

IDFC Private Equity Company Limited

BOARD OF DIRECTORS

- Mr. Luis Miranda
Chairman
- Mr. Gautam Kaji
- Dr. Rajiv B. Lall
- Mr. Kishor Chaukar
- Mr. N. S. Raghavan
- Mr. Jaithirth Rao
- Mr. Dominic Price
- Mr. Vikram Limaye
- Mr. Sunil Kakar
- Mr. Sadashiv Rao
- Dr. Rajeev Uberoi

AUDITORS

- Deloitte Haskins & Sells
Chartered Accountants

PRINCIPAL BANKERS

- HDFC Bank Limited

REGISTERED OFFICE

Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051
TEL +91 22 42222000
FAX +91 22 26540354
WEBSITE www.idfcpe.com

TO THE MEMBERS

Your Directors have pleasure in presenting the Ninth Annual Report together with the audited accounts for the year ended March 31, 2011.

OPERATIONAL REVIEW

Your Company continues to be committed to the development of infrastructure in the country and manage capital commitments of ₹ 57.35 billion through three funds – India Development Fund, IDFC Private Equity Fund II and IDFC Private Equity Fund III.

The year was an eventful year, with a successful closure of a key man event, one new investment, three follow-on investments and eight exits/liquidity events (including 3 full exits and 1 partial exit). Your Company believes this is the highest number of exits/liquidity events made by any PE firm in India during the year.

Your Company closed only one new deal during the year. This was primarily as the team was not allowed to make new investments for a large part of the year, due to the trigger of a key man event.

Your Company, therefore, focused a lot of its efforts on managing the existing portfolio and on completing exits to reduce the size of the portfolio. Your Company also focused on keeping the team together and is happy to report that there have been no resignations.

Your Company won two awards this year:

- Best Private Equity Investor - 2010 at the Annual Venture Intelligence APEX Awards
- Indian PE Firm of the year by Global M&A Network

FINANCIAL RESULTS

₹ (IN MILLION)

	FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
Total Income	847.81	990.55
Less: Total Expenses	276.55	285.38
Profit before Tax	571.26	705.17
Less: Provision for Tax	186.48	236.94
Profit after Tax	384.78	468.22
Add: Balance Brought Forward	441.33	721.90
Total Available for Appropriation	826.11	1,190.12
APPROPRIATIONS:		
Transfer to General Reserve	38.48	46.82
Interim Dividend	320.00	600.00
Tax on Dividend	53.15	101.97
Balance Carried Forward	414.48	441.33

DIVIDEND

Given the strong financial performance, the Board had approved interim dividend distribution amounting to ₹ 32 crore resulting in an aggregate dividend rate of 64,000% i.e. ₹ 6,400/- per equity share. Your Directors have not recommended any further dividend and recommended confirmation of the said interim dividend as final dividend for the year.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1998 are not applicable.

The Company has no earnings in Foreign Exchange. The particulars regarding foreign exchange expenditure are furnished at Item No. 3 in the Notes to Accounts.

PARTICULARS OF EMPLOYEES' REMUNERATION

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder the names and other particulars of employees in receipt of remuneration of more than ₹ 5 lakh per month and ₹ 60 lakh per annum, are set out in the Annexure to the Directors' Report.

DIRECTORS

The Board, at its meeting held on October 26, 2010, appointed, Mr. Luis Miranda, Mr. Gautam Kaji, Dr. Rajeev Uberoi and Mr. Sadashiv Rao as Additional Directors with effect from November 01, 2010 and they hold office up to the date of the ensuing Annual General Meeting. Mr. Luis Miranda was appointed as a Non-Executive Chairman on the Board of the Company.

The Board, at its meeting held on April 26, 2011, appointed Mr. Sunil Kakar as an Additional Director with effect from April 26, 2011 and he holds office up to the date of the ensuing Annual General Meeting.

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956, Mr. N. S. Raghavan, Mr. Jaithirh Rao and Mr. Dominic Price would retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board of Directors recommends appointment/re-appointment of all the above Directors at the ensuing Annual General Meeting.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants will retire as the statutory auditors of the Company at the ensuing Annual General Meeting. The Board at its meeting held on April 26, 2011 has 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, 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.

DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

AUDIT COMMITTEE

The Audit Committee was re-constituted during the year and comprises of the following Directors as its Members:

Mr. Dominic Price, Chairman

Mr. N. S. Raghavan, Member

Mr. Sunil Kakar, Member

Dr. Rajeev Uberoi, Member

The Audit Committee met four times during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- the applicable accounting standards have been followed in preparation of annual accounts and there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgements 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 year 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.

APPRECIATION

The Board wishes to thank the investors of India Development Fund, IDFC Private Equity Fund II and IDFC Private Equity Fund III, the Ministry of Finance, the Reserve Bank of India and the Securities and Exchange Board of India for their continued support.

The Board would like to express its gratitude for the unstinted support and guidance received from Infrastructure Development Finance Company Limited (IDFC), the parent organisation, and also from other group companies.

The Board would also like to express their sincere thanks and appreciation to all the employees for their commendable teamwork, exemplary professionalism and enthusiastic contribution during the year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

LUIS MIRANDA

Chairman

Mumbai

April 26, 2011

To The Members of IDFC Private Equity Company Limited

1. We have audited the attached Balance Sheet of IDFC PRIVATE EQUITY 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) 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;
 - (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 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
Reg. No. 117366W

NALIN M. SHAH
Partner
(Membership No. 15860)

Mumbai
April 26, 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), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix), and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - 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 by which all fixed assets are verified in a phased manner. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - 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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) 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.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.

(vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) According to the information and explanations given to us in respect of statutory dues:

- The Company has been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- There were no undisputed amounts payable in respect of Income-tax 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.
- 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 (₹ IN LAKHS)
Income-tax Act, 1961	Income Tax	CIT(A)	A.Y. 2008-09	101.93

(ix) 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
Reg. No. 117366W

NALIN M. SHAH

Partner
(Membership No. 15860)

Mumbai
April 26, 2011

BALANCE SHEET

AS AT MARCH 31, 2011

	SCHEDULE	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
₹			
₹			
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	500,000	500,000
Reserves and Surplus	2	551,379,603	539,750,213
Deferred Tax Liability (See Schedule 13 Note 9)		15,342,000	10,612,000
TOTAL		567,221,603	550,862,213
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	548,478,764	548,149,622
Less: Depreciation and Amortisation		67,376,278	40,599,956
Net Block		481,102,486	507,549,666
Investments	4	9,020,986	1,840
Current Assets, Loans and Advances			
Interest Accrued on term deposits with banks		66,627	43,124
Cash and Bank Balances	5	283,375,151	321,260,172
Loans and Advances	6	66,338,763	57,826,606
		349,780,541	379,129,902
Less: Current Liabilities and Provisions			
Current Liabilities	7	259,826,837	321,739,710
Provisions	8	12,855,573	14,079,485
		272,682,410	335,819,195
Net Current Assets		77,098,131	43,310,707
TOTAL		567,221,603	550,862,213
Notes to the Accounts	13		

Schedules 1 to 13 form an integral part of the Accounts.

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants

NALIN M. SHAH

Partner

FOR AND ON BEHALF OF THE BOARD

RAJIV B. LALL

Director

VIKRAM LIMAYE

Director

Mumbai | April 26, 2011

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
INCOME			
Operating and Other Income	9	847,813,415	990,547,242
TOTAL		847,813,415	990,547,242
EXPENDITURE			
Staff Expenses	10	188,991,336	215,108,063
Establishment Expenses	11	3,745,662	5,004,478
Other Expenses	12	56,212,110	35,275,178
Depreciation and Amortisation		27,606,917	29,994,517
TOTAL		276,556,025	285,382,236
PROFIT BEFORE TAXATION		571,257,390	705,165,006
Less: Provision for Taxation			
Current Tax		181,750,000	230,130,000
Deferred Tax (See Schedule 13 Note 9)		4,730,000	6,812,000
PROFIT AFTER TAXATION		384,777,390	468,223,006
Add: Balance as per last Balance Sheet		441,329,213	721,899,207
AVAILABLE FOR APPROPRIATION		826,106,603	1,190,122,213
Appropriations:			
Interim Dividend		320,000,000	600,000,000
Tax on Dividend		53,148,000	101,970,000
General Reserve		38,479,000	46,823,000
Balance carried forward		414,479,603	441,329,213
		826,106,603	1,190,122,213
Earnings per share (Face Value ₹ 10) (See Schedule 13 Note 10)			
Basic and Diluted		7,695.55	9,364.46
Notes to Accounts	13		
Schedules 1 to 13 form an integral part of the Accounts			

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

NALIN M. SHAH
Partner

FOR AND ON BEHALF OF THE BOARD

RAJIV B. LALL
Director

VIKRAM LIMAYE
Director

Mumbai | April 26, 2011

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2011

	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	571,257,390	705,165,006
Adjustments for:		
Gain on Sale of Fixed Assets	(5,519)	-
Depreciation and Amortisation	27,606,917	29,994,517
Provision for Employee Benefits	(1,223,912)	2,850,222
Profit on sale of Investments	-	(12,905,626)
Dividend on Investments	(9,358,246)	(8,242,502)
Interest Received	(17,763,216)	(831,046)
Operating Profit Before Working Capital Changes	570,513,414	716,030,571
Changes in:		
Current Assets, Loans and Advances	1,968,656	142,486,799
Current Liabilities	(61,912,873)	52,433,735
Direct Taxes Paid	(192,254,316)	(225,791,206)
NET CASH FROM OPERATING ACTIVITIES	318,314,881	685,159,899
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,794,459)	(3,866,518)
Sale of Fixed Assets	640,241	-
Short-term loan given	-	(70,000,000)
Proceeds of repayment of short-term loan	-	70,000,000
Sale Proceeds of Investments	707,358,246	2,156,753,753
Dividend on Investments	9,358,246	8,242,502
Purchase of Investments	(716,377,392)	(2,043,848,128)
Interest Received	17,763,216	831,046
NET CASH FROM INVESTING ACTIVITIES	16,948,098	118,112,655
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid (including dividend tax)	(373,148,000)	(701,970,000)
NET CASH USED IN FINANCING ACTIVITIES	(373,148,000)	(701,970,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	(37,885,021)	101,302,554
Cash and Cash Equivalents at the beginning of the year as per Schedule 5	321,260,172	219,957,618
Cash and Cash Equivalents at the end of the year as per Schedule 5	283,375,151	321,260,172
	(37,885,021)	101,302,554

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

NALIN M. SHAH
Partner

FOR AND ON BEHALF OF THE BOARD

RAJIV B. LALL
Director

VIKRAM LIMAYE
Director

Mumbai | April 26, 2011

SCHEDULE 1 Capital		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
AUTHORISED:			
5,000,000 Equity Shares of ₹ 10/- each		50,000,000	50,000,000
ISSUED, SUBSCRIBED AND PAID-UP:			
50,000 Equity Shares of ₹ 10/- each		500,000	500,000
(All the above Equity Shares are held by Infrastructure Development Finance Company Limited, the holding company and its nominees)			
		500,000	500,000

SCHEDULE 2 Reserves and Surplus		₹	₹
		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
GENERAL RESERVE			
Opening Balance		98,421,000	51,598,000
Add: Transfer from Profit and Loss Account		38,479,000	46,823,000
		136,900,000	98,421,000
PROFIT AND LOSS ACCOUNT			
		414,479,603	441,329,213
		551,379,603	539,750,213

SCHEDULE 3 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	On deductions during the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010	
Tangible											
Buildings	523,563,116	-	-	523,563,116	27,268,315	24,752,420	-	52,020,735	471,542,381	496,294,801	
Computer Hardware	7,537,687	598,112	-	8,135,799	5,323,038	1,039,224	-	6,362,262	1,773,537	2,214,649	
Furniture, Fittings and Office Equipments	12,421,771	288,005	379,657	12,330,119	4,292,100	1,382,236	-	5,674,336	6,655,783	8,129,671	
Vehicles	1,085,660	-	1,085,660	-	786,430	44,165	830,595	-	-	299,230	
Intangible											
Computer Software	3,541,388	908,342	-	4,449,730	2,930,073	388,872	-	3,318,945	1,130,785	611,315	
Total	548,149,622	1,794,459	1,465,317	548,478,764	40,599,956	27,606,917	830,595	67,376,278	481,102,486	507,549,666	
Previous year	544,283,104	3,866,518	-	548,149,622	10,605,439	29,994,517	-	40,599,956	507,549,666		

SCHEDULE 4 Investments			₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
LONG-TERM (NON-TRADE)				
VENTURE CAPITAL UNITS (UNQUOTED)	NUMBER OF UNITS	FACE VALUE		
		₹		
IDFC Infrastructure Fund 2 - IDFC Private Equity Fund II - Class C (fully paid)	184	10	1,840	1,840
IDFC Infrastructure Fund 3 - IDFC Private Equity Fund III - Class C (paid up ₹ 4.23 per unit, Commitment restricted to ₹ 7.143 per unit)	2,400,000	10	7,841,148	-
IDFC Infrastructure Fund 3 - IDFC Private Equity Fund III - Class F (paid up ₹ 1.72 per unit)	685,680	10	1,177,998	-
			9,020,986	1,840

SCHEDULE 5 Cash and Bank Balances			₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Cash			4,653	7,396
Balance with Scheduled Banks				
- In Current Accounts			870,498	2,252,776
- In Deposit Accounts			282,500,000	319,000,000
			283,375,151	321,260,172

SCHEDULE 6 Loans and Advances (Unsecured and considered good)			₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Advances recoverable in cash or in kind or for value to be received			1,472,726	2,563,885
Deposits			3,883,091	4,784,091
Advance payment of Income Tax & Fringe Benefit Tax (Net of provision)			60,982,946	50,478,630
			66,338,763	57,826,606

SCHEDULE 7 Current Liabilities			₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Management Fees Received in Advance			161,706,957	213,640,450
Sundry Creditors (Other than Micro and Small Enterprises) (See Schedule 13 Note 11)			92,835,361	107,863,554
Other Liabilities			5,284,519	235,706
			259,826,837	321,739,710

SCHEDULE 8 Provisions			₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Provision for Employee Benefits (See Schedule 13 Note 5 (ii))			12,855,573	14,079,485
			12,855,573	14,079,485

SCHEDULE 9 Operating and Other Income	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
OPERATING INCOME		
Management Fees (Tax deducted at source ₹ 91,445,971/- ; Previous Year ₹ 115,929,975/-)	812,608,701	968,500,071
	812,608,701	968,500,071
OTHER INCOME		
Interest on Deposits with Banks (Tax deducted at source ₹ 1,810,713/-; Previous Year ₹ 69,726/-)	17,763,216	159,220
Profit on sale/redemption of current investments	-	12,905,626
Profit on sale of Fixed Assets	5,519	-
Interest on Income Tax Refund	-	67,997
Dividend on Current Investments (non-trade)	9,358,246	8,242,502
Interest Income on Short-term Loans (Tax deducted at source ₹ Nil; Previous Year ₹ 152,236 /-)	-	671,826
Others	8,077,733	-
	35,204,714	22,047,171
	847,813,415	990,547,242

SCHEDULE 10 Staff Expenses	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Salaries	172,919,161	198,996,909
Contribution to Provident and Other Funds (See Schedule 13 Note 5 (i)) (including Provision for Gratuity ₹ 7,013,243/-, Previous Year ₹ 3,253,783/-)	12,869,403	11,271,952
Staff Welfare Expenses	3,202,772	4,839,202
	188,991,336	215,108,063

SCHEDULE 11 Establishment Expenses	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Rent (See Schedule 13 Note 8)	352,000	1,320,000
Rates and Taxes	1,673,787	328,897
Electricity	-	2,020,833
Repairs and Maintenance		
Equipments	-	2,272
Others	1,591,427	1,189,359
Insurance Charges	128,448	143,117
	3,745,662	5,004,478

SCHEDULE 12 Other Expenses	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Travelling and Conveyance (See Schedule 13 Note 3)	16,728,205	15,286,819
Realised Loss on Foreign Currency Transactions	15,054	27,961
Printing and Stationery	322,104	870,595
Postage, Telephone and Fax	1,865,882	2,141,780
Advertisement and Publicity	4,564,658	5,414,573
Professional Fees (See Schedule 13 Note 3)	23,622,338	6,517,036
Directors' Fees	200,000	240,000
Auditors' Remuneration (See Schedule 13 Note 2)	1,359,351	1,052,198
Shared Services Costs	4,500,000	-
Miscellaneous Expenses	3,034,518	3,724,216
	56,212,110	35,275,178

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 and the relevant provisions of the Companies Act, 1956.

B. System of Accounting

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

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

D. Investments

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.

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 expenses on such software for support and maintenance payable annually are charged to the Profit and Loss Account.

G. Depreciation and Amortisation

■ Tangible Assets

Depreciation for all 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 a straight line method based on the Management's estimate of 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.

■ Intangible Assets

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

H. 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.

I. Employee Benefits

Defined Contribution Plans

■ The Company's contribution to Provident Fund is deposited with 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 unfunded and actuarially determined at the year-end based on the projected unit credit method. Actuarial gains and losses are recognised in the Profit and Loss Account.

J. 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 asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset 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.

K. Revenue Recognition

- (a) Management Fees are recognised on accrual basis.
- (b) Interest and other dues are accounted on accrual basis.
- (c) Dividend is accounted when the right to receive is established.

L. Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. 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.

2 Auditors' Remuneration:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Audit Fees	750,000	600,000
Tax Audit Fees	175,000	150,000
Other Services	425,000	300,000
Out of Pocket Expenses	9,351	2,198
Service Tax	140,013	108,376
	1,499,364	1,160,574
Less: Service tax set off	140,013	108,376
	1,359,351	1,052,198

3 Expenditure in foreign currencies (on payment basis):

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Travelling Expenses	353,534	899,296
Professional Fees	168,230	-
Others	995,620	3,026,903

4 Earnings in foreign currencies:

There are no earnings in foreign currencies.

5 In accordance with the 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:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Provident Fund	4,524,857	3,563,625
Superannuation Fund	1,331,303	4,454,544

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

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:		
Liability at the beginning of the year	9,255,401	7,328,873
Current Service Cost	2,516,057	2,299,802
Interest Cost	937,825	757,377
Benefits Paid	(3,413,071)	(1,327,255)
Actuarial Loss	3,559,361	196,604
Liability at the end of the year	12,855,573	9,255,401
AMOUNT RECOGNISED IN THE BALANCE SHEET:		
Liability at the end of the year	12,855,573	9,255,401
Fair Value of Plan Assets at the end of the year	-	-
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	12,855,573	9,255,401
EXPENSE RECOGNISED IN THE PROFIT AND LOSS ACCOUNT:		
Current Service Cost	2,516,057	2,299,802
Interest Cost	937,825	757,377
Expected Return on Plan Assets	-	-
Net Actuarial Loss to be recognised	3,559,361	196,604
Expense recognised in the Profit and Loss Account under staff expenses	7,013,243	3,253,783
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:		
Opening Net Liability	9,255,401	7,328,873
Expense recognised	7,013,243	3,253,783
Contribution by the Company	(3,413,071)	(1,327,255)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	12,855,573	9,255,401
Expected Employer's Contribution for the next year	582,771	386,750

EXPERIENCE ADJUSTMENTS:

PARTICULARS	YEAR ENDED MARCH 31, 2011	YEAR ENDED MARCH 31, 2010	YEAR ENDED MARCH 31, 2009	YEAR ENDED MARCH 31, 2008	YEAR ENDED MARCH 31, 2007
Defined Benefit Obligation	12,855,573	9,255,401	7,328,873	1,475,176	-
Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(12,855,573)	(9,255,401)	(7,328,873)	(1,475,176)	-
Experience Adjustment on Plan Liabilities	3,897,432	(708,140)	7,628,333	-	-
Experience Adjustment on Plan Assets	-	-	-	-	-

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	(%)	(%)
PRINCIPAL ASSUMPTIONS:		
Discount Rate (per annum)	8.30	8.10
Salary Escalation rate (per annum)	8.00	8.00

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

6 The Company's main business is to provide asset management services. 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.

7 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:

I. HOLDING COMPANY:

Infrastructure Development Finance Company Limited

II. KEY MANAGEMENT PERSONNEL:

Mr. Luis Miranda – President and CEO (upto October 31, 2010)

Mr. Satish Mandhana – Managing Partner (w.e.f. November 01, 2010)

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
		₹	₹
HOLDING COMPANY			
Infrastructure Development Finance Company Limited	Interim Dividend paid	320,000,000	600,000,000
	Shared Services Cost paid	4,500,000	-
KEY MANAGEMENT PERSONNEL			
Mr. Luis Miranda	Remuneration paid*	19,150,747	31,116,265
	Gratuity Paid	3,317,808	-
	Transfer of Class C units	7,608,000	-
	Asset Sold	260,583	-
Mr. Satish Mandhana	Remuneration paid*	8,038,869	-

* Excludes contribution of gratuity and insurance premium.

8 In accordance with Accounting Standard 19 on 'Leases' as notified by the Companies (Accounting Standards) Rules, 2006, the following disclosure in respect of Operating Leases is made:

The Company has taken premises for an employee under operating lease which expires by November 30, 2011.

Establishment expenses include gross rental expenses of ₹ 352,000 (Previous Year ₹ 1,320,000). The committed lease rentals in the future are:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
Not later than one year	264,000	376,129

9 In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has debited an amount of ₹ 4,730,000 to the Profit and Loss Account towards deferred tax liability. (Previous Year ₹ 6,812,000). 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	-	-	21,570,069	15,288,325
(b) Provisions	6,228,069	4,676,325	-	-
Net Deferred Tax Liability			15,342,000	10,612,000

10 Earnings Per Share:

In accordance with 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 YEAR	PREVIOUS YEAR
	(a) Profit after taxation (₹)	384,777,390
(b) Weighted average number of Equity Shares outstanding (Nos.)	50,000	50,000
(c) Earnings Per Share (₹) (a)/(b) (Basic and Diluted)	7,695.55	9,364.46

11 There is no interest paid/payable during the year by the Company 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 the inquiries made by the Company for this purpose.

12 Contingent Liabilities not provided for in respect of:

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	₹	₹
(a) Capital Commitments	12,672,054	-
(b) Claims not acknowledged as debts in respect of:	10,193,285	-
Income-tax demands disputed by the Company, net of amount provided. The matter in dispute is under appeal. The demand have been paid/adjusted and will be received as refund if the matter is decided in favour of the Company.		

13 The figures for the previous year have been regrouped/rearranged wherever necessary.

FOR AND ON BEHALF OF THE BOARD

RAJIV B. LALL
Director

VIKRAM LIMAYE
Director

Mumbai | April 26, 2011

I. REGISTRATION DETAILS

Registration No. U 6 7 1 9 0 M H 2 0 0 2 P L C 1 3 7 7 9 8
 State Code 1 1
 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
N I L

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

SOURCES OF FUNDS

Total Liabilities
8 3 9 9 0 4

Total Assets
8 3 9 9 0 4

Paid-up Capital
5 0 0

Reserves and Surplus
5 5 1 3 8 0

Secured Loans
N I L

Unsecured Loans
N I L

Deferred Tax Liability (Net)
1 5 3 4 2

APPLICATION OF FUNDS

Net Fixed Assets
4 8 1 1 0 2

Investments
9 0 2 1

Net Current Assets
7 7 0 9 8

Miscellaneous Expenditure
N I L

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

Turnover/Income
8 4 7 8 1 3

Total Expenditure
2 7 6 5 5 6

Profit Before Tax
5 7 1 2 5 7

Profit After Tax
3 8 4 7 7 7

Earnings per Share (in ₹)
7 6 9 6

Dividend %
6 4 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 A S S E T M A N A G E M E N T
 Item Code No. (ITC Code) N I L
 Product Description I N V E S T M E N T A D V I S O R Y
 S E R V I C E S