajiv B. Lall
- Mr. Sunil Kakar
- Dr. Rajeev Uberoi
- Mr. Cherian Thomas
- Mr. Animesh A. Kumar

AUDITORS

- Deloitte Haskins & Sells
Chartered Accountants

PRINCIPAL BANKERS

- HDFC Bank Limited

REGISTERED OFFICE

2nd Floor, The Capital Court,
Olof Palme Marg, Munirka,
New Delhi – 110 067
TEL +91 22 42222000
FAX +91 22 26540354

TO THE MEMBERS

Your directors have pleasure in presenting the First Annual Report together with the audited accounts for the period March 04, 2011 (date of incorporation) to March 31, 2011.

INCORPORATION

Your Company was incorporated as a non-profit organisation, under Section 25 of the Companies Act, 1956, on March 04, 2011 and the Certificate for Commencement of Business was received from the Registrar of Companies, National Capital Territory of Delhi and Haryana, on March 22, 2011.

FINANCIAL RESULTS

	(₹)
	FOR THE PERIOD ENDED MARCH 31, 2011
Total Income	40,707
Less: Total Expenses	255,150
Profit/(Loss) before Tax	(214,443)
Less: Provision for Tax	-
Profit/(Loss) after Tax	(214,443)
Add/Less: Profit/(Loss) brought forward	-
Loss carried forward	214,443

PRINCIPAL ACTIVITIES

The Company is formed under Section 25 of the Companies Act, 1956 as a Limited Company engaged in the task of nation building by working across all sectors of infrastructure, which would include physical infrastructure, core sectors, social infrastructure, rural infrastructure and allied services and activities. It focuses on energy, urban development, and sustainable and inclusive infrastructure development. IDFC Foundation continued to pursue its strategy of providing transaction advisory services to governments and agencies which demonstrate a propensity to change as well as to promote private sector engagement in new areas of infrastructure, in order to provide improved standards of service to users.

DIVIDEND

Being the first year of operations and due to unavailability of profits for distribution, the Directors do not recommend any dividend for the period ended March 31, 2011.

PUBLIC DEPOSITS

During the period under review, your Company has not accepted deposits under Section 58-A of the Companies Act, 1956.

DIRECTORS

Dr. Rajiv B. Lall, is one of the first Directors of the Company. The Board at its meeting held on April 27, 2011 had appointed Dr. Rajeev Uberoi, Mr. Sunil Kakar, Mr. Anil Baijal, Mr. Cherian Thomas and Mr. Animesh Kumar as Additional Directors. These Directors would hold the office up to the date of ensuing Annual General Meeting. The members are requested to consider their appointment as Directors of the Company.

During the period, Mr. Vikram Limaye and Mr. Mahendra N. Shah resigned from the Directorship of the Company with effect from April 27, 2011. The Board wishes to place on record its sincere appreciation for their guidance and valuable contributions to the Company.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, having registration No. 117365W, will retire as the statutory auditors of the Company at the ensuing Annual General Meeting. On June 13, 2011, the Board proposed their re-appointment as Auditors to audit the accounts of the Company for the financial year ending March 31, 2012. M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, the retiring Auditors, have confirmed that their re-appointment, if made, would be in conformity with the provisions of Sections 224 and 226 of the Companies Act, 1956 as also indicated their willingness to be re-appointed. You are requested to consider their re-appointment.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There was no income or expenditure in foreign currency during the period under review.

PERSONNEL AND OTHER MATTERS

Since your Company does not have any employees, the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence not given.

Since the Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998, are not applicable and hence not given.

SHAREHOLDERS UPDATES

The Board of Directors in its meeting held on April 27, 2011 had approved the proposal to change the Registered Office of the Company from 13, Abul Fazal Road, Near Bengali Market, New Delhi - 110 003, Delhi to 2nd Floor, The Capital Court, Olof Palme Marg, Munirka, New Delhi - 110 067.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and the profit or loss of the Company for the period ended on that date;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and detecting fraud and other irregularities; and
- they have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Directors also express their gratitude for the unstinted support and guidance received from Infrastructure Development Finance Company Limited and other group companies.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

ANIL BAIJAL

Chairman

Mumbai

June 13, 2011

AUDITORS' REPORT TO THE MEMBERS OF IDFC FOUNDATION

1. We have audited the attached Balance Sheet of IDFC FOUNDATION ('the Company') as at March 31, 2011, the Income and Expenditure Account and the Cash Flow Statement for the period from March 4, 2011 (Date of Incorporation) to March 31, 2011 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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. The Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956 is not applicable to the Company in terms of Clause 1(2)(iii) of the Order.

4. We report thereon 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 Income and Expenditure Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Income and Expenditure 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;

- (e) 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 Income and Expenditure Account, of the excess of expenditure over income of the Company for the period from March 4, 2011 (Date of Incorporation) to March 31, 2011; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the period from March 4, 2011 (Date of Incorporation) to March 31, 2011.
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
Reg. No. 117365W

Z. F. BILLIMORIA

Partner
(Membership No. 42791)

Mumbai
June 13, 2011

BALANCE SHEET

AS AT MARCH 31, 2011

	SCHEDULE ↘	₹	₹
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1		500,000
			500,000
APPLICATION OF FUNDS			
Investments	2		455,239,600
Current Assets, Loans and Advances			
Bank Balance	3	101,107	
Less: Current Liabilities	4	455,055,150	
Net Current Liabilities			(454,954,043)
Deficit in Income and Expenditure Account			214,443
			500,000
Notes forming part of the Accounts	5		
Schedules 1 to 5 form an integral part of the Accounts			

IN TERMS OF OUR REPORT ATTACHEDFOR DELOITTE HASKINS & SELLS
Chartered AccountantsZ. F. BILLIMORIA
Partner**FOR AND ON BEHALF OF THE BOARD**ANIL BAIJAL
ChairmanRAJIV B. LALL
Director

Mumbai | June 13, 2011

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD FROM MARCH 04, 2011
(DATE OF INCORPORATION) TO MARCH 31, 2011

	₹	₹
		MARCH 4, 2011 TO MARCH 31, 2011
SCHEDULE 5		
INCOME		
Voluntary Contributions		39,733
Interest on Savings Bank Account		974
		40,707
EXPENDITURE		
Auditors' Remuneration:		
Audit Fees	50,000	
Service Tax	5,150	55,150
Preliminary Expenses		200,000
		255,150
Deficit for the period carried to Balance Sheet		(214,443)
Basic and Diluted Earnings Per Share (Face Value ₹ 10) (See Schedule 5 Note 5)		(4.29)
Notes forming part of the Accounts	5	
Schedules 1 to 5 form an integral part of the Accounts		

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

Z. F. BILLIMORIA
Partner

FOR AND ON BEHALF OF THE BOARD

ANIL BAIJAL
Chairman

RAJIV B. LALL
Director

Mumbai | June 13, 2011

CASH FLOW STATEMENT

FOR THE PERIOD FROM MARCH 04, 2011
(DATE OF INCORPORATION) TO MARCH 31, 2011

₹

MARCH 4, 2011 TO
MARCH 31, 2011

A. CASH FLOW FROM OPERATING ACTIVITIES

Deficit		(214,443)
Adjustments for		
Changes in:		
Current Liabilities		455,055,150
NET CASH FROM OPERATING ACTIVITIES	(A)	454,840,707

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Investments		(455,239,600)
NET CASH USED IN INVESTING ACTIVITIES	(B)	(455,239,600)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Issue of Share Capital		500,000
NET CASH FROM FINANCING ACTIVITIES	(C)	500,000
Cash and cash equivalents as at the end of the period (as per Schedule 3)	(A+B+C)	101,107

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

Z. F. BILLIMORIA
Partner

FOR AND ON BEHALF OF THE BOARD

ANIL BAIJAL
Chairman

RAJIV B. LALL
Director

Mumbai | June 13, 2011

SCHEDULE 1 Share Capital

₹

AS AT MARCH 31, 2011

AUTHORISED:

50,000 Equity Shares of ₹ 10/- each	500,000
	500,000

ISSUED, SUBSCRIBED & PAID-UP

50,000 Equity Shares of ₹ 10/- each fully paid-up	500,000
(All the above shares are held by Infrastructure Development Finance Company Limited, the holding company and its nominees)	
	500,000

SCHEDULE 2 Investments

₹

AS AT MARCH 31, 2011

I. LONG-TERM (NON TRADE)

EQUITY SHARES (FULLY PAID) (UNQUOTED)	NO. OF SHARES	FACE VALUE ₹		
Infrastructure Development Corporation (Karnataka) Limited	4,949,996	10	154,863,840	
Uttarakhand Infrastructure Development Company Limited	239,517	10	4,618,320	
Delhi Integrated Multi Modal Transit System Limited	73,045	1,000	147,289,740	306,771,900
TRUST UNITS (UNQUOTED)	NO. OF UNIT	FACE VALUE ₹		
India Infrastructure Initiative	60,000	1,000	87,492,300	
India PPP Capacity Building Trust	250,000	1,000	60,975,400	148,467,700
				455,239,600

SCHEDULE 3 Bank Balance

₹

AS AT MARCH 31, 2011

Balance with a Scheduled Bank in Savings Account	101,107
	101,107

SCHEDULE 4 Current Liabilities

₹

AS AT MARCH 31, 2011

Sundry Creditors - Other than Micro and Small Enterprises (See Schedule 5 Note 6)	455,049,635
Other Liabilities	5,515
	455,055,150

1 Background

IDFC Foundation ('the Company') was incorporated in India on March 4, 2011 as a limited company under Section 25 of the Companies Act, 1956. The Company is 100% subsidiary of Infrastructure Development Finance Company Limited with the primary focus on establishing, promoting all sectors of Infrastructure through engagement in policy advocacy, policy and transaction advisory services, capacity building and training, corporate social responsibility (CSR) activities, inclusive infrastructure activities, by providing financial assistance by way of subsidies, grants, loans, capital contribution or other forms of financial support, in order to encourage and promote infrastructure activities on non commercial basis.

2 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 and relevant provisions of the Companies Act, 1956.

B. System of Accounting

The Company adopts the accrual concept in the preparation of accounts. The preparation of 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

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

D. Income Tax

The accounting treatment for income-tax in respect of the Company's income is based on the 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 carry forward tax 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.

E. Revenue Recognition

(1) Voluntary Contributions are accounted on the date of the receipt. All voluntary contributions received during the year are towards the objectives of the Company.

(2) Interest on Savings Bank Account is accounted on accrual basis.

F. 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.

3 The Company does not have any reportable primary business segment or geographical segment as per Accounting Standard 17 on 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

4 As per the 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:

(a) Relationships:

I. HOLDING COMPANY:

Infrastructure Development Finance Company Limited

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

NAME OF THE RELATED PARTY	PARTICULARS	AS AT MARCH 31, 2011 (₹)
Infrastructure Development Finance Company Limited	Proceeds from Issue of Share Capital	500,000
	Purchase of Investments	454,474,100
	Advances taken	455,000,000

5 Earnings Per Share

In accordance with the Accounting Standard 20 on "Earnings Per Share" as notified under the Companies (Accounting Standards) Rules, 2006 the Earning Per Share has been computed as under:

PARTICULARS	CURRENT PERIOD
(a) Deficit (₹)	(214,443)
(b) Weighted average number of equity shares (Nos.)	50,000
(c) Earnings Per Share (₹)	
(a)/(b) (Basic and Diluted)	(4.29)
Nominal value per share (₹)	10

6 (a) The Company has no amounts due to any micro, small and medium enterprises as defined under Micro Small and Medium Enterprises Development Act, 2006 as on March 31, 2011.

(b) Sundry Creditors include ₹ 455,000,000 payable to the Holding Company.

7 The Company was incorporated on March 04, 2011 and the first accounting year of the Company is the period from March 04, 2011 to March 31, 2011. Accordingly there are no comparative figures.

FOR AND ON BEHALF OF THE BOARD

ANIL BAIJAL
Chairman

RAJIV B. LALL
Director

Mumbai | June 13, 2011

I. REGISTRATION DETAILS

Registration No. U 9 3 0 0 0 0 D L 2 0 1 1 N P L 2 1 5 2 3 1
 State Code 5 5
 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

Private Placement
 5 0 0

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

SOURCES OF FUNDS

Total Liabilities

4 5 5 3 4 1

Paid-up Capital

5 0 0

Secured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

N I L

Net Current Assets

(4 5 4 9 5 4)

Income and Expenditure Account

2 1 4

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

Turnover/Income

4 1

Profit Before Tax

(2 1 4)

Earnings per Share (in ₹)

(4 . 2 9)

Total Assets

4 5 5 3 4 1

Reserves and Surplus

N I L

Unsecured Loans

N I L

Investments

4 5 5 2 4 0

Deferred Tax Asset

N I L

Total Expenditure

2 5 5

Profit After Tax

(2 1 4)

Dividend %

N I L

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

Item Code No. (ITC Code)

N I L

Product Description

N O T F O R P R O F I T
 O R G A N I S A T I O N