

IDFC Trustee Company Limited

BOARD OF DIRECTORS

- Mr. S. B. Mathur
Chairman
- Dr. Rajiv B. Lall
- Mr. U. Sundararajan
- Mr. Vikram Limaye

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

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

The main object of the Company is to act as trustee for various investment funds under the asset management business primarily established by Infrastructure Development Finance Company Limited and its subsidiaries.

The Company continues to act as the trustee of India Infrastructure Fund, IDFC Infrastructure Fund 2 – IDFC Private Equity Fund II, IDFC Infrastructure Fund 3 – IDFC Private Equity Fund III, IDFC Project Equity Domestic Investors Trust - I, IDFC Project Equity Domestic Investors Trust - II, IDFC Private Equity Fund II Employees Benefits Trust, IDFC Private Equity Employees Fund III Benefits Trust, IDFC Project Equity Company Employees Benefits Trust and IDFC Employees Benefits Trust.

FINANCIAL RESULTS

The summary of the financial results for the year under review is as follows:

	(₹)	
	FY 2011	FY 2010
Gross Income	6,282,101	5,869,900
Profit Before Tax	5,842,905	5,638,553
Provision for Tax	1,616,493	1,663,000
Profit After Tax	4,226,412	3,975,553

DIVIDEND

Your Directors do not recommend payment of dividend for the year ended March 31, 2011.

PUBLIC DEPOSITS

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

DIRECTORS

In terms of the provisions of the Articles of Association of the Company, Mr. S. B. Mathur would retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

The Board of Directors recommends re-appointment of Mr. S. B. Mathur at the ensuing Annual General Meeting.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad will retire as the statutory auditors of the Company at the ensuing Annual General Meeting. The Board at its meeting held on April 25, 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, 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.

As per Companies (Auditor's Report) Order, 2003 since the Company did not have a paid-up capital and reserves exceeding ₹ 50 lakhs as at the commencement of the financial year 2010, or did not have an average annual turnover exceeding five crores rupees for a period of three consecutive financial years immediately preceding the financial year 2010, the Company was not required to have internal audit system. However, there is adequate internal control system commensurate with the size of the Company and nature of its business.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There was no income or expenditure in foreign currency during the year 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.

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.

ACKNOWLEDGEMENTS

Your Company is grateful to the Securities & Exchange Board of India for its support and advice during the period under review.

The Company would also like to express its 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

S. B. MATHUR

Chairman

Mumbai

April 25, 2011

To The Members of IDFC Trustee Company Limited

1. We have audited the attached Balance Sheet of IDFC TRUSTEE 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. Without qualifying our opinion, we invite attention to the Note No. 2 of Schedule 9 regarding payment of Directors' Fees which are subject to Central Government approval.

5. 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.

6. 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
April 25, 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 (i), (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii), (xix) and (xx) of CARO are not applicable.

(ii) 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.

(iii) 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 the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

(iv) To the best of our knowledge and belief and according to information and explanation given to us, there were no contracts or arrangements required to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.

(v) The Company does not have an internal audit system.

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

(a) The Company has been regular in depositing undisputed dues, including Income-tax and other material statutory dues applicable to it with the appropriate authorities.

(b) 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.

(vii) 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. 117365W

Z. F. BILLIMORIA

Partner

(Membership No. 42791)

Mumbai

April 25, 2011

BALANCE SHEET

AS AT MARCH 31, 2011

		₹	₹	₹
	SCHEDULE \		AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1		500,000	500,000
Profit and Loss Account			13,919,316	9,692,904
			14,419,316	10,192,904
APPLICATION OF FUNDS				
Investments	2		12,319,860	9,755,556
Current Assets, Loans and Advances				
Sundry Debtors	3	341,862		231,562
Bank Balance	4	2,057,907		79,758
Loans and Advances	5	-		199,302
		2,399,769		510,622
Less: Current Liabilities and Provisions				
Current Liabilities	6	124,917		73,274
Provision For Tax (Net)		175,396		-
		300,313		73,274
Net Current Assets			2,099,456	437,348
			14,419,316	10,192,904
Notes to the Accounts	9			
Schedules 1 to 9 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
IDFC TRUSTEE COMPANY LIMITED

RAJIV B. LALL
Director

VIKRAM LIMAYE
Director

Mumbai | April 25, 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	7	6,282,101	5,869,900
		6,282,101	5,869,900
EXPENDITURE			
Other Expenses	8	439,196	231,347
		439,196	231,347
Profit Before Tax		5,842,905	5,638,553
Provision for Tax			
Current Tax [Including Interest ₹ 6,744 (Previous Year ₹ Nil)]		1,630,000	1,663,000
Excess Provision of earlier years written back		(13,507)	-
Profit After Tax		4,226,412	3,975,553
Balance Brought Forward		9,692,904	5,717,351
Balance Carried to Balance Sheet		13,919,316	9,692,904
Basic and Diluted Earnings Per Share (Face value ₹ 10)		84.53	79.51
(See Schedule 9 Note 5)			
Notes to the Accounts	9		
Schedules 1 to 9 form an integral part of the Accounts			

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

Z. F. BILLIMORIA
Partner

Mumbai | April 25, 2011

FOR AND ON BEHALF OF THE BOARD
IDFC TRUSTEE COMPANY LIMITED

RAJIV B. LALL
Director

VIKRAM LIMAYE
Director

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 Tax	5,842,905	5,638,553
Adjustments for:		
Profit on sale of Current Investments (Net)	(50,925)	(77)
Dividend on Current Investments	(613,378)	(269,823)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,178,602	5,368,653
Changes in:		
Current Assets, Loans and Advances	(110,300)	(110,300)
Current Liabilities	51,643	9,991
	(58,657)	(100,309)
Direct Taxes Paid	(1,241,795)	(1,684,807)
NET CASH FROM OPERATING ACTIVITIES (A)	3,878,150	3,583,537
B. CASH FLOW FROM INVESTING ACTIVITIES		
Dividend on Current Investments	613,378	269,823
Purchase of Investments	(24,640,371)	(14,325,316)
Sale of Investments	22,126,992	10,530,493
NET CASH USED IN INVESTING ACTIVITIES (B)	(1,900,001)	(3,525,000)
C. CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH FROM FINANCING ACTIVITIES (C)	-	-
Net increase in cash and cash equivalents (A + B + C)	1,978,149	58,537
Cash and cash equivalents as at the beginning of the year (As per Schedule 4)	79,758	21,221
Cash and cash equivalents as at the end of the year (As per Schedule 4)	2,057,907	79,758
	1,978,149	58,537

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS
Chartered Accountants

Z. F. BILLIMORIA
Partner

FOR AND ON BEHALF OF THE BOARD
IDFC TRUSTEE COMPANY LIMITED

RAJIV B. LALL
Director

VIKRAM LIMAYE
Director

Mumbai | April 25, 2011

SCHEDULE 1 Share Capital	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
AUTHORISED:		
100,000 (Previous Year: 100,000) Equity shares of ₹ 10/- each	1,000,000	1,000,000
ISSUED, SUBSCRIBED AND PAID-UP:		
50,000 (Previous Year: 50,000) Equity shares of ₹ 10/- each fully paid-up (All the above shares are held by Infrastructure Development Finance Company Limited, the Holding Company and its nominees)	500,000	500,000
	500,000	500,000

SCHEDULE 2 Investments (Unquoted, Non Trade) (AT LOWER OF COST AND MARKET VALUE)	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
	NUMBER OF UNITS	FACE VALUE ₹
Mutual Fund Units (Current)		
IDFC Savings Advantage Fund – Plan A – Growth (Market Value as on March 31, 2011 ₹ 12,323,144; Previous Year ₹ 9,755,671)	8,911.245	1,000
	12,319,860	9,755,556

Note:

Market value of Investments in Unquoted Mutual Funds represents the repurchase price of the units issued by the Mutual Funds.

SCHEDULE 3 Sundry Debtors (UNSECURED, CONSIDERED GOOD)	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
More than six months	286,712	176,412
Others	55,150	55,150
	341,862	231,562

SCHEDULE 4 Bank Balance	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Balance with Scheduled Bank in Current Account	2,057,907	79,758
	2,057,907	79,758

SCHEDULE 5 Loans and Advances	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Unsecured, Considered good		
Advance Payment of Income-tax (Net of provisions)	–	199,302
	–	199,302

SCHEDULE 6 Current Liabilities	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Sundry Creditors for Expenses (Other than Micro and Small Enterprises) (See Schedule 9 Note 6)	79,416	49,635
Other Liabilities	45,501	23,639
	124,917	73,274

SCHEDULE 7 Operating and other Income	₹	₹
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Operating Income		
Trusteeship Fees	5,600,000	5,600,000
(TDS ₹ 1,213,300; Previous Year ₹ 1,374,807)	5,600,000	5,600,000
Other Income		
Profit on Sale of Current Investments (Net)	50,925	77
Dividend on Current Investments	613,378	269,823
Interest on Income-tax Refund	17,798	-
	682,101	269,900
	6,282,101	5,869,900

SCHEDULE 8 Other Expenses	₹	₹	₹
		APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Travelling & Conveyance		50,432	38,561
Professional Fees		13,236	5,000
Directors' Sitting Fees (See Schedule 9 Note 2)		160,000	120,000
AUDITORS' REMUNERATION:			
Audit Fees	50,000		30,000
Tax Audit Fees	45,000		15,000
Other Services	96,500		15,000
Service Tax	19,725	211,225	6,386
Miscellaneous Expenses		4,303	1,400
		439,196	231,347

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 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. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Revenue Recognition

Trusteeship fees are accounted for on an accrual basis in accordance with the agreements.

Dividend income is recognised when the right to receive is established.

D. Taxation

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.

E. 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.

2 The Central Government approval of the application for payment of sitting fees to Directors in excess of Rule 10B of the Companies (Central Government's) General Rules and Forms, 1956 under Section 310 of The Companies Act, 1956 is awaited. There was no other remuneration to Directors.

3 The Company is engaged in the business of providing trusteeship services. As such, there is no separate 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. RELATIONSHIP:

HOLDING COMPANY: Infrastructure Development Finance Company Limited

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

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Profit After Tax (₹)	4,226,412	3,975,553
Weighted average number of equity shares (Nos.)	50,000	50,000
Basic and Diluted Earnings Per Share (₹)	84.53	79.51
Nominal Value Per Share (₹)	10.00	10.00

6 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.

7 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

I. REGISTRATION DETAILS

Registration No. U 6 5 9 9 0 M H 2 0 0 2 P L C 1 3 7 5 3 3
 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)

Total Liabilities

1 4 7 2 0

Total Assets

1 4 7 2 0

SOURCES OF FUNDS

Paid-up Capital

5 0 0

Reserves and Surplus

1 3 9 1 9

Secured Loans

N I L

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

N I L

Investments

1 2 3 2 0

Net Current Assets

2 0 9 9

Deferred tax Asset

N I L

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

Turnover/Income

6 2 8 2

Total Expenditure

4 3 9

Profit Before Tax

5 8 4 3

Profit After Tax

4 2 2 6

Earnings per Share (in ₹)

8 4 . 5 3

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 T R U S T E E S H I P S E R V I C E S