

## BALANCE SHEET

CONSOLIDATED AS AT MARCH 31, 2012

	NOTES	AS AT MARCH 31, 2012	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
(₹ in crore)				
<b>EQUITY AND LIABILITIES</b>				
Shareholders' funds				
(a) Share capital	6	1,512.36		2,300.95
(b) Reserves and surplus	7	10,772.68		8,943.35
			12,285.04	11,244.30
Share application money pending allotment	8		0.60	4.14
Minority interest			17.78	0.17
Non-current liabilities				
(a) Long-term borrowings	9	29,837.20		26,786.08
(b) Other long-term liabilities	10	141.62		53.86
(c) Deferred tax liabilities (net)	17	2.18		1.53
(d) Long-term provisions	11	128.93		100.26
			30,109.93	26,941.73
Current liabilities				
(a) Short-term borrowings	12	7,351.01		1,686.99
(b) Trade payables	38	223.16		283.43
(c) Other current liabilities	13	10,548.21		8,784.21
(d) Short-term provisions	14	443.41		402.20
			18,565.79	11,156.83
<b>TOTAL</b>			<b>60,979.14</b>	<b>49,347.17</b>
<b>ASSETS</b>				
Non-current assets				
(a) Fixed assets				
(i) Tangible assets	15(a)	374.57		403.55
(ii) Intangible assets	15(b)	5.26		8.97
(iii) Capital work-in-progress		36.65		34.24
(iv) Intangible assets under development		-		0.13
			416.48	446.89
(b) Goodwill on consolidation			966.75	1,163.80
(c) Non-current investments	16		2,433.11	2,631.29
(d) Deferred tax assets (net)	17		320.22	249.56
(e) Long-term loans and advances				
(i) Loans	18	42,083.86		33,042.78
(ii) Others	19	472.39		922.56
			42,556.25	33,965.34
(f) Other non-current assets	20		368.14	950.94
			47,060.95	39,407.82
Current assets				
(a) Current investments	21		5,100.75	4,329.85
(b) Trade receivables	22		383.48	57.56
(c) Cash and bank balances	23		698.11	562.24
(d) Short-term loans and advances				
(i) Loans	18	6,100.72		4,604.84
(ii) Others	19	1,024.38		75.39
			7,125.10	4,680.23
(e) Other current assets	20		610.75	309.47
			13,918.19	9,939.35
<b>TOTAL</b>			<b>60,979.14</b>	<b>49,347.17</b>

See accompanying notes forming part of the consolidated financial statements.

## IN TERMS OF OUR REPORT ATTACHED.

## FOR DELOITTE HASKINS &amp; SELLS

Chartered Accountants

P. R. RAMESH

Partner

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

## INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH

Chairman

RAJIV B. LALL

Managing Director &amp; CEO

SUNIL KAKAR

Chief Financial Officer

MAHENDRA N. SHAH

Company Secretary

Mumbai | May 8, 2012

## STATEMENT OF PROFIT AND LOSS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

	NOTES	FOR THE YEAR ENDED MARCH 31, 2012	(₹ in crore) FOR THE YEAR ENDED MARCH 31, 2011
<b>I INCOME</b>			
Revenue from operations	24	6,336.45	4,915.98
Other income	25	98.55	17.05
<b>TOTAL INCOME (I)</b>		<b>6,435.00</b>	<b>4,933.03</b>
<b>II EXPENSES</b>			
Employee benefits expense	26	304.71	295.93
Finance costs	27	3,456.16	2,387.53
Provisions and contingencies	28	284.58	234.61
Other expenses	29	178.44	195.95
Depreciation and amortisation expense	15 (a) & (b)	38.44	40.17
<b>TOTAL EXPENSES (II)</b>		<b>4,262.33</b>	<b>3,154.19</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>2,172.67</b>	<b>1,778.84</b>
<b>IV TAX EXPENSE</b>			
Current tax		692.38	572.42
Current tax expense relating to prior years		(0.21)	-
Deferred tax	17	(70.00)	(72.67)
Minimum alternate tax credit		(0.31)	-
<b>TOTAL TAX EXPENSE (IV)</b>		<b>621.86</b>	<b>499.75</b>
<b>V PROFIT AFTER TAX (before share of profit from associates and adjustment for minority interest) (III-IV)</b>		<b>1,550.81</b>	<b>1,279.09</b>
<b>VI SHARE OF NET PROFIT FROM ASSOCIATES</b>		<b>1.87</b>	<b>2.23</b>
<b>VII SHARE OF LOSS OF MINORITY INTEREST</b>		<b>1.33</b>	<b>0.34</b>
<b>VIII PROFIT FOR THE YEAR (V+VI+VII)</b>		<b>1,554.01</b>	<b>1,281.66</b>
<b>IX EARNINGS PER EQUITY SHARE (nominal value of share ₹ 10 each)</b>	<b>34</b>		
Basic (₹)		10.24	8.77
Diluted (₹)		10.20	8.71
See accompanying notes forming part of the consolidated financial statements.			

## IN TERMS OF OUR REPORT ATTACHED.

## FOR DELOITTE HASKINS &amp; SELLS

Chartered Accountants

P. R. RAMESH

Partner

Mumbai | May 8, 2012

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

## INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH

Chairman

SUNIL KAKAR

Chief Financial Officer

RAJIV B. LALL

Managing Director &amp; CEO

MAHENDRA N. SHAH

Company Secretary

## CASH FLOW STATEMENT

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

	NOTES	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2012	(₹ in crore) FOR THE YEAR ENDED MARCH 31, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax			2,172.67	1,778.84
<b>ADJUSTMENTS FOR:</b>				
Depreciation and amortisation expense	15(a) & (b)	38.44		40.17
Provision for employee benefits		1.49		(1.91)
Expense under the ESOS	26	4.31		16.75
Provisions and contingencies	28	284.58		234.61
(Gain) / loss on foreign currency revaluation		31.82		(7.42)
Profit on sale of investments in group companies	25	(83.82)		(0.76)
Profit on sale of other investments (net)	24	(412.35)		(254.78)
Utilisation of securities premium account (gross of tax)		(132.19)		(243.44)
Amortisation of premium on investments		3.32		3.01
Foreign currency translation reserve		7.22		(1.27)
Profit on sale of fixed assets (net)	25	(4.30)		(6.88)
			(261.48)	(221.92)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>			1,911.19	1,556.92
<b>CHANGES IN WORKING CAPITAL:</b>				
Adjustments for increase in operating assets		(181.51)		(320.93)
Adjustments for increase in operating liabilities		354.64		243.22
			173.13	(77.71)
Direct taxes paid			(660.64)	(481.51)
<b>CASH GENERATED FROM OPERATIONS</b>			1,423.68	997.70
Loans disbursed (net of repayments)			(10,679.47)	(12,669.28)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			(9,255.79)	(11,671.58)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets (including capital work-in-progress and intangible assets under development)			(9.04)	(52.46)
Sale of fixed assets			5.30	13.78
Bank deposits matured / (placed) (net)			208.91	(726.00)
Investments in associates			(101.29)	-
Investment in a subsidiary			(8.00)	(0.05)
Purchase of other investments			(180,266.63)	(187,441.32)
Sale proceeds of other investments			179,815.49	186,893.88
Sale proceeds of investments in subsidiaries and jointly controlled entities			297.79	45.45
Goodwill on acquisitions			-	(4.17)
Capital reserve due to change in shareholding in group companies			₹	₹
Opening adjustment			0.33	0.03
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			(57.14)	(1,270.86)

## CASH FLOW STATEMENT

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

	NOTES	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2012	(₹ in crore) FOR THE YEAR ENDED MARCH 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from fresh issue of shares (net of issue expenses)		15.63		3,505.24
Securities premium on issue of shares by a subsidiary company		2.25		-
Proceeds from borrowings (net of repayments)		9,494.41		9,779.10
Dividend paid (including dividend distribution tax)		(422.20)		(225.08)
Increase / (decrease) in minority interest		17.68		(5.81)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>9,107.77</b>		<b>13,053.45</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(205.16)		111.01
Cash and cash equivalents as at the beginning of the year	23	309.28		198.27
Cash and cash equivalents as at the end of the year	23	104.12		309.28
		<b>(205.16)</b>		<b>111.01</b>

See accompanying notes forming part of the consolidated financial statements.

## IN TERMS OF OUR REPORT ATTACHED.

## FOR DELOITTE HASKINS &amp; SELLS

Chartered Accountants

P. R. RAMESH

Partner

Mumbai | May 8, 2012

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

## INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH

Chairman

SUNIL KAKAR

Chief Financial Officer

RAJIV B. LALL

Managing Director &amp; CEO

MAHENDRA N. SHAH

Company Secretary

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**1 GROUP INFORMATION**

Infrastructure Development Finance Company Limited ('the Holding Company') is a public company, incorporated in India and regulated by the Reserve Bank of India (RBI) as an Infrastructure Finance Company-Non Banking Finance Company (IFC-NBFC). The Holding Company and its twenty four subsidiary companies, three entities over which the Holding Company has direct or indirect significant influence and three jointly controlled entities constitute the Group. The Group also has three associate companies. The Group is engaged in financing by way of loans, asset management and investment banking.

**2 BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Holding Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the applicable guidelines issued by the RBI. The financial statements have been prepared on the accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**3 BASIS OF CONSOLIDATION**

- (a) The Consolidated Financial Statements comprise the individual financial statements of the Holding Company, its subsidiaries as on March 31, 2012 and for the year ended on that date. The consolidated financial statements have been prepared on the following basis:
- 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 under the Companies (Accounting Standards) Rules, 2006.
  - Investments in associates by the Holding Company and its subsidiaries 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 under the Companies (Accounting Standards) Rules, 2006.
  - The financial statements of the subsidiaries and the associates used in the consolidation are drawn up to the same Balance Sheet date as that of the Holding Company, i.e. March 31, 2012.
  - The excess of the cost to the Holding Company of its investment in the subsidiaries 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.
  - The excess of the Holding Company's portion of equity of the subsidiaries and the associates on the acquisition date over its cost of investment is treated as capital reserve.
  - 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 / loss for the year of the subsidiaries attributable to minorities is identified and adjusted against the profit after tax of the Group.
  - 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.
- (b) The financial statements of the following subsidiaries have been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statements' as notified under the Companies (Accounting Standard) Rules, 2006:

NAME OF SUBSIDIARY	MARCH 31, 2012	MARCH 31, 2011
	PROPORTION OF OWNERSHIP INTEREST (%)	PROPORTION OF OWNERSHIP INTEREST (%)
Dheeru Powergen Limited (Subsidiary of IDFC Projects Limited)	51.00	51.00
Emerging Markets Private Equity Fund, L.P. (Subsidiary of IDFC Fund of Funds Limited up to January 26, 2012) [see note 4(a)]	-	100.00
IDFC Asset Management Company Limited (75% with effect from December 7, 2011) [see note 4(b)]	75.00	100.00
IDFC AMC Trustee Company Limited (75% with effect from December 7, 2011) [see note 4(b)]	75.00	100.00
IDFC Capital Limited (Subsidiary of IDFC Securities Limited)	100.00	100.00

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

NAME OF SUBSIDIARY	MARCH 31, 2012 PROPORTION OF OWNERSHIP INTEREST (%)	MARCH 31, 2011 PROPORTION OF OWNERSHIP INTEREST (%)
IDFC Capital (Singapore) Pte. Ltd. (Subsidiary of IDFC Capital Limited) [see note 4(a)]	100.00	100.00
IDFC Capital (USA) Inc. (Subsidiary of IDFC Securities Limited)	100.00	100.00
IDFC Distribution Company 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) [see note 4(a)]	100.00	100.00
IDFC Investment Advisors Limited (Subsidiary of IDFC Asset Management Company Limited) (75% with effect from December 7, 2011) [see note 4(b)]	75.00	100.00
IDFC Investment Managers (Mauritius) Limited (Subsidiary of IDFC Asset Management Company Limited) (75% with effect from December 7, 2011) [see note 4(b)]	75.00	100.00
IDFC Pension Fund Management Company Limited (Subsidiary of IDFC Asset Management Company Limited) (87.50% with effect from December 7, 2011) [see note 4(b)]	87.50	100.00
IDFC Project Equity Company Limited	100.00	100.00
IDFC Projects Limited	100.00	100.00
IDFC PPP Trusteeship Company Limited (up to March 22, 2012) [see note 4(c)]	-	100.00
IDFC Primary Dealership Company Limited (with effect from March 17, 2012) [see note 4(d)]	100.00	-
IDFC Private Equity Company Limited	100.00	100.00
IDFC Securities Limited	100.00	100.00
IDFC Trustee Company Limited	100.00	100.00
Jetpur Somnath Highway Limited (Subsidiary of IDFC Projects Limited up to August 10, 2011) [see note 4(e)]	-	100.00
Jetpur Somnath Tollways Limited (with effect from January 11, 2011 up to August 11, 2011) [see note 4(f)]	-	100.00
Uniquet Infra Ventures Private Limited (with effect from February 3, 2011 up to June 3, 2011) [see note 4(g)]	-	100.00

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 L.P., 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.

- (c) 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.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

- (d) The Holding Company and its subsidiary company has investment in three associates, of which two are accounted for on the Equity Method in accordance with Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' as notified under the Companies (Accounting Standards) Rules, 2006:

NAME OF ASSOCIATE	MARCH 31, 2012	MARCH 31, 2011
	PROPORTION OF OWNERSHIP INTEREST (%)	PROPORTION OF OWNERSHIP INTEREST (%)
Jetpur Somnath Tollways Limited (Associate of IDFC Projects Limited) (with effect from August 12, 2011) [see note 4(f)]	26.00	-
Feedback Infrastructure Services Private Limited	24.61	24.61
Galaxy Mercantiles Limited (with effect from December 2, 2011) [see note 4(h)]	43.44	-

**4 DURING THE YEAR**

- (a) IDFC Capital (Singapore) Pte. Ltd. has assigned its rights as a manager of Emerging Markets Private Equity Fund, L.P. with effect from January 26, 2012. Consequently, Emerging Markets Private Equity Fund, L.P. has ceased to be an entity over which control is exercised by the Holding Company. Further, IDFC General Partners Limited has also assigned its rights and discontinued managing the Emerging Market Private Equity Fund, L.P. in its capacity as general partner of the fund and is under liquidation.
- (b) The Holding Company has sold 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited to Natixis Global Asset Management. Consequent to sale, the proportion of ownership interest in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited has reduced from 100% to 75% and the proportion of effective ownership in IDFC Investment Advisors Limited, IDFC Investment Managers (Mauritius) Limited is reduced from 100% to 75%. Further, the proportion of effective ownership in IDFC Pension Fund Management Company Limited is reduced from 100% to 87.50%.
- (c) The Holding Company has sold 50,000 shares of IDFC PPP Trusteeship Company Limited to IDFC Foundation on March 22, 2012.
- (d) IDFC Primary Dealership Company Limited was incorporated as a wholly owned subsidiary.
- (e) Jetpur Somnath Highway Limited, a subsidiary was wound up on August 10, 2011 pursuant to approvals from the Registrar of Companies.
- (f) Jetpur Somnath Tollways Limited has ceased to be a subsidiary with effect from August 11, 2011 on account of fresh capital infusion by new investors. Consequently, the ownership interest has reduced from 100% to 26%.
- (g) Uniquet Infra Ventures Private Limited has ceased to be a subsidiary with effect from June 3, 2011 on account of fresh capital infusion by new investor.
- (h) The Holding Company has acquired 43.44% of equity shares in Galaxy Mercantiles Limited. However, the same has not been consolidated as an associate since the shares are held exclusively with a view to dispose of in the near future.

**5 SIGNIFICANT ACCOUNTING POLICIES****a. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank, fixed deposits and other short-term highly liquid investments with an original maturity of three months or less, that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

**b. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Group are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

**c. INVESTMENTS****NBFC**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as notified under the Companies (Accounting Standards) Rules, 2006. Current investments also include current maturities of long-term investments. All other investments are classified as long-term investments.

# NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

All investments are initially recorded at cost. The cost of an investment includes purchase price, directly attributable acquisition charges and reduced by recovery of costs, if any. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Current investments are individually carried at the lower of cost and fair value / market value. Commercial papers, certificate of deposits and treasury bills are valued at carrying cost. Long-term investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis against long-term investment. Premium paid over the face value of long-term investment is amortised over the life of the investment.

Inter-class transfer of investments from one category to the other, if any, is done in accordance with the RBI guidelines at lower of book value and fair value / market value on the date of transfer.

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. LOANS**

In accordance with the RBI guidelines, all loans are classified under any of four categories i.e. (i) standard assets (ii) sub-standard assets (iii) doubtful assets and (iv) loss assets.

## **e. TANGIBLE 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. Profit or loss arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation up to the date of disposal and are recognised in the Statement of Profit and Loss.

## **f. DEPRECIATION ON TANGIBLE FIXED ASSETS**

Depreciation on tangible fixed assets, excluding certain electronic items and leasehold improvements, is provided on the written down value method, at the rates prescribed in Schedule XIV to 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 the useful life of these assets. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation. Depreciation in respect of leasehold improvements is provided on a straight-line method over the primary period of the lease, except in case of a subsidiary where leasehold improvements are amortised on a straight-line method over period of extended lease or five years whichever is shorter.

## **g. INTANGIBLE ASSETS AND AMORTISATION**

Intangible assets comprising of computer 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 Statement of Profit and Loss. Intangible assets are being amortised over a period of three years on a straight-line method. Tenancy rights are amortised over a period of ten years on a straight-line method. Website development cost is charged to Statement of Profit and Loss in the year in which such cost is incurred.

## **h. IMPAIRMENT OF ASSETS**

The carrying amount of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised 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 and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

## **i. EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES**

The Holding Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) 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 Guidelines and the guidance note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price on the day prior to the grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense.



## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**j. EMPLOYEE BENEFITS**

## ■ Defined contribution plan

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made.

## ■ Defined benefit plan

The net present value of 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 Statement of Profit and Loss for the year.

## ■ Compensated absences

Based on the leave rules of the group companies, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year.

**k. BORROWING COSTS**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium account as stated in note 5(s).

**l. REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.
- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.
- Dividend is accounted when the right to receive is established.
- Front end fees on processing of loans are recognised upfront as income.
- Brokerage is recognised on trade date basis and is net of statutory payments.
- Assets management fees is recognised on accrual basis.
- Underwriting commission earned to the extent not reduced from the cost of acquisition of securities is recognised as fees on closure of issue.
- All other 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 which is recognised pro-rata over the period of the guarantee.
- Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- Profit / loss earned on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the 'first in first out' cost for current investments and weighted average cost for long-term investments.
- Profit / loss on sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Profit on securitisation is recognised over the residual life of the pass through certificate in terms of the RBI guidelines. Net loss arising on account of securitisation is recognised at the time of sale.
- Revenue from power supply is accounted on accrual basis.
- Income from trading in derivatives is recognised on final settlement or squaring-up of the contracts.

**m. LEASES**

Where the assets are taken on lease

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight-line method, over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under 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.

# NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

Where the assets are given on lease

Leases under which risks and benefits of ownership of the asset are not substantially transferred are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

## n. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year.

## o. TAXES ON INCOME

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and right for such set off are legally enforceable. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

Minimum alternate tax paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that normal income tax will be payable. Accordingly, it is recognised as an asset in the Balance Sheet when it is probable that future economic benefits associated with it will flow.

## p. DERIVATIVE CONTRACTS

### ■ 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 accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying asset / liability, whichever is shorter.

### ■ Currency Interest rate swaps

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit 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 currency interest rate 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. The debit or credit balance in the 'Mark-to-market margin – stock futures account' disclosed under loans and advances or current liabilities represents the net amount paid or received on the basis of the movement in the prices of stock futures till the Balance Sheet date.

Credit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated profit, is ignored and no credit is taken to the Statement of Profit and Loss. However, the debit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated loss is recognised in the Statement of Profit and Loss.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

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 Statement of Profit and Loss 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 such contract 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.

#### q. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gain or loss resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss. 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.

#### r. PROVISIONS AND CONTINGENCIES

Provision against loans

- Provision is made in accordance with the RBI guidelines applicable to non-performing loans. In addition, provision is made in accordance with the provisioning policy of the Holding Company against non-performing loans.
- Provision on restructured loans is computed in accordance with the RBI guidelines.
- Provision for contingencies is made as per the provisioning policy of the Holding Company which includes provision under Section 36(1)(viii) of the Income-tax Act, 1961.
- A general provision is made at 0.25% of the outstanding standard assets in accordance with the RBI guidelines.

Other provisions

- A provision is recognised for a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed separately.

#### s. SECURITIES ISSUE EXPENSES

Securities issue expenses and redemption premium are adjusted against the securities premium account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the securities premium account.

#### t. BROKERAGE EXPENSES

Brokerage paid to the brokers on closed ended funds and commitments in portfolio management schemes are amortised over the tenure of the product or commitment period.

#### u. MISDEAL STOCK

Misdeal stock comprises of stock that devolves due to erroneous execution of trades in the normal course of business. These securities are valued at lower of cost or market value on an individual basis. Any profit or loss on such deals is recognised in the Statement of Profit and Loss.

#### v. EXPENDITURE INCURRED DURING PROJECT DEVELOPMENT

- Expenditure incurred during pre-project development stage is charged to the Statement of Profit and Loss as and when incurred.
- Expenditure incurred in respect of acquisitions are charged to the Statement of Profit and Loss as and when incurred.
- Expenditure incurred during project development stage are capitalised and transferred to project companies, in case the bid is successful, else the same is charged to the Statement of Profit and Loss.

#### w. SERVICE TAX INPUT CREDIT

Service tax input credit is accounted in the period in which the underlying services are received and when there is no uncertainty in availing / utilising the credit.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**6 SHARE CAPITAL**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	NUMBER	(₹ in crore)	NUMBER	(₹ in crore)
<b>AUTHORISED</b>				
Equity shares of ₹10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹100 each	100,000,000	1,000.00	100,000,000	1,000.00
		<b>5,000.00</b>		<b>5,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP</b>				
Equity shares of ₹10 each	1,512,362,768	1,512.36	1,460,947,548	1,460.95
6% Compulsorily convertible cumulative preference shares (CCCPS) of ₹100 each	-	-	84,000,000	840.00
<b>TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL</b>		<b>1,512.36</b>		<b>2,300.95</b>

**(a) RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AS AT THE BEGINNING AND AT THE END OF THE YEAR**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
<b>EQUITY SHARES</b>	NUMBER	(₹ in crore)	NUMBER	(₹ in crore)
Outstanding as at the beginning of the year	1,460,947,548	1,460.95	1,300,612,393	1,300.61
Issued during the year – stock options exercised under the ESOS	3,687,948	3.69	2,583,065	2.59
Issued during the year – conversion of CCCPS into equity shares [see note (c)]	47,727,272	47.72	-	-
Issued during the year – Qualified Institutional Placement	-	-	157,752,090	157.75
Outstanding as at the end of the year	<b>1,512,362,768</b>	<b>1,512.36</b>	<b>1,460,947,548</b>	<b>1,460.95</b>

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
<b>PREFERENCE SHARES</b>	NUMBER	(₹ in crore)	NUMBER	(₹ in crore)
Outstanding as at the beginning of the year	84,000,000	840.00	-	-
Issued during the year [see note (c)]	-	-	84,000,000	840.00
Converted to equity shares during the year [see note (c)]	84,000,000	840.00	-	-
Outstanding as at the end of the year	<b>-</b>	<b>-</b>	<b>84,000,000</b>	<b>840.00</b>

**(b) TERMS / RIGHTS ATTACHED TO EQUITY SHARES**

The Holding Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and ranks *pari passu*. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting. During the year ended March 31, 2012, dividend of ₹ 2.30 per share (Previous Year ₹ 2.00 per share) is recognised as amount distributable to equity shareholders.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) TERMS / RIGHTS ATTACHED TO PREFERENCE SHARES**

The Holding Company had raised ₹ 840.00 crore through the issue of CCCPS during the year ended March 31, 2011. The preference shares were 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. During the year ended March 31, 2012, the preference shares were converted into 47,727,272 equity shares of ₹ 10 each at a premium of ₹ 166 per equity share.

**(d) MOVEMENT IN STOCK OPTIONS GRANTED UNDER THE ESOS IS AS UNDER:**

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	NUMBER	NUMBER
Outstanding as at the beginning of the year	20,750,721	16,548,268
Add: Granted during the year	22,248,000	7,459,308
Less: Exercised during the year	3,687,948	2,583,065
Less: Lapsed / forfeited during the year	1,340,668	673,790
Outstanding as at the end of the year	<b>37,970,105</b>	<b>20,750,721</b>

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**7 RESERVES AND SURPLUS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>(a) SECURITIES PREMIUM ACCOUNT</b>		
Opening balance	4,515.93	2,191.43
Add: Premium on issue of equity shares by the Holding Company	-	2,510.12
Add: Premium on issue of equity shares by a subsidiary company	2.25	-
Add: Premium on conversion of CCCPS into equity shares [see note 6(c)]	792.27	-
Add: Premium on exercise of stock options under the ESOS	17.18	5.82
Less: Premium utilised during the year [see note 5(s)]	94.19	191.44
[net of current tax of ₹ 38.00 crore (Previous Year ₹ 61.10 crore)]		
Less: Minority interest in a subsidiary company	0.56	-
Closing balance	5,232.88	4,515.93
<b>(b) STOCK OPTIONS OUTSTANDING [see note 6(d)]</b>		
Opening balance	31.29	20.36
Add: Net charge for the year (see note 26)	4.31	16.75
Less: Stock options exercised	1.70	5.82
Closing balance	33.90	31.29
<b>(c) DEBENTURE REDEMPTION RESERVE</b>		
Opening balance	72.60	-
Add: Transfer from surplus in the Statement of Profit and Loss	142.00	72.60
Closing balance	214.60	72.60
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.		
<b>(d) SPECIAL RESERVE U/S. 36(1)(viii) OF THE INCOME-TAX ACT, 1961</b>		
Opening balance	1,160.68	914.68
Add: Transfer from surplus in the Statement of Profit and Loss	390.00	246.00
Less: Transfer to general reserve	0.43	-
Closing balance	1,550.25	1,160.68
<b>(e) SPECIAL RESERVE U/S. 45-IC OF THE RBI ACT, 1934</b>		
Opening balance	1,197.15	941.06
Add: Transfer from surplus in the Statement of Profit and Loss	321.58	256.09
Less: Transfer to general reserve	2.26	-
Closing balance	1,516.47	1,197.15
<b>(f) GENERAL RESERVE</b>		
Opening balance	311.67	208.67
Add: Transfer from surplus in the Statement of Profit and Loss	164.81	103.00
Add: Transfer from special reserve u/s. 36(1)(viii)	0.43	-
Add: Transfer from special reserve u/s. 45-IC	2.26	-
Less: Share of minority interest	0.26	-
Closing balance	478.91	311.67
<b>(g) CAPITAL RESERVE ON CONSOLIDATION</b>		
Opening balance	1.25	1.25
Add: Changes due to change in shareholding in group companies	₹	₹
Closing balance	1.25	1.25
<b>(h) FOREIGN CURRENCY TRANSLATION RESERVE [see note 3(vii)]</b>		
Opening balance	(1.76)	(0.48)
Add / (Less): Foreign exchange translation in relation to non-integral foreign operations	7.24	(1.28)
Less: Share of minority interest	0.02	-
Closing balance	5.46	(1.76)

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
(i) <b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
Opening balance	1,654.54	1,432.48
Profit for the year	1,554.01	1,281.66
Add: Opening adjustment (see note 46)	0.33	0.03
Less: Impact of amount written off by an associate against securities premium account	0.58	-
<b>LESS: APPROPRIATIONS</b>		
<b>TRANSFER TO RESERVES:</b>		
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	390.00	246.00
Debenture redemption reserve	142.00	72.60
Special reserve u/s. 45-IC of the RBI Act, 1934	321.58	256.09
General reserve	164.81	103.00
<b>DIVIDEND &amp; DIVIDEND DISTRIBUTION TAX:</b>		
Proposed dividend on equity shares [₹ 2.30 per share (Previous Year ₹ 2.00 per share)]	347.87	292.36
Dividend paid on preference shares [₹ 5.19 per share (Previous Year ₹ Nil per share)]	43.63	-
Proposed dividend on preference shares [₹ Nil per share (Previous Year ₹ 3.83 per share)]	-	32.17
Dividend on equity shares pertaining to previous year [see note (i)]	0.24	0.15
Tax on proposed equity dividend [see note (ii)]	53.39	57.24
Tax on equity dividend for previous year [see note (i)]	0.04	0.02
Tax on preference dividend [see note (ii)]	5.78	-
<b>TOTAL APPROPRIATIONS</b>	1,469.34	1,059.63
Closing balance	1,738.96	1,654.54
<b>TOTAL RESERVES AND SURPLUS</b>	<b>10,772.68</b>	<b>8,943.35</b>

- (i) In respect of equity shares issued pursuant to exercise of stock options under the ESOS, the Holding Company paid dividend of ₹ 0.24 crore for the year 2010-11 (Previous Year ₹ 0.15 crore for the year 2009-10) and tax on dividend of ₹ 0.04 crore (Previous Year ₹ 0.02 crore) as approved by the shareholders at the respective Annual General Meetings.
- (ii) Tax on proposed dividend for the year is net of dividend distribution tax of ₹ 11.24 crore (Previous Year ₹ 7.60 crore) paid by the subsidiary companies under Section 115-O of the Income-tax Act, 1961.

**8 SHARE APPLICATION MONEY PENDING ALLOTMENT**

Share application money pending allotment represents applications received from employees on exercise of stock options granted and vested under the ESOS by the Holding Company.

	AS AT MARCH 31, 2012 NUMBER (₹ in crore)	AS AT MARCH 31, 2011 NUMBER (₹ in crore)
Equity shares of face value ₹ 10 each proposed to be issued	103,682 0.10	865,692 0.86
Total amount of securities premium	0.50	3.28
	<b>0.60</b>	<b>4.14</b>

The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**9 LONG-TERM BORROWINGS**

	AS AT MARCH 31, 2012 (₹ in crore)		AS AT MARCH 31, 2011 (₹ in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
<b>DEBENTURES (NON CONVERTIBLE) (SECURED)</b> [see note (a) & 39]				
Face value	23,297.92	7,844.00	18,978.46	5,804.00
Less: Unexpired discount on zero percent debentures [see note (b)]	191.57	17.26	202.38	78.78
	23,106.35	7,826.74	18,776.08	5,725.22
<b>DEBENTURES (CONVERTIBLE) (UNSECURED)</b> (see note 40)	6.67	-	6.67	-
<b>TERM LOANS (SECURED)</b> [see note (a)]				
From banks (see note 41)	4,237.62	785.57	6,049.04	1,998.16
From others (see note 42)	1,836.56	634.93	1,304.29	107.49
	6,074.18	1,420.50	7,353.33	2,105.65
<b>SUBORDINATED DEBT FROM THE GOVERNMENT OF INDIA (UNSECURED)</b> (see note 43)	650.00	-	650.00	-
Amount disclosed under 'Other current liabilities' (see note 13)	-	(9,247.24)	-	(7,830.87)
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>29,837.20</b>	<b>-</b>	<b>26,786.08</b>	<b>-</b>
<b>THE ABOVE AMOUNT INCLUDES</b>				
Secured borrowings	29,180.53	9,247.24	26,129.41	7,830.87
Unsecured borrowings	656.67	-	656.67	-
<b>TOTAL</b>	<b>29,837.20</b>	<b>9,247.24</b>	<b>26,786.08</b>	<b>7,830.87</b>

- (a) Borrowings of ₹ 38,427.77 crore (Previous Year ₹ 33,960.28 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans and advances excluding investments in and other receivables from subsidiaries and affiliates.
- (b) Unexpired discount is net of ₹ 117.72 crore (Previous Year ₹ 227.96 crore) towards interest accrued but not due.

**10 OTHER LONG-TERM LIABILITIES**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Trade payables (see note 38)	-	23.76
Lease equalisation (see note 33)	6.71	5.71
Interest accrued but not due on borrowings	126.67	14.83
Income received in advance (unearned revenue)	4.83	6.46
Security deposit	0.64	0.64
Retention money	2.77	2.46
<b>TOTAL</b>	<b>141.62</b>	<b>53.86</b>

**11 LONG-TERM PROVISIONS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Provision for employee benefits	4.53	3.51
Contingent provision against standard assets [see note (a) & (b)]	124.40	96.75
<b>TOTAL</b>	<b>128.93</b>	<b>100.26</b>

- (a) A contingent provision against standard assets has been created at 0.25% of the outstanding standard assets in terms of the RBI circular Ref. No. DNBS (PD) CC No. 225 / 03.02.001 / 2011-12 dated July 1, 2011.
- (b) Movement in contingent provision against standard assets during the year is as under:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Opening balance	96.75	-
Additions during the year	27.65	96.75
Closing balance	<b>124.40</b>	<b>96.75</b>

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**12 SHORT-TERM BORROWINGS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>TERM LOANS (SECURED)</b> [see note (a)]		
From banks	3,606.09	1,225.00
<b>COLLATERALISED BORROWINGS AND LENDING OBLIGATIONS (CBLO)</b> [see note (b)]	499.38	249.73
<b>COMMERCIAL PAPERS (UNSECURED)</b>		
Face value	3,132.00	210.00
Less: Unexpired discount [see note (c)]	136.44	3.65
	2,995.56	206.35
<b>CASH CREDIT / BANK OVERDRAFT (SECURED)</b> [see note (a)]	249.98	-
<b>CASH CREDIT / BANK OVERDRAFT (UNSECURED)</b>	-	5.91
<b>TOTAL SHORT-TERM BORROWINGS</b>	<b>7,351.01</b>	<b>1,686.99</b>
<b>THE ABOVE AMOUNT INCLUDES</b>		
Secured borrowings	4,355.45	1,474.73
Unsecured borrowings	2,995.56	212.26
<b>TOTAL</b>	<b>7,351.01</b>	<b>1,686.99</b>

- (a) Borrowings of ₹ 3,856.07 crore (Previous Year ₹ 1,225.00 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans and advances excluding investments in and other receivables from subsidiaries and affiliates.
- (b) Borrowings under CBLO is secured against investments in Government securities.
- (c) Unexpired discount on commercial papers is net of ₹ 100.27 crore (Previous Year ₹ 7.74 crore) towards interest accrued but not due.

**13 OTHER CURRENT LIABILITIES**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Current maturities of long-term borrowings (see note 9)	9,247.24	7,830.87
Interest accrued but not due on borrowings	1,217.56	878.30
Income and other amounts received in advance	49.44	24.12
Unclaimed dividend	1.22	0.96
Unclaimed interest	5.22	-
Security deposit	8.33	-
<b>Other payables</b>		
Statutory dues	12.13	15.61
Payable to gratuity fund	2.31	0.52
Advance against sale	-	2.42
Other amounts received in advance	2.67	31.41
	17.11	49.96
<b>Other Liabilities</b>	2.09	-
<b>TOTAL</b>	<b>10,548.21</b>	<b>8,784.21</b>



## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**14 SHORT-TERM PROVISIONS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Provision for employee benefits	0.98	0.51
Other provisions		
Provision for income tax (net of advance payment of tax)	38.91	26.80
Provision for wealth tax (net of advance payment of tax)	0.27	0.28
Provision for fringe benefit tax (net of advance payment of tax)	0.24	0.43
Proposed equity dividend [see note 6 (b)]	347.87	292.36
Proposed preference dividend	-	32.17
Tax on proposed equity dividend	55.14	44.43
Tax on proposed preference dividend	-	5.22
<b>TOTAL</b>	<b>443.41</b>	<b>402.20</b>

**15(a) TANGIBLE ASSETS**

	GROSS BLOCK (₹ in crore)				ACCUMULATED DEPRECIATION (₹ in crore)					NET BLOCK (₹ in crore)		
	Balance as at April 1, 2011	Translation exchange difference	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Translation exchange difference	Depreciation charge for the year	On disposals	Balance as at March 31, 2012	Balance as at March 31, 2012	Balance as at March 31, 2011
Freehold Land	5.07	-	-	-	5.07	-	-	-	-	-	5.07	5.07
Leasehold Land	4.51	-	-	-	4.51	-	-	-	-	-	4.51	4.51
Buildings												
Own use	327.93	-	0.19	1.48	326.64	36.30	-	14.56	0.70	50.16	276.48	291.63
Under operating lease [see note 33(iii)]	18.81	-	-	-	18.81	9.19	-	0.48	-	9.67	9.14	9.62
Leasehold improvements	13.80	0.10	0.88	-	14.78	5.26	0.10	3.12	-	8.48	6.30	8.54
Furniture and fixtures												
Own use	11.77	0.04	0.37	0.04	12.14	4.88	0.02	1.24	0.05	6.09	6.05	6.89
Under operating lease [see note 33(iii)]	0.42	-	-	-	0.42	0.11	-	0.02	-	0.13	0.29	0.31
Vehicles	1.03	-	0.47	0.42	1.08	0.65	-	0.17	0.36	0.46	0.62	0.38
Office equipment												
Own use	13.85	0.03	1.02	0.55	14.35	4.74	-	1.72	0.45	6.01	8.34	9.11
Under operating lease [see note 33(iii)]	0.02	-	-	-	0.02	0.02	-	-	-	0.02	-	-
Computers	17.80	0.05	2.66	0.49	20.02	12.13	0.03	2.85	0.42	14.59	5.43	5.67
Windmills	101.25	-	-	-	101.25	39.43	-	9.48	-	48.91	52.34	61.82
<b>TOTAL</b>	<b>516.26</b>	<b>0.22</b>	<b>5.59</b>	<b>2.98</b>	<b>519.09</b>	<b>112.71</b>	<b>0.15</b>	<b>33.64</b>	<b>1.98</b>	<b>144.52</b>	<b>374.57</b>	<b>403.55</b>
Previous Year	502.94	(0.01)	24.08	10.75	516.26	83.01	(0.01)	35.96	6.25	112.71	403.55	

**15(b) INTANGIBLE ASSETS**

	GROSS BLOCK (₹ in crore)				ACCUMULATED AMORTISATION (₹ in crore)					NET BLOCK (₹ in crore)		
	Balance as at April 1, 2011	Translation exchange difference	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Translation exchange difference	Amortisation charge for the year	On disposals	Balance as at March 31, 2012	Balance as at March 31, 2012	Balance as at March 31, 2011
Tenancy rights	0.11	-	-	-	0.11	0.03	-	-	-	0.03	0.08	0.08
Computer software	16.58	0.01	1.09	-	17.68	7.69	0.01	4.80	-	12.50	5.18	8.89
<b>TOTAL</b>	<b>16.69</b>	<b>0.01</b>	<b>1.09</b>	<b>-</b>	<b>17.79</b>	<b>7.72</b>	<b>0.01</b>	<b>4.80</b>	<b>-</b>	<b>12.53</b>	<b>5.26</b>	<b>8.97</b>
Previous Year	11.64	-	7.84	2.79	16.69	6.19	-	4.21	2.68	7.72	8.97	
<b>TOTAL TANGIBLE AND INTANGIBLE ASSETS</b>	<b>532.95</b>	<b>0.23</b>	<b>6.68</b>	<b>2.98</b>	<b>536.88</b>	<b>120.43</b>	<b>0.16</b>	<b>38.44</b>	<b>1.98</b>	<b>157.05</b>	<b>379.83</b>	<b>412.52</b>
Previous Year	514.58	(0.01)	31.92	13.54	532.95	89.20	(0.01)	40.17	8.93	120.43	412.52	

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**16 NON-CURRENT INVESTMENTS (AT COST)**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>INVESTMENT IN ASSOCIATES</b>		
Equity shares	27.78	10.29
Add: Goodwill on acquisition	9.80	9.80
Add: Adjustment for post acquisition share of profit and reserve for associates	10.66	10.29
	48.24	30.38
<b>INVESTMENT IN A SUBSIDIARY</b>		
Equity shares	8.05	0.05
<b>OTHER INVESTMENTS</b>		
Equity shares [see note (c) & (d)]	765.20	756.83
Preference shares	544.18	668.72
Venture capital units [see note (d)]	618.48	466.69
Bonds	563.14	734.85
Government securities	49.99	49.99
Security receipts	21.38	21.71
<b>TOTAL NON-CURRENT INVESTMENTS</b>	<b>2,618.66</b>	<b>2,729.22</b>
Less: Provision for diminution in value of investments	178.24	93.57
Less: Premium amortised on bonds and Government securities	7.31	4.36
<b>NET NON-CURRENT INVESTMENTS</b>	<b>2,433.11</b>	<b>2,631.29</b>
(a) Aggregate amount of quoted investments		
Cost	308.81	286.04
Market value	243.96	293.27
(b) Aggregate amount of unquoted investments - cost	2,309.85	2,443.18
(c) Investments include ₹ Nil (Previous Year ₹ 47.69 crore) in respect of equity shares which are subject to a lock-in-period.		
(d) Investments include ₹ 0.47 crore (Previous Year ₹ 0.47 crore) in respect of equity shares and ₹ 618.48 crore (Previous Year ₹ 466.69 crore) in respect of venture capital units which are subject to restrictive covenants.		

**17 DEFERRED TAX**

	AS AT MARCH 31, 2012 (₹ in crore)		AS AT MARCH 31, 2011 (₹ in crore)	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
(a) Provisions	339.14	0.50	265.13	0.62
(b) Others	1.40	-	8.18	-
(c) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	(20.32)	(2.68)	(23.75)	(2.15)
<b>DEFERRED TAX (NET)</b>	<b>320.22</b>	<b>(2.18)</b>	<b>249.56</b>	<b>(1.53)</b>

In compliance with Accounting Standard 22 relating to 'Accounting for Taxes on Income' as notified under the Companies (Accounting Standards) Rules, 2006, ₹ 70.00 crore (Previous Year ₹ 72.67 crore) has been credited to the Statement of Profit and Loss towards deferred tax (net) on account of timing differences.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**18 LOANS**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(` in crore)		(` in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
Rupee loans [see note (a), (c) & (d)]	41,654.01	6,147.05	32,977.53	4,399.54
Debentures [see note (a) & (d)]	1,086.34	0.83	594.00	239.23
	42,740.35	6,147.88	33,571.53	4,638.77
Less: Provision against non-performing loans [see note (c)]	29.73	47.16	6.90	33.93
Less: Provision for contingencies	626.76	-	521.85	-
<b>TOTAL</b>	<b>42,083.86</b>	<b>6,100.72</b>	<b>33,042.78</b>	<b>4,604.84</b>
<b>(a) The above amount includes</b>				
Secured [see note (b) & (c)]	38,021.08	5,865.38	32,887.53	4,548.77
Unsecured	4,719.27	282.50	684.00	90.00
	42,740.35	6,147.88	33,571.53	4,638.77

- (b) Loans to the extent of ₹ 43,886.46 crore (Previous Year ₹ 37,436.30 crore) 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
- (c) Rupee loans – secured includes non-performing loans of ₹ 148.32 crore (Previous Year ₹ 79.73 crore) against which provisions of ₹ 76.89 crore (Previous Year ₹ 40.83 crore) has been made in accordance with the RBI circular (Ref. No. DNBS (PD) CC No. 225 / 03.02.001 / 2011-12 dated July 1, 2011) [see note (d)].
- (d) The classification of loans under the RBI guidelines is as under:

	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
	(` in crore)	(` in crore)
(i) Standard assets	48,739.91	38,130.57
(ii) Sub-standard assets	70.78	6.25
(iii) Doubtful assets	50.04	45.98
(iv) Loss assets	27.50	27.50
	<b>48,888.23</b>	<b>38,210.30</b>

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**19 LOANS AND ADVANCES – OTHERS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(₹ in crore)		(₹ in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
<b>SECURED</b>				
Lending in CBLO	-	49.95	-	-
<b>UNSECURED</b>				
Inter corporate deposits	-	412.65	577.65	-
Loans and advances to related parties (see note 31)	-	41.52	44.73	0.79
Loan to a financial institution	-	30.00	30.00	-
Receivables against derivative contracts	196.29	173.57	24.13	2.30
Receivable against retail infrastructure bonds	-	179.17	-	-
Loans and advances to employees	1.00	0.97	1.00	0.20
Advance against investments	18.61	100.00	7.35	50.00
Security deposits	36.46	12.37	36.29	5.50
Other deposits	0.07	6.00	3.16	0.07
Capital advance	1.67	-	0.13	1.00
Other loans and advances				
Advance payment of income tax (net of provision)	210.21	-	191.82	-
Prepaid expenses	3.08	10.37	1.10	4.09
Supplier advances	-	2.21	0.27	1.61
Balance with defined benefit plan	-	1.32	-	0.54
Insurance claim receivable	-	2.89	-	0.73
Stamp paper on hand	-	0.12	-	-
Initial margin account - stock futures	5.00	-	4.00	-
Minimum alternate tax credit	-	0.31	-	-
Miscellaneous	-	0.04	0.93	-
Balances with Government authorities - cenvat credit available [includes ₹ 0.64 crore (Previous Year ₹ 0.64 crore) considered doubtful]	-	1.56	-	9.20
Less: Provision against doubtful balances	-	0.64	-	0.64
<b>TOTAL</b>	<b>472.39</b>	<b>1,024.38</b>	<b>922.56</b>	<b>75.39</b>

**20 OTHER ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	(₹ in crore)		(₹ in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
Other receivables	-	5.69	-	5.02
[includes ₹ 0.53 crore (Previous Year ₹ 0.36 crore), considered doubtful]				
Less: Provision against doubtful receivables	-	0.53	-	0.36
	-	5.16	-	4.66
Bank deposits [see note (a)]	2.08	-	542.69	-
Interest accrued on deposits & loan to financial institution	0.16	70.56	14.56	10.31
Income accrued on investments	-	67.28	-	68.96
Interest accrued on loans [see note (b)]	334.97	453.61	373.93	170.19
Mark-to-market margin – stock futures account	-	-	-	0.16
Less: Provision for loss – stock futures account	-	-	-	0.16
Unamortised expenses				
Premium on forward contracts	-	5.30	0.47	50.95
Ancillary borrowing costs	30.93	8.84	19.29	4.40
<b>TOTAL</b>	<b>368.14</b>	<b>610.75</b>	<b>950.94</b>	<b>309.47</b>

(a) Balances with banks include deposits under lien of ₹ 1.09 crore (Previous Year ₹ 41.58 crore) against bank guarantees.

(b) Current maturities of interest accrued on loans is net of provision of ₹ 20.71 crore (Previous Year ₹ 3.75 crore).

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**21 CURRENT INVESTMENTS (LOWER OF COST AND FAIR VALUE / MARKET VALUE, UNLESS STATED OTHERWISE)**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>INVESTMENT IN ASSOCIATES</b>		
Equity shares	73.81	-
Preference shares	9.99	-
<b>OTHER INVESTMENTS</b>		
Equity shares [see note (c)]	90.46	81.83
Bonds	1,596.98	1,168.96
Pass through certificates	0.84	1.28
Certificate of deposits	1,147.90	1,889.89
Commercial papers	1,324.68	821.47
Convertible warrants	₹	₹
Government securities	181.51	165.47
Treasury bills	354.66	96.27
Mutual funds	264.79	150.51
<b>CURRENT MATURITIES OF LONG-TERM INVESTMENTS - BONDS (at cost)</b>	<b>116.37</b>	<b>-</b>
<b>TOTAL CURRENT INVESTMENTS</b>	<b>5,161.99</b>	<b>4,375.68</b>
Less: Provision for diminution in value of investments	60.86	45.83
Less: Premium amortised on current maturities of long-term bonds	0.38	-
<b>NET CURRENT INVESTMENTS</b>	<b>5,100.75</b>	<b>4,329.85</b>

- (a) Aggregate amount of quoted investments
- |              |       |       |
|--------------|-------|-------|
| Cost         | 81.83 | 81.83 |
| Market value | 40.38 | 50.40 |
- (b) (i) Aggregate amount of investments in unquoted mutual funds
- |              |        |        |
|--------------|--------|--------|
| Cost         | 264.79 | 150.51 |
| Market value | 275.35 | 151.37 |
- Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds
- (ii) Aggregate amount of other unquoted investments - cost
- |          |          |
|----------|----------|
| 4,815.37 | 4,143.34 |
|----------|----------|
- (c) Investments include ₹ 8.63 crore (Previous Year ₹ Nil) in respect of equity shares which are subject to a lock-in period.

**22 TRADE RECEIVABLES (UNSECURED) (CONSIDERED GOOD, UNLESS STATED OTHERWISE)**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Outstanding for a period less than six months from the date they are due for payment	377.07	47.19
Outstanding for a period exceeding six months from the date they are due for payment	6.41	10.37
<b>Considered doubtful</b>		
Outstanding for a period exceeding six months from the date they are due for payment	2.23	3.97
Less: Provision against doubtful receivables	2.23	3.97
	-	-
<b>TOTAL</b>	<b>383.48</b>	<b>57.56</b>

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**23 CASH AND BANK BALANCES**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.02	0.02
Cheques on hand	2.29	0.91
Balances with banks:		
In current accounts [see note (a)]	25.57	247.56
In deposit accounts	76.24	60.79
	104.12	309.28
<b>OTHERS</b>		
Balances with banks:		
In earmarked accounts		
- unclaimed dividend	1.22	0.96
- unclaimed interest	5.22	-
In deposit accounts [see note (b), (c) & (d)]	587.55	252.00
	593.99	252.96
<b>TOTAL</b>	<b>698.11</b>	<b>562.24</b>

- (a) Balances with banks in current accounts include ₹ Nil (Previous Year ₹ 223.43 crore) being amount raised by the Holding Company on issue of long-term Infrastructure Bonds - Tranche III, that remained unutilised as at the Balance Sheet date, pending regulatory approvals.
- (b) Balances with banks include deposits under lien of ₹ 50.44 crore (Previous Year ₹ 10.10 crore) against bank guarantees.
- (c) Balances with banks in deposit accounts include deposits under lien of ₹ 21.00 crore (Previous Year ₹ 17.00 crore) to the National Securities Clearing Corporation Limited for meeting margin requirements.
- (d) Balances with banks include deposits of ₹ 501.00 crore (Previous Year ₹ 25.00 crore) having original maturity of more than 12 months.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**24 REVENUE FROM OPERATIONS**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Interest [see note (a)]	5,434.45	3,947.91
Other financial services [see note (b)]	415.83	593.96
Dividend income [see note (c)]	24.92	44.92
Net profit on sale of investments [see note (d)]	412.35	254.78
Brokerage	37.18	53.16
Other operating income [see note (e)]	11.72	21.25
<b>TOTAL</b>	<b>6,336.45</b>	<b>4,915.98</b>
<b>(a) DETAILS OF INTEREST INCOME</b>		
Interest on loans [see note (i) & (ii)]	4,793.71	3,446.17
Interest on deposits and loan to financial institution	175.38	108.21
Interest on investments		
Current investments	402.46	328.35
Long-term investments	62.90	65.18
<b>TOTAL</b>	<b>5,434.45</b>	<b>3,947.91</b>
(i) Interest on loans includes interest on debentures of ₹ 182.05 crore (Previous Year ₹ 105.77 crore)		
(ii) Interest on loans includes exchange gain of ₹ 10.33 crore (Previous Year ₹ 48.41 crore)		
<b>(b) DETAILS OF INCOME FROM OTHER FINANCIAL SERVICES</b>		
Fees (net) [see note (i)]	412.36	588.10
Profit on assignment / sale of loans	3.47	5.86
<b>TOTAL</b>	<b>415.83</b>	<b>593.96</b>
(i) Fees income is net of fees shared on sell down of loans of ₹ 7.87 crore (Previous Year ₹ 31.64 crore)		
<b>(c) DETAILS OF DIVIDEND INCOME</b>		
Current investments	8.98	32.39
Long-term investments	15.94	12.53
<b>TOTAL</b>	<b>24.92</b>	<b>44.92</b>
<b>(d) DETAILS OF NET PROFIT ON SALE OF INVESTMENTS</b>		
Current investments	82.58	48.43
Long-term investments	329.77	206.35
<b>TOTAL</b>	<b>412.35</b>	<b>254.78</b>
<b>(e) DETAILS OF OTHER OPERATING INCOME</b>		
Sale of power	11.72	10.06
Income from trading in stock futures	-	2.81
Income on renunciation of rights	-	8.38
<b>TOTAL</b>	<b>11.72</b>	<b>21.25</b>

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**25 OTHER INCOME**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Interest on income tax refund	1.34	5.92
Other interest	0.14	0.06
Profit on sale of long-term investments [see note (a)]	83.82	0.76
Profit on sale of fixed assets (net)	4.30	6.88
Miscellaneous income [see note 33(iii)]	8.95	3.43
<b>TOTAL</b>	<b>98.55</b>	<b>17.05</b>

- (a) Profit on sale of long-term investments includes ₹ 83.77 crore (Previous Year ₹ Nil) on sale of 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, wholly-owned subsidiaries of the Holding Company, to Natixis Global Asset Management and ₹ 0.05 crore (Previous Year ₹ 0.76 crore) on account of sale of certain investments to a wholly-owned subsidiary by the Holding Company.

**26 EMPLOYEE BENEFITS EXPENSE**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Salaries [see note 33(i)]	272.25	256.98
Contribution to provident and other funds [see note 30]	14.83	12.65
Gratuity expenses [see note 30]	1.61	-
Expense under the ESOS [see note 7(b)]	4.31	16.75
Staff welfare expenses	11.71	9.55
<b>TOTAL</b>	<b>304.71</b>	<b>295.93</b>

**27 FINANCE COSTS**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Interest expense *	3,370.05	2,298.52
Other borrowing costs *	53.36	57.43
Net loss on foreign currency transactions and translation	32.75	31.58
<b>TOTAL</b>	<b>3,456.16</b>	<b>2,387.53</b>

\* excludes costs charged to securities premium account

**28 PROVISIONS AND CONTINGENCIES**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Contingent provision against standard assets [see note 11(b)]	27.65	96.75
Provision for contingencies [including provision u/s. 36(1)(viii) of the Income-tax Act, 1961]	104.91	51.73
Provision against non-performing loans and debtors	52.02	7.52
Write back of provision against restructured loans	-	(1.42)
Provision for diminution in value of investments (net)	100.16	79.87
Provision for / (writeback of) mark-to-market on stock futures account	(0.16)	0.16
<b>TOTAL</b>	<b>284.58</b>	<b>234.61</b>



## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**29 OTHER EXPENSES**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Rent [see note 33(ii)]	25.39	23.16
Rates and taxes	4.13	4.41
Electricity	3.34	3.48
Repairs and maintenance		
Buildings	1.60	2.06
Equipments	2.66	2.06
Others	2.54	1.98
Insurance charges	0.92	0.86
Travelling and conveyance	18.51	18.35
Printing and stationery	1.37	4.29
Communication costs	7.01	8.48
Advertising and publicity	5.66	6.50
Professional fees	39.74	58.35
Loss on trading in stock futures	2.63	-
Loss on foreign exchange fluctuation (net)	0.30	-
Directors' sitting fees	0.55	0.55
Commission to directors	1.04	1.11
Bad debts written off	1.43	5.38
Miscellaneous expenses	39.27	23.49
Auditors' remuneration [see note (a)]	3.29	2.96
Shared service costs recovered [see note (b)]	(0.83)	-
Other operating expenses	17.89	28.48
<b>TOTAL</b>	<b>178.44</b>	<b>195.95</b>

## (a) Break up of auditors' remuneration:

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Audit fee	1.36	1.39
Tax audit fee	0.29	0.30
Taxation matters	0.43	0.23
Other services	1.07	1.01
Out of pocket expenses	0.01	0.02
Service tax	0.37	0.25
	<b>3.53</b>	<b>3.20</b>
Less: Service tax set off claimed	0.24	0.24
<b>TOTAL</b>	<b>3.29</b>	<b>2.96</b>

The above amounts exclude professional fees of ₹ 0.19 crore (Previous Year ₹ 0.67 crore) debited to other accounts.

## (b) Shared service costs recovery of ₹ 0.83 crore (Previous Year ₹ Nil) represents recovery from an associate company and others under a shared service agreement.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

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

- i. The Group has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)		FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)	
	FUNDED	NON FUNDED	FUNDED	NON FUNDED
Provident fund	4.86	2.32	4.31	2.07
Pension fund	0.59	-	-	-
Superannuation fund	0.85	0.44	0.62	0.36

- ii. The details of the Group'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:

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)		FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)	
	FUNDED	NON FUNDED	FUNDED	NON FUNDED
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>				
Liability at the beginning of the year	12.59	4.16	8.43	2.12
Current service cost	2.93	1.39	2.53	1.10
Interest cost	1.25	0.44	0.84	0.24
Liabilities settled on divestiture	-	-	(0.32)	(0.02)
Benefits paid	(1.07)	(0.55)	(0.68)	(0.42)
Actuarial loss	1.38	0.09	0.95	0.79
Past service cost	-	-	0.84	0.35
Liability at the end of the year	17.08	5.53	12.59	4.16
<b>FAIR VALUE OF PLAN ASSETS:</b>				
Fair value of plan assets at the beginning of the year	11.96	-	8.09	-
Expected return on plan assets	0.96	-	0.77	-
Contributions	3.40	-	4.03	-
Benefits paid	(1.07)	-	(0.68)	-
Actuarial loss on plan assets	0.48	-	0.25	-
Fair value of plan assets at the end of the year	14.77	-	11.96	-
Total actuarial loss to be recognised	1.86	0.09	1.20	0.79
<b>ACTUAL RETURN ON PLAN ASSETS:</b>				
Expected return on plan assets	0.96	-	0.77	-
Actuarial loss on plan assets	0.48	-	0.25	-
Actual return on plan assets	0.48	-	0.52	-
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>				
Liability at the end of the year	17.08	5.53	12.59	4.16
Fair value of plan assets at the end of the year	14.77	-	11.96	-
Unrecognised past service cost	0.09	0.18	0.19	0.30
Amount recognised in the Balance Sheet under 'Provision for employee benefits'	2.32	5.35	0.52	3.86
<b>EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>				
Current service cost	2.93	1.39	2.53	1.10
Interest cost	1.25	0.44	0.84	0.24
Expected return on plan assets	(0.96)	-	(0.77)	-
Net actuarial loss to be recognised	1.86	0.09	1.20	0.79
Recovery of past service cost	0.10	0.12	0.65	0.06
Liabilities settled on divestiture	-	-	(0.32)	(0.02)
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	5.18	2.04	4.13	2.17
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>				
Opening net liability	0.62	3.88	0.33	2.12
Expense recognised	5.18	2.04	4.13	2.17
Contribution by the Group	(3.40)	(0.50)	(4.03)	(0.42)
Amount recognised in the Balance Sheet under 'Provision for employee benefits'	2.32	5.35	0.52	3.86
Expected employer's contribution next year	1.70	0.36	2.30	0.23

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

	FOR THE YEAR ENDED				
	MARCH 31, 2012	MARCH 31, 2011	MARCH 31, 2010	MARCH 31, 2009	MARCH 31, 2008
	(₹ in crore)				
EXPERIENCE ADJUSTMENTS:					
Defined benefit obligation	22.61	16.75	10.71	8.84	4.88
Plan assets	14.77	11.96	8.29	6.68	3.45
Unrecognised past service cost	-	0.19	-	-	-
Deficit	7.58	4.17	2.42	2.17	1.43
Experience adjustments on plan liabilities	1.04	2.74	(0.27)	2.24	0.80
Experience adjustments on plan assets	(0.48)	(0.13)	1.30	(0.74)	(0.02)
				AS AT MARCH 31, 2012 (%)	AS AT MARCH 31, 2011 (%)
INVESTMENT PATTERN:					
Insurer managed funds				100.00	100.00
Government securities				18.64	23.40
Deposit and money market securities				33.53	13.51
Debentures / bonds				31.98	41.68
Equity shares				15.85	21.41
PRINCIPAL ASSUMPTIONS:					
Discount rate (p.a.)				8.38	8.30
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.					
31	As per Accounting Standard 18 on 'Related Party Disclosures' as notified under the Companies (Accounting Standards) Rules, 2006, the related parties of the Group are as follows:				
I. SUBSIDIARIES:					
(a) Direct:					
IDFC Foundation [see note 3(c)]					
(b) Through subsidiary:					
IDFC PPP Trusteeship Company Limited [see note 4(c)]					
II. JOINTLY CONTROLLED ENTITIES OF IDFC FOUNDATION					
(a) Delhi Integrated Multi-Modal Transit System Limited (with effect from March 24, 2011)					
(b) Infrastructure Development Corporation (Karnataka) Limited (with effect from March 24, 2011)					
(c) Uttarakhand Infrastructure Development Company Limited (with effect from March 24, 2011)					
III. ASSOCIATES:					
(a) Direct					
Galaxy Mercantiles Limited (with effect from December 2, 2011)					
Feedback Infrastructure Services Private Limited (Formerly Feedback Ventures Private Limited)					
(b) Through subsidiary					
Jetpur Somnath Tollways Limited (with effect from August 12, 2011)					
IV. ENTITIES OVER WHICH CONTROL IS EXERCISED BY IDFC FOUNDATION:					
(a) India Infrastructure Initiative Trust (with effect from March 24, 2011)					
(b) India PPP Capacity Building Trust (with effect from March 24, 2011)					
V. KEY MANAGEMENT PERSONNEL OF THE HOLDING COMPANY:					
(a) Dr. Rajiv B. Lall - Managing Director & CEO					
(b) 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		FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
		₹ in crore	₹ in crore
<b>(a) SUBSIDIARIES:</b>			
IDFC Foundation	Fees paid	3.63	-
	Advances recovered during the year	4.00	-
	Sale of investments	0.05	45.45
	Advances recoverable - balance outstanding	41.50	45.50
	Share subscription	8.00	-
	Amount payable	0.52	-

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP		FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
		(₹ in crore)	(₹ in crore)
	IDFC PPP Trusteeship Company Limited	Advances given	0.02
		Advances – balance outstanding	0.02
(b)	<b>JOINTLY CONTROLLED ENTITIES:</b>		
	Uttarakhand Infrastructure Development Company Limited	Fees paid	0.09
	Infrastructure Development Corporation (Karnataka) Limited	Fees paid	0.04
		Rent paid	0.02
		Deputation charges recovered	-
		Trade payables – balance outstanding	0.16
(c)	<b>ASSOCIATES:</b>		
	Feedback Infrastructure Services Private Limited	Dividend received	0.81
		Miscellaneous Income	₹
		Fees paid	0.25
		Subscription to redeemable debentures	28.00
		Interest on redeemable debentures	1.41
		Interest accrued on loans – balance outstanding	1.41
	Galaxy Mercantiles Limited	Interest on optionally convertible debentures (OCDs)	6.21
		Subscription to equity shares	73.81
		Subscription to cumulative preference shares	9.99
		Interest accrued on loans – balance outstanding	0.08
		Investment in OCDs	136.12
		Loan given and balance outstanding	1.65
(d)	<b>ENTITIES OVER WHICH CONTROL IS EXERCISED:</b>		
	India PPP Capacity Building Trust	Fees paid	6.83
		Trade payables – balance outstanding	0.79
(e)	<b>KEY MANAGEMENT PERSONNEL OF THE HOLDING COMPANY:</b>		
	Dr. Rajiv B. Lall	Remuneration paid	5.99
	Mr. Vikram Limaye	Remuneration paid	4.93
	Dr. Rajiv B. Lall	80CCF bonds	₹
	Mr. Vikram Limaye	80CCF bonds	₹

\* includes perquisites on exercise of employee stock options under the ESOS.

**32** The Group is engaged in financing by way of loans, 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. Financing in terms of Accounting Standard 17 on 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

		FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
		(₹ in crore)	(₹ in crore)
I	<b>SEGMENT OPERATING REVENUE</b>		
	(a) Financing	6,092.45	4,522.53
	(b) Others	333.44	454.08
	<b>TOTAL</b>	<b>6,425.89</b>	<b>4,976.61</b>
	Less: Inter segment revenue	89.44	60.63
	<b>TOTAL OPERATING INCOME</b>	<b>6,336.45</b>	<b>4,915.98</b>
II	<b>SEGMENT RESULTS</b>		
	(a) Financing	2,113.43	1,658.26
	(b) Others	57.90	114.66
	(c) Unallocated	1.34	5.92
	Profit before tax	2,172.67	1,778.84
	Less: Provision for tax	621.86	499.75
	Profit after tax (before share of profit from associates and adjustment for minority interest)	<b>1,550.81</b>	<b>1,279.09</b>

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>III SEGMENT ASSETS</b>		
(a) Financing	59,111.86	47,316.42
(b) Others	1,336.85	1,616.19
(c) Unallocated	530.43	414.56
<b>TOTAL</b>	<b>60,979.14</b>	<b>49,347.17</b>
<b>IV SEGMENT LIABILITIES</b>		
(a) Financing	48,518.57	37,933.99
(b) Others	115.55	162.33
(c) Unallocated	41.60	2.24
<b>TOTAL</b>	<b>48,675.72</b>	<b>38,098.56</b>
<b>V CAPITAL EMPLOYED</b>		
(a) Financing	10,593.29	9,382.43
(b) Others	1,221.30	1,453.86
(c) Unallocated	488.83	412.32
<b>TOTAL</b>	<b>12,303.42</b>	<b>11,248.61</b>
	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
<b>VI CAPITAL EXPENDITURE (INCLUDING CAPITAL WORK-IN-PROGRESS)</b>		
(a) Financing	6.65	44.58
(b) Others	2.32	5.60
<b>TOTAL</b>	<b>8.97</b>	<b>50.18</b>
<b>VII DEPRECIATION AND AMORTISATION</b>		
(a) Financing	31.36	32.81
(b) Others	7.08	7.36
<b>TOTAL</b>	<b>38.44</b>	<b>40.17</b>
<b>VIII SIGNIFICANT NON CASH EXPENSES OTHER THAN DEPRECIATION AND AMORTISATION</b>		
(a) Financing	323.41	245.31
(b) Others	9.35	(1.55)
<b>TOTAL</b>	<b>332.76</b>	<b>243.76</b>

**33** In accordance with Accounting Standard 19 on 'Leases' as notified under 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 April 2012 to March 2016 (Previous Year August 2011 to March 2015). Salaries include gross rental expenses of ₹ 1.40 crore (Previous Year ₹ 0.54 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Not later than one year	1.43	0.99
Later than one year and not later than five years	2.14	1.96

- ii. The Group companies have taken office premises under operating leases, which expire between June 2015 to September 2018 (Previous Year April 2013 to September 2018). Rent includes gross rental expenses of ₹ 20.92 crore (Previous Year ₹ 16.51 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Not later than one year	13.98	18.37
Later than one year and not later than five years	36.37	42.84
Later than five years	1.89	7.74

- iii. The Holding Company has given office premises under non-cancellable operating lease, which expires in October 2012 (Previous Year October 2012). Miscellaneous income includes income from such leases of ₹ 2.26 crore (Previous Year ₹ 2.08 crore). The future minimum lease rentals is as follows:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Not later than one year	1.32	2.26
Later than one year and not later than five years	-	1.32

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

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

i. The basic earnings per share has been calculated based on the following:

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹ in crore)	(₹ in crore)
Net profit after tax	1,554.01	1,281.66
Less: Adjustment for dividend and dividend distribution tax on CCCPS	49.41	37.39
Net amount available for equity shareholders	1,504.60	1,244.27
Weighted average number of equity shares	1,469,679,676	1,418,087,937

ii. The reconciliation between the basic and the diluted earnings per share is as follows:

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹)	(₹)
Basic earnings per share	10.24	8.77
Effect of outstanding stock options	(0.04)	(0.06)
Diluted earnings per share	10.20	8.71

iii. The basic earnings per share has been computed by dividing the net profit after tax for the year 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 for the year 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 in the previous year, it has been ignored in the previous year. The relevant details as described above are as follows:

	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Weighted average number of shares for computation of basic earnings per share	1,469,679,676	1,418,087,937
Dilutive effect of outstanding stock options	4,741,438	10,165,050
Weighted average number of shares for computation of diluted earnings per share	1,474,421,114	1,428,252,987

**35** Contingent liabilities and commitments (to the extent not provided for)

	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
	(₹ in crore)	(₹ in crore)
<b>(a) CONTINGENT LIABILITIES</b>		
(i) Claims not acknowledged as debts in respect of:		
Income-tax demands under appeal	111.66	120.90
(ii) Guarantees issued:		
As a part of project assistance, the following guarantees have been issued:		
Financial guarantees	2,255.98	1,234.45
Performance guarantees	237.77	259.00
[including ₹ 10.76 crore (Previous Year ₹ Nil) on account of proportionate share in an associate company]		
Risk participation facility	-	5.31
Sponsors undertaking	25.08	-
Other financial guarantees	87.49	41.77
[including ₹ 9.08 crore (Previous Year ₹ 5.92 crore) on account of proportionate share in an associate company]		
<b>(b) CAPITAL COMMITMENTS</b>		
(i) Uncalled liability on shares and other investments partly paid	1,227.76	730.16
[including ₹ 214.52 crore (Previous Year ₹ 5.49 crore) on account of proportionate share in associate companies]		
(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	1.56	6.87

**36** The Holding Company has entered into interest rate swaps in the nature of "fixed / floating" or "floating / fixed" for notional principal of ₹ 3,066.00 crore outstanding as on March 31, 2012 (Previous Year ₹ 2,391.00 crore) for varying maturities linked to various benchmarks for asset liability management and hedging.

The Holding Company has foreign currency borrowings of USD 81.18 crore (Previous Year USD 62.56 crore), against which the Company has undertaken currency interest rate swaps and forward contracts of USD 81.18 crore (Previous Year USD 60.91 crore) to hedge foreign currency risk. One of the subsidiaries had un-hedged foreign currency exposure of USD 0.08 crore in previous year.

The Holding Company has also entered into coupon only currency swaps for notional principal of USD 8.41 crore (Previous Year USD 11.11 crore) to hedge the foreign currency risk towards interest on the foreign currency borrowings.

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

**37** There were no open interest in stock futures as at March 31, 2012. The details of open interest in stock futures as at March 31, 2011 are as under:

LONG POSITION:			
NAME OF FUTURE	SERIES OF FUTURE	NUMBER OF CONTRACTS	NUMBER OF UNITS
Rural Electrification Corporation Limited	28-Apr-11	2	250,000
SHORT POSITION:			
NAME OF FUTURE	SERIES OF FUTURE	NUMBER OF CONTRACTS	NUMBER OF UNITS
Larsen & Tubro Limited	28-Apr-11	1	35,000
Shree Renuka Sugars Limited	28-Apr-11	2	700,000

**38** No interest has been paid / payable by the group companies during the year to the 'Suppliers' covered under the Micro, Small and Medium Enterprises Development Act, 2006. Current liabilities - Trade payable include ₹ ₹ (Previous Year ₹ ₹) payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006 by one of the subsidiary companies. The above information takes into account only those suppliers who have responded to inquiries made by the group companies for this purpose.

**39 INTEREST AND REPAYMENT TERMS OF LONG-TERM BORROWINGS - DEBENTURES (NON CONVERTIBLE) (SECURED)**

RESIDUAL MATURITY	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FIXED RATE				
Above 5 years	12,402.92	7.50 to 9.91	10,615.46	7.50 to 9.35
3-5 years	1,880.00	7.45 to 9.40	2,275.00	7.25 to 8.20
1-3 years	8,975.00	6.00 to 11.66	5,928.00	6.00 to 11.66
FLOATING RATE				
Above 5 years	40.00	MIBOR+150bps	40.00	MIBOR+150bps
1-3 years	-	NA	120.00	MIBOR+170bps to 183 bps
TOTAL	23,297.92		18,978.46	

**40 INTEREST AND REPAYMENT TERMS OF LONG-TERM BORROWINGS - DEBENTURES (CONVERTIBLE) (UNSECURED)**

RESIDUAL MATURITY	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
3-5 years	-	NA	6.67	Zero coupon
1-3 years	6.67	Zero coupon	-	NA
TOTAL	6.67		6.67	

**41 INTEREST AND REPAYMENT TERMS OF LONG-TERM LOANS - FROM BANKS (SECURED)**

RESIDUAL MATURITY	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
FIXED RATE				
3-5 years	255.74	7.41	555.74	7.25 to 7.50
1-3 years	1,441.67	8.35 to 10.65	3,977.24	7.00 to 9.89
FLOATING RATE				
3-5 years	1,790.60	6M LIBOR + 175 bps to 275 bps	891.80	6M LIBOR + 175 bps
1-3 years	749.61	6M LIBOR + 300 bps to 345 bps	624.26	6M LIBOR + 300 bps
TOTAL	4,237.62		6,049.04	

## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

## 42 INTEREST AND REPAYMENT TERMS OF LONG-TERM LOANS - FROM OTHERS (SECURED)

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
		(₹ in crore)		(₹ in crore)
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
<b>FIXED RATE</b>				
1-3 years	668.00	10.10	-	NA
<b>FLOATING RATE</b>				
Above 5 years	346.80	INBMK + 184 bps	346.80	INBMK + 184 bps
Above 5 years	522.56	6M LIBOR + 60 bps to 235 bps	175.18	6M LIBOR+ 60 bps
3-5 years	299.20	6M LIBOR + 70 bps to 115 bps	97.54	6M LIBOR+ 115 bps
1-3 years	-	NA	684.77	6M LIBOR+ 45 bps to 70 bps
<b>TOTAL</b>	<b>1,836.56</b>		<b>1,304.29</b>	

#### 43 INTEREST AND REPAYMENT TERMS OF SUBORDINATED DEBT FROM THE GOVERNMENT OF INDIA (UNSECURED)

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
		(₹ in crore)		(₹ in crore)
RESIDUAL MATURITY	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
29-Sep-47	350.00	5 Year G-Sec+ 25 bps	350.00	5 Year G-Sec+ 25 bps
17-Mar-47	300.00	5 Year G-Sec+ 25 bps	300.00	5 Year G-Sec+ 25 bps
<b>TOTAL</b>	<b>650.00</b>		<b>650.00</b>	

**44** Statement of information of Subsidiaries# in compliance with Section 212 of the Companies Act, 1956 as on March 31, 2012

[illegible]



## NOTES TO FINANCIAL STATEMENTS

CONSOLIDATED FOR THE YEAR ENDED MARCH 31, 2012

NAME OF SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES	DETAILS OF INVESTMENT (excluding investment in subsidiary companies)				TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	(₹ in crore)
					EQUITY	MUTUAL FUND	TRUST UNITS	VENTURE CAPITAL UNITS					PROPOSED DIVIDEND
IDFC Investment Advisors Limited	10.00	4.26	26.75	12.48	-	18.38	-	₹	11.57	3.99	1.29	2.70	-
(Previous Year)	10.00	1.56	14.80	3.24	-	9.83	-	-	16.53	1.46	0.80	0.67	-
IDFC Investment Managers (Mauritius) Limited *	0.26	0.63	0.99	0.10	-	-	-	-	2.00	0.57	0.02	0.55	-
(Previous Year)	0.26	₹	0.32	0.06	-	-	-	-	0.16	0.01	₹	₹	-
IDFC Pension Fund Management Company Limited	12.00	0.31	12.67	0.36	-	12.51	-	-	₹	0.17	0.02	0.15	-
(Previous Year)	12.00	0.16	12.18	0.02	-	11.70	-	-	₹	0.30	0.01	0.28	-
IDFC Primary Dealership Company Limited	5.00	(1.42)	5.00	1.42	-	-	-	-	-	(1.42)	-	(1.42)	-
(Previous Year)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
IDFC PPP Trusteeship Company Limited	0.05	(0.07)	₹	0.03	-	-	-	-	₹	(0.02)	-	(0.02)	-
(Previous Year)	0.05	(0.05)	₹	0.01	-	-	-	-	₹	(0.01)	-	(0.01)	-
IDFC Private Equity Company Limited	0.05	53.52	82.81	29.24	-	-	-	1.29	62.02	31.54	9.91	21.63	-
(Previous Year)	0.05	55.14	84.06	28.87	-	-	-	0.90	81.26	57.13	18.65	38.48	-
IDFC Project Equity Company Limited	0.05	3.72	29.28	25.51	-	-	-	-	57.55	18.75	5.61	13.14	-
(Previous Year)	0.05	14.99	40.89	25.85	-	-	-	-	57.55	26.97	8.29	18.68	-
IDFC Projects Limited	34.05	(30.13)	80.14	76.22	17.49	-	-	-	1.87	(5.04)	-	(5.04)	-
(Previous Year)	34.05	(25.09)	58.10	49.13	-	-	-	-	3.62	(7.17)	0.01	(7.18)	-
IDFC Securities Limited	14.14	99.56	127.03	13.33	₹	-	-	-	40.85	1.11	0.17	0.94	-
(Previous Year)	14.14	98.63	179.63	66.87	₹	72.64	-	-	78.93	19.54	4.63	14.91	-
IDFC Trustee Company Limited	0.05	1.79	1.85	0.01	-	1.69	-	-	0.55	0.56	0.16	0.40	-
(Previous Year)	0.05	1.39	1.48	0.03	-	1.23	-	-	0.56	0.58	0.16	0.42	-
Jetpur Somnath Highway Limited	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(Previous Year)	0.10	(0.10)	0.01	0.01	-	-	-	-	-	0.02	₹	0.02	-
Jetpur Somnath Tollways Limited	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(Previous Year)	0.10	(0.45)	0.10	0.45	-	-	-	-	-	(0.45)	-	(0.45)	-
Uniquet Infra Ventures Private Limited	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
(Previous Year)	0.01	(0.02)	0.01	0.02	-	-	-	-	-	(0.02)	-	(0.02)	-

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

\* Exchange Rate:

Closing Rate: 1 USD = ₹ 51.16

Average Rate: 1 USD = ₹ 47.92

**45** The Revised Schedule VI to the Companies Act, 1956 has become effective from April 1, 2011 for preparation and presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Accordingly, the figures for the previous year have been reclassified, wherever necessary to conform with the current year's classification.

**46** 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'.

**47** Figures of ₹ 50,000 or less have been denoted by ₹.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH  
Chairman

RAJIV B. LALL  
Managing Director & CEO

SUNIL KAKAR  
Chief Financial Officer

MAHENDRA N. SHAH  
Company Secretary

# AUDITORS' REPORT

## 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, 2012, the Statement of Profit and Loss 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 misstatement. 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 Statement of Profit and Loss 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 Statement of Profit and Loss 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, 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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, 2012 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2012 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)

### P. R. RAMESH

Partner  
Membership No. 70928

Mumbai  
May 8, 2012

## ANNEXURE

TO THE AUDITORS' REPORT

**(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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (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 ₹ 350.00 crore to one party during the year. At the year-end, the outstanding balances of such loans aggregated ₹ Nil and the maximum amount involved during the year was ₹ 350.00 crore.
  - (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) Five parties have subscribed to the public issue of Infrastructure Bonds during the year. At the year-end, the outstanding balance of such bonds aggregated ₹ 0.05 crore (number of parties fourteen) and the maximum amount involved during the year was ₹ 0.05 crore.
  - (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 payments of principal amounts and interest have been regular / as per stipulations.
- (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) and (iv) above) is in excess of ₹ 5 lakh 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 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 Provident Fund, Investor Education and Protection Fund, Income-tax, Sales Tax, Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2012 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, 2012 on account of disputes are given below:

## ANNEXURE

TO THE AUDITORS' REPORT

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED (₹ in crore)
Income- tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	A.Y. 2007-08	8.07
Income- tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2008-09	0.80
Income- tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	A.Y. 2009-10	33.33

- (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 ₹ 6,309.46 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 ₹ 2,934.17 crore for which securities / charges have been created subsequently.
- (xviii) We have verified the end use of money raised by public issue of Infrastructure Bonds during the year as disclosed in Note 45 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)

**P. R. RAMESH**

Partner  
Membership No. 70928

Mumbai  
May 8, 2012

## BALANCE SHEET

AS AT MARCH 31, 2012

	NOTES	AS AT MARCH 31, 2012	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
(₹ in crore)				
<b>EQUITY AND LIABILITIES</b>				
Shareholders' funds				
(a) Share capital	4	1,512.36		2,300.95
(b) Reserves and surplus	5	10,627.61		8,765.05
			12,139.97	11,066.00
Share application money pending allotment	6		0.60	4.14
Non-current liabilities				
(a) Long-term borrowings	7	29,830.53		26,779.41
(b) Other long-term liabilities	8	136.12		49.08
(c) Long-term provisions	9	124.40		96.75
			30,091.05	26,925.24
Current liabilities				
(a) Short-term borrowings	10	7,351.01		1,686.99
(b) Trade payables	39	176.62		172.62
(c) Other current liabilities	11	10,505.54		8,746.51
(d) Short-term provisions	12	441.18		396.16
			18,474.35	11,002.28
<b>TOTAL</b>			<b>60,705.97</b>	<b>48,997.66</b>
<b>ASSETS</b>				
Non-current assets				
(a) Fixed assets				
(i) Tangible assets	13(a)	309.93		334.58
(ii) Intangible assets	13(b)	4.26		7.39
(iii) Capital work-in-progress		0.16		0.51
(iv) Intangible assets under development		-		0.13
			314.35	342.61
(b) Non-current investments	14		3,474.75	3,717.97
(c) Deferred tax assets (net)	15		314.90	244.90
(d) Long-term loans and advances				
(i) Loans	16	42,083.86		33,042.78
(ii) Others	17	396.12		895.84
			42,479.98	33,938.62
(e) Other non-current assets	18		365.90	906.65
			46,949.88	39,150.75
Current assets				
(a) Current investments	19		5,010.96	4,389.45
(b) Trade receivables	20		371.46	11.09
(c) Cash and bank balances	21		589.82	467.54
(d) Short-term loans and advances				
(i) Loans	16	6,100.72		4,604.84
(ii) Others	17	1,078.60		65.84
			7,179.32	4,670.68
(e) Other current assets	18		604.53	308.15
			13,756.09	9,846.91
<b>TOTAL</b>			<b>60,705.97</b>	<b>48,997.66</b>
See accompanying notes forming part of the financial statements.				

## IN TERMS OF OUR REPORT ATTACHED.

## FOR DELOITTE HASKINS &amp; SELLS

Chartered Accountants

P. R. RAMESH

Partner

Mumbai | May 8, 2012

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

## INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH

Chairman

SUNIL KAKAR

Chief Financial Officer

RAJIV B. LALL

Managing Director &amp; CEO

MAHENDRA N. SHAH

Company Secretary

## STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2012

	NOTES	FOR THE YEAR ENDED MARCH 31, 2012	(₹ in crore) FOR THE YEAR ENDED MARCH 31, 2011
<b>I INCOME</b>			
Revenue from operations	22	6,094.32	4,524.00
Other income	23	101.69	36.35
<b>TOTAL INCOME (I)</b>		<b>6,196.01</b>	<b>4,560.35</b>
<b>II EXPENSES</b>			
Employee benefits expense	24	152.39	106.62
Finance costs	25	3,455.23	2,386.52
Provisions and contingencies	26	283.85	234.94
Other expenses	27	71.90	69.13
Depreciation and amortisation expense	13(a) & (b)	31.28	32.70
<b>TOTAL EXPENSES (II)</b>		<b>3,994.65</b>	<b>2,829.91</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>2,201.36</b>	<b>1,730.44</b>
<b>IV TAX EXPENSE</b>			
Current tax		668.70	523.90
Current tax expense relating to prior years		(0.30)	-
Deferred tax	15	(70.00)	(70.60)
<b>TOTAL TAX EXPENSE (IV)</b>		<b>598.40</b>	<b>453.30</b>
<b>V PROFIT FOR THE YEAR (III - IV)</b>		<b>1,602.96</b>	<b>1,277.14</b>
<b>VI EARNINGS PER EQUITY SHARE</b> (nominal value of share ₹ 10 each)	35		
Basic (₹)		10.57	8.74
Diluted (₹)		10.54	8.68

See accompanying notes forming part of the financial statements.

## IN TERMS OF OUR REPORT ATTACHED.

## FOR DELOITTE HASKINS &amp; SELLS

Chartered Accountants

P. R. RAMESH

Partner

Mumbai | May 8, 2012

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

## INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH

Chairman

SUNIL KAKAR

Chief Financial Officer

RAJIV B. LALL

Managing Director &amp; CEO

MAHENDRA N. SHAH

Company Secretary

## CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2012

	NOTES	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
(₹ in crore)				
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax			2,201.36	1,730.44
<b>ADJUSTMENTS FOR:</b>				
Depreciation and amortisation expense	13(a) & (b)	31.28		32.70
Provision for employee benefits		-		(2.31)
Expense under the ESOS	24	4.31		16.75
Provisions and contingencies	26	283.85		234.94
(Gain) / loss on foreign currency revaluation		31.82		(7.42)
Profit on sale of investments in group companies	23	(89.00)		(21.95)
Profit on sale of other investments (net)	22	(408.41)		(252.18)
Utilisation of securities premium account (gross of tax)		(146.41)		(243.44)
Amortisation of premium on investments		3.32		3.01
Profit on sale of fixed assets (net)	23	(4.38)		(7.00)
			(293.62)	(246.90)
Operating profit before working capital changes			1,907.74	1,483.54
<b>Changes in working capital:</b>				
<b>ADJUSTMENTS FOR (INCREASE) / DECREASE IN OPERATING ASSETS</b>				
Trade receivables		(3.25)		35.06
Long-term loans and advances		125.32		(115.40)
Short-term loans and advances		(83.01)		3.96
Other current assets		(313.35)		(113.64)
Other non-current assets		39.75		(183.79)
<b>ADJUSTMENTS FOR INCREASE / (DECREASE) IN OPERATING LIABILITIES</b>				
Trade payable		(16.48)		18.81
Other current liabilities		342.66		288.67
Other long-term liabilities		87.04		27.35
			178.68	(38.98)
Direct taxes paid			(630.26)	(422.75)
<b>CASH GENERATED FROM OPERATIONS</b>			1,456.16	1,021.81
Loans disbursed (net of repayments)			(10,679.47)	(12,673.35)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			<b>(9,223.31)</b>	<b>(11,651.54)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets (including capital work-in-progress and intangible assets under development)			(3.88)	(17.26)
Sale of fixed assets			5.24	11.40
Bank deposits matured / (placed)			225.00	(726.00)
Investments in subsidiaries			(11.57)	(34.60)
Investments in associates			(83.80)	-
Purchase of other investments			(179,783.97)	(186,786.45)
Sale proceeds of investments in subsidiaries and jointly controlled entities			297.79	65.29
Sale proceeds of other investments			179,316.22	186,251.30
<b>NET CASH USED IN INVESTING ACTIVITIES</b>			<b>(38.97)</b>	<b>(1,236.32)</b>

## CASH FLOW STATEMENT (continued)

FOR THE YEAR ENDED MARCH 31, 2012

	NOTES	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2012	(₹ in crore) FOR THE YEAR ENDED MARCH 31, 2011
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from fresh issue of shares (net of issue expenses)			15.63	3,505.24
Proceeds from borrowings (net of repayments)			9,494.41	9,793.41
Dividend paid (including dividend distribution tax)			(410.96)	(217.48)
<b>NET CASH FROM FINANCING ACTIVITIES</b>			<b>9,099.08</b>	<b>13,081.17</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)			(163.20)	193.31
Cash and cash equivalents as at the beginning of the year	21		224.58	31.27
Cash and cash equivalents as at the end of the year	21		61.38	224.58
			<b>(163.20)</b>	<b>193.31</b>

See accompanying notes forming part of the financial statements.

## IN TERMS OF OUR REPORT ATTACHED.

## FOR DELOITTE HASKINS &amp; SELLS

Chartered Accountants

P. R. RAMESH

Partner

Mumbai | May 8, 2012

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

## INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH

Chairman

SUNIL KAKAR

Chief Financial Officer

RAJIV B. LALL

Managing Director &amp; CEO

MAHENDRA N. SHAH

Company Secretary



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

## 1 CORPORATE INFORMATION

Infrastructure Development Finance Company Limited ('the Company') is a public company incorporated in India and regulated by the Reserve Bank of India (RBI) as an Infrastructure Finance Company-Non Banking Finance Company (IFC-NBFC) engaged in financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, tourism and hotels.

## 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the applicable guidelines issued by the RBI. The financial statements have been prepared on the accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### a. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### b. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of the Cash Flow Statement comprises cash on hand, cash in bank, fixed deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

### c. CASH FLOW STATEMENT

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Company are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

### d. INVESTMENTS

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments in accordance with the RBI guidelines and Accounting Standard 13 on 'Accounting for Investments' as notified under the Companies (Accounting Standards) Rules, 2006. Current investments also include current maturities of long-term investments. All other investments are classified as long-term investments.

All investments are initially recorded at cost. The cost of an investment includes purchase price, directly attributable acquisition charges and reduced by recovery of costs, if any. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Current investments are individually carried at the lower of cost and fair value / market value. Commercial papers, certificate of deposits and treasury bills are valued at carrying cost. Long-term investments are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis against long-term investments. Premium paid over the face value of a long-term investment is amortised over the life of the investment.

Inter-class transfer of investments from one category to the other, if any, is done in accordance with the RBI guidelines at the lower of book value and fair value / market value on the date of transfer.

### e. LOANS

In accordance with the RBI guidelines, all loans are classified under any of four categories i.e. (i) standard assets (ii) sub-standard assets (iii) doubtful assets and (iv) loss assets.

### f. TANGIBLE 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. Profit or loss arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the Statement of Profit and Loss.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

## g. DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on tangible fixed assets, excluding certain electronic items and leasehold improvements, is provided on the written down value method, at the rates prescribed in Schedule XIV to 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 the useful life of these assets. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation. Depreciation in respect of leasehold improvements is provided on a straight-line method over the primary period of the lease.

## h. INTANGIBLE ASSETS AND AMORTISATION

Intangible assets comprising of computer 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 Statement of Profit and Loss. Intangible assets are being amortised over a period of three years on a straight-line method.

## i. IMPAIRMENT OF ASSETS

The carrying amount of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is an indication that previously recognised 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 and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

## j. EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES

The Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) 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 Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense.

## k. EMPLOYEE BENEFITS

### ■ Defined contribution plans

The Company's contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made.

### ■ 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 Statement of Profit and Loss for the year.

### ■ Compensated absences

Based on the leave rules of the Company, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year.

## l. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Ancillary costs in connection with long-term external commercial borrowings are amortised to the Statement of Profit and Loss over the tenure of the loan. Issue expenses of certain securities are charged to the securities premium account as stated in note 3(t).

## m. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- Interest and other dues are accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

- Income on discounted instruments is recognised over the tenure of the instrument on a straight-line method.
- Dividend is accounted when the right to receive is established.
- Front end fees on processing of loans are recognised upfront as income.
- Underwriting commission earned to the extent not reduced from the cost of acquisition of securities is recognised as fees on closure of issue.
- All other 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 which is recognised pro-rata over the period of the guarantee.
- Premium on interest rate reduction is accounted on accrual basis over the residual life of the loan.
- Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the 'first in first out' cost for current investments and weighted average cost for long-term investments.
- Profit/loss on sale of loan assets through direct assignment, without any recourse obligation, is recognised at the time of sale. Profit on securitisation is recognised over the residual life of the pass through certificate in terms of the RBI guidelines. Loss arising on account of securitisation is recognised at the time of sale.
- Revenue from power supply is accounted on accrual basis.
- Income from trading in derivatives is recognised on final settlement or squaring-up of the contracts.

**n. LEASES**

Where the Company is lessee

Leases under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Amount due under the operating leases are charged to the Statement of Profit and Loss, on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under 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.

Where the Company is lessor

Leases under which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income in respect of operating leases is recognised in the Statement of Profit and Loss on a straight-line method over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Companies (Accounting Standards) Rules, 2006. Maintenance costs including depreciation are recognised as an expense in the Statement of Profit and Loss.

**o. EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year.

**p. TAXES ON INCOME**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income-tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the Balance Sheet date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

## q. DERIVATIVE CONTRACTS

### ■ 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 accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying asset / liability, whichever is shorter.

### ■ Currency Interest rate swaps

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit 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 currency interest rate 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. The debit or credit balance in the 'Mark-to-market margin – stock futures account' disclosed under loans and advances or current liabilities represents the net amount paid or received on the basis of the movement in the prices of stock futures till the Balance Sheet date.

Credit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated profit is ignored and no credit is taken to the Statement of Profit and Loss. However, the debit balance in the 'Mark-to-market margin – stock futures account' in the nature of anticipated loss is recognised in the Statement of Profit and Loss.

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 Statement of Profit and Loss 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 such contract 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.

## r. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

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. Gain or loss resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit and Loss. 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.

## s. PROVISIONS AND CONTINGENCIES

### Provision against loans

- Provision is made in accordance with the RBI guidelines applicable to non-performing loans. In addition, provision is made in accordance with the provisioning policy of the Company against non-performing loans.
- Provision on restructured loans is computed in accordance with the RBI guidelines.
- Provision for contingencies is made as per the provisioning policy of the Company which includes provision under Section 36(1)(vii) of the Income-tax Act, 1961.
- A general provision is made at 0.25% of the outstanding standard assets in accordance with the RBI guidelines.

### Other provisions

- A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed separately.

## t. SECURITIES ISSUE EXPENSES

Issue expenses of certain securities and redemption premium are adjusted against the securities premium account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the securities premium account.

## u. SERVICE TAX INPUT CREDIT

Service tax input credit is accounted in the period in which the underlying services are received and when there is no uncertainty in availing / utilising the credits.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**4 SHARE CAPITAL**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	NUMBER	(₹ in crore)	NUMBER	(₹ in crore)
<b>AUTHORISED</b>				
Equity shares of ₹10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹100 each	100,000,000	1,000.00	100,000,000	1,000.00
		<b>5,000.00</b>		<b>5,000.00</b>
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP</b>				
Equity shares of ₹10 each	1,512,362,768	1,512.36	1,460,947,548	1,460.95
6.00% Compulsorily convertible cumulative preference shares (CCCPS) of ₹100 each	-	-	84,000,000	840.00
<b>TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL</b>		<b>1,512.36</b>		<b>2,300.95</b>

**(a) RECONCILIATION OF THE NUMBER OF SHARES AND AMOUNT OUTSTANDING AS AT THE BEGINNING AND AT THE END OF THE YEAR**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
<b>EQUITY SHARES</b>	NUMBER	(₹ in crore)	NUMBER	(₹ in crore)
Outstanding as at the beginning of the year	1,460,947,548	1,460.95	1,300,612,393	1,300.61
Issued during the year – stock options exercised under the ESOS	3,687,948	3.69	2,583,065	2.59
Issued during the year – conversion of CCCPS into equity shares [see note (c)]	47,727,272	47.72	-	-
Issued during the year – Qualified Institutional Placement	-	-	157,752,090	157.75
Outstanding as at the end of the year	<b>1,512,362,768</b>	<b>1,512.36</b>	<b>1,460,947,548</b>	<b>1,460.95</b>

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
<b>PREFERENCE SHARES</b>	NUMBER	(₹ in crore)	NUMBER	(₹ in crore)
Outstanding as at the beginning of the year	84,000,000	840.00	-	-
Issued during the year [see note (c)]	-	-	84,000,000	840.00
Converted to equity shares during the year [see note (c)]	84,000,000	840.00	-	-
Outstanding as at the end of the year	<b>-</b>	<b>-</b>	<b>84,000,000</b>	<b>840.00</b>

**(b) TERMS / RIGHTS ATTACHED TO EQUITY SHARES**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share and ranks *pari passu*. The dividend proposed by the Board of Directors is subject to approval of the shareholders at the ensuing Annual General Meeting. During the year ended March 31, 2012, dividend of ₹ 2.30 per share (Previous Year ₹ 2.00 per share) is recognised as amount distributable to equity shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) TERMS / RIGHTS ATTACHED TO PREFERENCE SHARES**

The Company had raised ₹ 840.00 crore through the issue of CCCPS during the year ended March 31, 2011. The preference shares were 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. During the year ended March 31, 2012, the preference shares were converted into 47,727,272 equity shares of ₹ 10 each at a premium of ₹ 166 per equity share.

**(d) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES IN THE COMPANY**

	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
<b>EQUITY SHARES</b>	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
President of India	261,400,000	17.28	261,400,000	17.89
Sipadan Investments (Mauritius) Limited	151,145,989	9.99	116,755,080	7.99
	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
<b>PREFERENCE SHARES</b>	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
Actis Hawk Limited	-	-	46,000,000	54.76
Sipadan Investments (Mauritius) Limited	-	-	38,000,000	45.24

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**(e) SHARES RESERVED FOR ISSUE UNDER STOCK OPTIONS**

Refer to note (f) for details of shares reserved for issue under the ESOS of the Company and refer to note (c) for details regarding the terms of conversion of CCCPS.

**(f) MOVEMENT IN STOCK OPTIONS GRANTED UNDER THE ESOS IS AS UNDER:**

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	NUMBER	NUMBER
Outstanding as at the beginning of the year	20,750,721	16,548,268
Add: Granted during the year	22,248,000	7,459,308
Less: Exercised during the year	3,687,948	2,583,065
Less: Lapsed / forfeited during the year	1,340,668	673,790
Outstanding as at the end of the year	37,970,105	20,750,721

**5 RESERVES AND SURPLUS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>(a) SECURITIES PREMIUM ACCOUNT</b>		
Opening balance	4,515.93	2,191.43
Add: Premium on issue of equity shares	-	2,496.43
Add: Premium on conversion of CCCPS into equity shares [see note 4(c)]	792.27	-
Add: Premium on exercise of stock options under the ESOS	17.18	19.51
Less: Premium utilised during the year [see note 3(t)] [net of current tax of ₹ 38.00 crore (Previous Year ₹ 61.10 crore)]	108.41	191.44
Closing balance	5,216.97	4,515.93
<b>(b) STOCK OPTIONS OUTSTANDING [see note 4(f)]</b>		
Opening balance	31.29	20.36
Add: Net charge for the year (see note 24)	4.31	16.75
Less: Stock options exercised	1.70	5.82
Closing balance	33.90	31.29
<b>(c) DEBENTURE REDEMPTION RESERVE</b>		
Opening balance	72.60	-
Add: Transfer from surplus in the Statement of Profit and Loss	142.00	72.60
Closing balance	214.60	72.60
Debenture redemption reserve has been created in accordance with Section 117C of the Companies Act, 1956 in respect of the public issues of long-term Infrastructure Bonds.		
<b>(d) SPECIAL RESERVE U/S. 36(1)(viii) OF THE INCOME-TAX ACT, 1961</b>		
Opening balance	1,160.25	914.25
Add: Transfer from surplus in the Statement of Profit and Loss	390.00	246.00
Closing balance	1,550.25	1,160.25
<b>(e) SPECIAL RESERVE U/S. 45-1C OF THE RBI ACT, 1934</b>		
Opening balance	1,193.50	937.50
Add: Transfer from surplus in the Statement of Profit and Loss	321.10	256.00
Closing balance	1,514.60	1,193.50
<b>(f) GENERAL RESERVE</b>		
Opening balance	291.37	195.58
Add: Transfer from surplus in the Statement of Profit and Loss	160.30	95.79
Closing balance	451.67	291.37

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

		AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
		(₹ in crore)	(₹ in crore)
(g)	<b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
	Opening balance	1,500.11	1,263.12
	Profit for the year	1,602.96	1,277.14
	<b>LESS: APPROPRIATIONS</b>		
	<b>TRANSFERS TO RESERVES:</b>		
	Debenture redemption reserve	142.00	72.60
	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	390.00	246.00
	Special reserve u/s. 45-IC of the RBI Act, 1934	321.10	256.00
	General reserve	160.30	95.79
	<b>DIVIDEND &amp; DIVIDEND DISTRIBUTION TAX:</b>		
	Proposed dividend on equity shares	347.87	292.36
	[₹ 2.30 per share (Previous Year ₹ 2.00 per share)]		
	Dividend paid on preference shares	43.63	-
	[₹ 5.19 per share (Previous Year ₹ Nil per share)]		
	Proposed dividend on preference shares	-	32.17
	[₹ Nil per share (Previous Year ₹ 3.83 per share)]		
	Dividend on equity shares pertaining to previous year [see note (i)]	0.24	0.15
	Tax on proposed equity dividend [see note (ii)]	46.49	39.84
	Tax on equity dividend for previous year [see note (i)]	0.04	0.02
	Tax on preference dividend [see note (ii)]	5.78	5.22
	<b>TOTAL APPROPRIATIONS</b>	<b>1,457.45</b>	<b>1,040.15</b>
	Closing balance	1,645.62	1,500.11
	<b>TOTAL RESERVES AND SURPLUS</b>	<b>10,627.61</b>	<b>8,765.05</b>

- (i) In respect of equity shares issued pursuant to exercise of stock options under the ESOS, the Company paid dividend of ₹ 0.24 crore for the year 2010-11 (Previous Year ₹ 0.15 crore for the year 2009-10) and tax on dividend of ₹ 0.04 crore (Previous Year ₹ 0.02 crore) as approved by the shareholders at the respective Annual General Meetings.
- (ii) Tax on proposed dividend for the year is net of dividend distribution tax of ₹ 11.24 crore (Previous Year ₹ 7.60 crore) paid by the subsidiary companies under Section 115-O of the Income-tax Act, 1961.

**6 SHARE APPLICATION MONEY PENDING ALLOTMENT**

Share application money pending allotment represents applications received from employees on exercise of stock options granted and vested under the ESOS.

		AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
		NUMBER	NUMBER
		(₹ in crore)	(₹ in crore)
	Equity shares of face value ₹ 10 each proposed to be issued	103,682	865,692
		0.10	0.86
	Total amount of securities premium	-	-
		0.50	3.28
		<b>0.60</b>	<b>4.14</b>

The equity shares are expected to be allotted against the share application money within a reasonable period, not later than three months from the Balance Sheet date.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**7 LONG-TERM BORROWINGS**

	AS AT MARCH 31, 2012 (₹ in crore)		AS AT MARCH 31, 2011 (₹ in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
<b>DEBENTURES (NON CONVERTIBLE) (SECURED)</b> [see note (a) & 41]				
Face value	23,297.92	7,844.00	18,978.46	5,804.00
Less: Unexpired discount on zero per cent debentures [see note (c)]	191.57	17.26	202.38	78.78
	23,106.35	7,826.74	18,776.08	5,725.22
<b>TERM LOANS (SECURED)</b> [see note (a)]				
From banks (see note 42)	4,237.62	785.57	6,049.04	1,998.16
From others (see note 43)	1,836.56	634.93	1,304.29	107.49
	6,074.18	1,420.50	7,353.33	2,105.65
<b>SUBORDINATED DEBT FROM THE GOVERNMENT OF INDIA (UNSECURED)</b> (see note 44)	650.00	-	650.00	-
<b>AMOUNT DISCLOSED UNDER 'OTHER CURRENT LIABILITIES'</b> (see note 11)	-	(9,247.24)	-	(7,830.87)
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>29,830.53</b>	<b>-</b>	<b>26,779.41</b>	<b>-</b>
The above amount includes				
Secured borrowings	29,180.53	9,247.24	26,129.41	7,830.87
Unsecured borrowings	650.00	-	650.00	-
<b>TOTAL</b>	<b>29,830.53</b>	<b>9,247.24</b>	<b>26,779.41</b>	<b>7,830.87</b>

- (a) Borrowings of ₹ 38,427.77 crore (Previous Year ₹ 33,960.28 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans and advances excluding investments in and other receivables from subsidiaries and affiliates.
- (b) In terms of the RBI circular (Ref. No. DNBS (PD) CC No. 225 / 03.02.001 / 2011-12 dated July 1, 2011) no borrowings remained overdue as on March 31, 2012 (Previous Year ₹ Nil).
- (c) Unexpired discount is net of ₹ 117.72 crore (Previous Year ₹ 227.96 crore) towards interest accrued but not due.

**8 OTHER LONG-TERM LIABILITIES**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Trade payables (see note 39)	-	23.47
Lease equalisation (see note 34)	3.98	3.68
Interest accrued but not due on borrowings	126.67	14.83
Income received in advance (unearned revenue)	4.83	6.46
Security deposit	0.64	0.64
<b>TOTAL</b>	<b>136.12</b>	<b>49.08</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**9 LONG-TERM PROVISIONS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Contingent provision against standard assets [see note (a) & (b)]	124.40	96.75
<b>TOTAL</b>	<b>124.40</b>	<b>96.75</b>
(a) A contingent provision against standard assets has been created at 0.25% of the outstanding standard assets in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 225 / 03.02.001 / 2011-12 dated July 1, 2011).		
(b) Movement in contingent provision against standard assets during the year is as under:		
Opening balance	96.75	-
Additions during the year	27.65	96.75
Closing balance	<b>124.40</b>	<b>96.75</b>

**10 SHORT-TERM BORROWINGS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>TERM LOANS (SECURED) [see note (a)]</b>		
From banks	3,606.09	1,225.00
<b>COLLATERALISED BORROWINGS AND LENDING OBLIGATIONS (CBLO) [see note (b)]</b>	499.38	249.73
<b>COMMERCIAL PAPERS (UNSECURED)</b>		
Face value	3,132.00	210.00
Less: Unexpired discount [see note (c)]	136.44	3.65
	2,995.56	206.35
<b>CASH CREDIT / BANK OVERDRAFT (SECURED) [see note (a)]</b>	249.98	-
<b>CASH CREDIT / BANK OVERDRAFT (UNSECURED)</b>	-	5.91
<b>TOTAL SHORT-TERM BORROWINGS</b>	<b>7,351.01</b>	<b>1,686.99</b>
The above amount includes		
Secured borrowings	4,355.45	1,474.73
Unsecured borrowings	2,995.56	212.26
<b>TOTAL</b>	<b>7,351.01</b>	<b>1,686.99</b>

- (a) Borrowings of ₹ 3,856.07 crore (Previous Year ₹ 1,225.00 crore) are secured by way of a first floating *pari passu* charge over investments, current assets and loans & advances excluding investments in and other receivables from subsidiaries and affiliates.
- (b) Borrowings under CBLO is secured against investments in Government securities.
- (c) Unexpired discount on commercial papers is net of ₹ 100.27 crore (Previous Year ₹ 7.74 crore) towards interest accrued but not due.
- (d) In terms of the RBI circular (Ref. No. DNBS (PD) CC No. 225 / 03.02.001 / 2011-12 dated July 1, 2011) no borrowings remained overdue as on March 31, 2012 (Previous Year ₹ Nil).

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**11 OTHER CURRENT LIABILITIES**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Current maturities of long-term borrowings (see note 7)	9,247.24	7,830.87
Interest accrued but not due on borrowings	1,217.56	878.30
Income and other amounts received in advance	19.09	24.12
Unclaimed dividend [see note (a)]	1.22	0.96
Unclaimed interest [see note (a)]	5.22	-
Security deposit	8.33	-
Other payables		
Statutory dues	4.21	5.48
Advance against sale	-	2.42
Other amounts received in advance	2.67	4.36
	6.88	12.26
<b>TOTAL</b>	<b>10,505.54</b>	<b>8,746.51</b>

- (a) No amount of unclaimed dividend and unclaimed interest was due for transfer to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the Balance Sheet date.

**12 SHORT-TERM PROVISIONS**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Provision for income tax	38.03	25.90
[Net of advance payment of tax of ₹ 1,148.53 crore (Previous Year ₹ 530.54 crore)]		
Provision for wealth tax	0.27	0.28
[Net of advance payment of tax of ₹ 1.57 crore (Previous Year ₹ 1.43 crore)]		
Provision for fringe benefit tax	0.20	0.39
[Net of advance payment of tax of ₹ 11.10 crore (Previous Year ₹ 16.59 crore)]		
Proposed equity dividend [see note 4(b)]	347.87	292.36
Proposed preference dividend	-	32.17
Tax on proposed equity dividend	54.81	39.84
Tax on proposed preference dividend	-	5.22
<b>TOTAL</b>	<b>441.18</b>	<b>396.16</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**13 (a) TANGIBLE ASSETS**

	GROSS BLOCK (₹ in crore)				ACCUMULATED DEPRECIATION (₹ in crore)			NET BLOCK (₹ in crore)		
	Balance as at April 1, 2011	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Depreciation charge for the year	On disposals	Balance as at March 31, 2012	Balance as at March 31, 2012	Balance as at March 31, 2011
Buildings										
Own use	275.57	0.19	1.48	274.28	31.10	12.20	0.70	42.60	231.68	244.47
Under operating lease [see note 34(iii)]	18.81	-	-	18.81	9.19	0.48	-	9.67	9.14	9.62
Leasehold improvements	5.72	0.77	-	6.49	2.28	1.49	-	3.77	2.72	3.44
Furniture and fixtures										
Own use	9.34	0.33	0.03	9.64	3.99	0.95	0.03	4.91	4.73	5.35
Under operating lease [see note 34(iii)]	0.42	-	-	0.42	0.11	0.02	-	0.13	0.29	0.31
Vehicles	0.88	0.47	0.42	0.93	0.59	0.15	0.36	0.38	0.55	0.29
Office equipment										
Own use	8.35	0.62	0.02	8.95	2.58	1.06	0.01	3.63	5.32	5.77
Under operating lease [see note 34(iii)]	0.02	-	-	0.02	0.02	₹	-	0.02	-	-
Computers	9.69	1.36	0.05	11.00	6.18	1.70	0.04	7.84	3.16	3.51
Windmills	101.25	-	-	101.25	39.43	9.48	-	48.91	52.34	61.82
<b>TOTAL</b>	<b>430.05</b>	<b>3.74</b>	<b>2.00</b>	<b>431.79</b>	<b>95.47</b>	<b>27.53</b>	<b>1.14</b>	<b>121.86</b>	<b>309.93</b>	<b>334.58</b>
Previous Year	425.97	14.14	10.06	430.05	71.56	29.66	5.75	95.47	334.58	

Buildings include ₹ 500 (Previous Year ₹ 500) being the cost of unquoted fully paid shares held in co-operative housing societies.

**13 (b) INTANGIBLE ASSETS**

	GROSS BLOCK (₹ in crore)				ACCUMULATED AMORTISATION (₹ in crore)			NET BLOCK (₹ in crore)		
	Balance as at April 1, 2011	Additions	Disposals	Balance as at March 31, 2012	Balance as at April 1, 2011	Amortisation charge for the year	On disposals	Balance as at March 31, 2012	Balance as at March 31, 2012	Balance as at March 31, 2011
Computer software	11.63	0.62	-	12.25	4.24	3.75	-	7.99	4.26	7.39
<b>TOTAL</b>	<b>11.63</b>	<b>0.62</b>	<b>-</b>	<b>12.25</b>	<b>4.24</b>	<b>3.75</b>	<b>-</b>	<b>7.99</b>	<b>4.26</b>	<b>7.39</b>
Previous Year	7.29	7.12	2.78	11.63	3.88	3.04	2.68	4.24	7.39	
<b>TOTAL TANGIBLE AND INTANGIBLE ASSETS</b>	<b>441.68</b>	<b>4.36</b>	<b>2.00</b>	<b>444.04</b>	<b>99.71</b>	<b>31.28</b>	<b>1.14</b>	<b>129.85</b>	<b>314.19</b>	<b>341.97</b>
Previous Year	433.26	21.26	12.84	441.68	75.44	32.70	8.43	99.71	341.97	

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

## 14 NON-CURRENT INVESTMENTS (AT COST)

	FACE VALUE (₹)	AS AT MARCH 31, 2012 QUANTITY (₹ in crore)		AS AT MARCH 31, 2011 QUANTITY (₹ in crore)	
TRADE INVESTMENTS					
EQUITY SHARES (FULLY PAID) [see note (c) & (d)]					
INVESTMENT IN SUBSIDIARIES (UNQUOTED)					
IDFC Asset Management Company Limited	10	2,009,283	629.49	2,009,283	630.92
IDFC AMC Trustee Company Limited	10	37,499	0.05	37,499	0.05
IDFC Finance Limited	10	21,000,200	21.00	21,000,200	21.00
IDFC Foundation	10	8,050,000	8.05	50,000	0.05
IDFC Pension Fund Management Company Limited	10	5,999,999	6.00	5,999,999	6.00
IDFC PPP Trusteeship Company Limited	10	-	-	50,000	0.05
IDFC Primary Dealership Company Limited	10	5,000,000	5.00	-	-
IDFC Private Equity Company Limited	10	50,000	0.05	50,000	0.05
IDFC Project Equity Company Limited	10	50,000	0.05	50,000	0.05
IDFC Projects Limited	10	34,050,000	34.07	34,050,000	34.07
IDFC Securities Limited	10	14,137,200	440.10	14,137,200	440.10
IDFC Trustee Company Limited	10	50,000	0.05	50,000	0.05
Uniquet Infra Ventures Private Limited	10	-	-	10,000	0.01
INVESTMENT IN ASSOCIATES (UNQUOTED)					
Feedback Infrastructure Services Private Limited (formerly Feedback Ventures Private Limited)	10	4,026,689	20.09	4,026,689	20.09
			1,164.00		1,152.49
NON-TRADE INVESTMENTS					
INVESTMENT IN EQUITY SHARES (QUOTED) (FULLY PAID)					
Adani Port and Special Economic Zone Limited (formerly Mundra Port and Special Economic Zone Limited)	2	86,014	1.21	-	-
Andhra Cements Limited	10	28,784,722	55.03	15,760,611	40.24
Bharti Airtel Limited	5	466,800	1.05	466,800	1.05
DQ Entertainment (International) Limited	10	258,097	1.76	258,097	1.76
Gateway Distriparks Limited	10	46,519	0.70	-	-
Godrej Properties Limited	10	-	-	423,791	20.76
IRB Infrastructure Developers Limited	10	82,683	1.33	-	-
Jaypee Infratech Limited	10	3,791,842	38.68	3,791,842	38.68
JSW Energy Limited	10	2,394,595	23.94	2,394,595	23.94
KSK Energy Ventures Limited	10	3,125,000	75.00	3,125,000	75.00
Lanco Infratech Limited	1	4,600,000	9.92	-	-
Larsen & Toubro Limited	2	84,678	10.29	-	-
Nava Bharat Ventures Limited	2	61,838	1.20	-	-
PTC India Limited	10	470,000	2.49	-	-
Sanghvi Movers Limited	2	76,695	0.81	-	-
Sarda Energy & Minerals Limited	10	1,842,105	35.00	1,842,105	35.00
SJVN Limited	10	6,447,279	16.76	6,447,279	16.76
Tata Consultancy Services Limited	1	-	-	62,055	0.04
Torrent Power Limited	10	3,900,000	28.08	3,900,000	28.08
Tulip Telecom Limited	2	56,075	0.83	-	-
VA Tech Wabag Limited	2	95,975	4.73	38,390	4.73
(face value changed from ₹ 5 to ₹ 2 per share during the year)					
			308.81		286.04
INVESTMENT IN EQUITY SHARES (UNQUOTED) (FULLY PAID)					
Asset Reconstruction Company (India) Limited	10	27,197,743	113.77	27,197,743	113.77
Asia Bio Energy (India) Limited	10	2,500,000	2.50	2,500,000	2.50
Athena Energy Ventures Private Limited	10	50,000,000	50.00	50,000,000	50.00
Avantika Gas Limited	10	3,500	₹	3,500	₹
BSCPL Infrastructure Limited	10	436,300	25.00	436,300	25.00
Delhi Mumbai Industrial Corridor Development Corporation Limited	10	-	-	1,000,000	1.00
Ennore SEZ Company Limited	10	25,000	0.03	25,000	0.03
GMR Kamalanga Energy Limited	10	31,060,180	31.06	17,730,000	17.73
GR Infraprojects Limited	10	132,304	2.71	111,256	1.98
Green Gas Limited	10	10,000	0.01	10,000	0.01
Indian Commodity Exchange Limited	5	10,000,000	5.00	10,000,000	5.00
Indian Energy Exchange Limited	10	1,250,000	1.25	1,250,000	1.25
Indu Projects Limited	10	2,053,480	26.70	2,053,480	26.70
Intarvo Technologies Limited	10	71,105	1.41	69,800	1.40
			259.44		246.36
Carried forward					

Carried forward

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

## NON-CURRENT INVESTMENTS (Continued)

	FACE VALUE (₹)	AS AT MARCH 31, 2012 QUANTITY (₹ in crore)		AS AT MARCH 31, 2011 QUANTITY (₹ in crore)	
INVESTMENT IN EQUITY SHARES (UNQUOTED) (FULLY PAID) (Continued)					
Brought forward			259.44		246.36
KMC Constructions Limited	10	542,977	23.90	542,977	23.90
MVR Infrastructure and Tollways Private Limited	100	1,200,000	12.00	1,200,000	12.00
National Stock Exchange of India Limited	10	2,947,990	73.88	3,547,990	88.91
One 97 Communication Limited	10	121,388	3.02	119,867	2.96
Orbis Capital Limited	10	-	-	7,500,000	8.63
Petronet CCK Limited	10	19,973,332	19.97	19,973,332	19.97
Pipal Tree Ventures Private Limited	10	192,885	2.25	192,885	2.25
Quickjet Cargo Airlines Private Limited	10	-	-	90,909	0.10
Rohan Rajdeep Toll Roads Limited	10	-	-	4,070,000	4.07
Securities Trading Corporation of India Limited	10	3,530,136	54.04	3,530,136	54.04
SSIPL Retail Private Limited	10	304,599	5.00	304,599	5.00
Uniquet Infra Ventures Private Limited	10	298,500	0.30	-	-
			453.80		468.20
INVESTMENT IN PREFERENCE SHARES (UNQUOTED) (FULLY PAID)					
Others (Non-trade)					
0.10% GMR Energy Limited (convertible)	1,000	541,033	54.12	540,088	54.01
0% Human Value Developers Private Limited (convertible)	10	23,749,200	23.75	23,749,200	23.75
0% Intarvo Technologies Limited (convertible)	10	26,515	0.18	-	-
0% Moser Baer Solar Limited (optionally convertible)	10	61,290,000	61.29	61,290,000	61.29
0% Quickjet Cargo Airlines Private Limited (convertible)	11	-	-	15,181,818	16.70
0% Regen Powertech Private Limited (convertible)	10	61,974	4.37	-	-
0% TRIL Infopark Limited (convertible)	100	15,000,000	150.00	26,250,000	262.50
13.50% Viom Networks Limited (optionally partially convertible)	10	250,000,000	250.00	250,000,000	250.00
0.02% Ziqitza Healthcare Limited (convertible)	10	2,209	0.47	2,209	0.47
			544.18		668.72
INVESTMENT IN GOVERNMENT SECURITIES (UNQUOTED)			49.99		49.99
INVESTMENT IN BONDS (UNQUOTED) (FULLY PAID)					
10.05% Axis Bank Limited	1,000,000	-	-	250	25.00
8.25% Corporation Bank Limited	1,000,000	250	24.97	250	24.97
10.25% Future Capital Holdings Limited	1,000,000	500	49.49	500	49.49
9.92% HDFC Bank Limited	1,000,000	-	-	59	5.90
9.98% ICICI Bank Limited	1,000,000	-	-	200	20.00
6.25% ING Vysya Bank Limited	100,000	-	-	500	4.39
8.95% Infotel Broadband Services Private Limited	1,000,000	500	48.24	500	48.24
8.91% L&T Infrastructure Finance Company Limited	1,000,000	250	24.51	250	24.51
8.60% Power Finance Corporation Limited	1,000,000	250	25.00	250	25.00
11.00% Power Finance Corporation Limited	1,000,000	700	78.59	700	78.59
10.90% Power Grid Corporation Limited (partly redeemed)	400,000	90	2.88	90	3.83
[Previous Year face value of ₹ 500,000]					
10.90% Reliance Gas Transportation Infrastructure Limited	1,000,000	100	10.75	100	10.75
10.95% Reliance Gas Transportation Infrastructure Limited	1,000,000	1,324	147.51	1,324	147.51
9.20% Reliance Utilities and Power Private Limited	1,000,000	500	50.96	500	50.96
7.15% Rural Electrification Corporation Limited	1,000,000	-	-	500	50.00
7.90% Rural Electrification Corporation Limited	1,000,000	-	-	650	65.47
0% Sharekhan Limited (convertible)	145.35	3,435,527	49.94	3,435,527	49.94
0% Sharekhan Limited (convertible)	264.27	567,601	15.00	567,601	15.00
10.60% Shriram Transport Finance Company Limited	1,000,000	100	10.00	100	10.00
11.00% Shriram Transport Finance Company Limited	1,000,000	250	25.30	250	25.30
			563.14		734.85

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**NON-CURRENT INVESTMENTS (Continued)**

		AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	FACE VALUE (₹)	QUANTITY	(₹ in crore)	QUANTITY	(₹ in crore)
INVESTMENT IN VENTURE CAPITAL UNITS (UNQUOTED) [see note (d)]					
Faering Capital India Evolving Fund (fully paid)	1,000	72,000	7.20	45,000	4.50
India Development Fund - Class A (₹ 99.79 paid)	100	10,000,000	0.10	10,000,000	0.10
India Development Fund - Class B (fully paid)	100	700	0.01	700	0.01
India Infrastructure Fund - Class B (fully paid)	1	4,070	₹	4,070	₹
IDFC Project Equity Domestic Investors Trust I (fully paid)	100	23,415,280	234.15	15,628,280	156.28
IDFC Project Equity Domestic Investors Trust II (fully paid)	100	371,411	3.71	-	-
IDFC Private Equity Fund II - Class A (₹ 9.15 paid) (Previous Year ₹ 8.90 paid)	10	135,000,000	92.18	135,000,000	95.22
IDFC Private Equity Fund II - Class C (fully paid)	10	6,621	0.01	6,621	0.01
IDFC Private Equity Fund III - Class A (₹ 5.46 paid) (Previous Year ₹ 4.79 paid) (commitment restricted to ₹ 7.14 per unit)	10	280,000,000	152.85	280,000,000	134.24
IDFC Private Equity Fund III - Class B (fully paid)	10	3,571	₹	-	-
IDFC Private Equity Fund III - Class C (₹ 4.94 paid) (Previous Year ₹ 4.23 paid) (commitment restricted to ₹ 7.14 per unit)	10	1,350,000	0.67	1,350,000	0.57
IDFC Private Equity Fund III - Class D (₹ 3.81 paid) (Previous Year ₹ 1.75 paid)	10	79,996,000	30.49	79,996,000	13.99
IDFC Private Equity Fund III - Class E (fully paid)	10	1,429	₹	-	-
IDFC Private Equity Fund III - Class F (₹ 3.74 paid) (Previous Year ₹ 1.72 paid)	10	385,695	0.14	385,695	0.07
IDFC Spice Fund (fully paid)	1	68,676,350	6.87	-	-
Urban Infrastructure Opportunities Fund - Class A (fully paid)	100,000	2,700	25.11	2,700	27.40
			553.49		432.39
INVESTMENT IN SECURITY RECEIPTS (UNQUOTED)					
Asset Reconstruction Company (India) Limited			21.38		21.71
TOTAL NON-CURRENT INVESTMENTS			3,658.79	3,814.39	
Less: Provision for diminution in value of investments			176.73	92.06	
Less: Premium amortised on bonds and Government securities			7.31	4.36	
NET NON-CURRENT INVESTMENTS			3,474.75	3,717.97	
(a)	Aggregate amount of quoted investments				
	Cost		308.81		286.04
	Market value		243.96		293.27
(b)	Aggregate amount of unquoted investments - cost		3,349.98		3,528.35
(c)	Investments include ₹ Nil (Previous Year ₹ 47.69 crore) in respect of equity shares which are subject to a lock-in-period.				
(d)	Investments include ₹ 0.47 crore (Previous Year ₹ 0.47 crore) in respect of equity shares and ₹ 553.49 crore (Previous Year ₹ 432.39 crore) in respect of venture capital units which are subject to restrictive covenants.				
(e)	Investments exclude equity shares held by the Company having face value ₹ 13.58 crore (Previous Year ₹ 13.58 crore), where the Company has no beneficial interest.				

**15 DEFERRED TAX ASSETS (NET)**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>DEFERRED TAX ASSETS</b>		
(a) Provisions	336.58	262.56
(b) Others	0.29	7.18
	336.87	269.74
<b>DEFERRED TAX LIABILITY</b>		
(a) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged to the Statement of Profit and Loss	21.97	24.84
<b>DEFERRED TAX ASSETS (NET)</b>	<b>314.90</b>	<b>244.90</b>

In compliance with Accounting Standard 22 on 'Accounting for Taxes on Income' as notified under the Companies (Accounting Standards) Rules, 2006, the Company has taken credit of ₹ 70.00 crore (Previous Year ₹ 70.60 crore) in the Statement of Profit and Loss towards deferred tax assets (net) on account of timing differences.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**16 LOANS**

	AS AT MARCH 31, 2012 (₹ in crore)		AS AT MARCH 31, 2011 (₹ in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
Rupee loans [see note (a), (d) & (e)]	41,654.01	6,147.05	32,977.53	4,399.54
Debentures [see note (a), (c) & (e)]	1,086.34	0.83	594.00	239.23
	42,740.35	6,147.88	33,571.53	4,638.77
Less: Provision against non-performing loans [see note (d)]	29.73	47.16	6.90	33.93
Less: Provision for contingencies	626.76	-	521.85	-
<b>TOTAL</b>	<b>42,083.86</b>	<b>6,100.72</b>	<b>33,042.78</b>	<b>4,604.84</b>

(a) The above amount includes

Secured [see note (b) &amp; (d)]

Unsecured

38,021.08

5,865.38

32,887.53

4,548.77

4,719.27

282.50

684.00

90.00

**42,740.35****6,147.88****33,571.53****4,638.77**

(b) Loans to the extent of ₹ 43,886.46 crore (Previous Year ₹ 37,436.30 crore) 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

(c) Loans includes debentures of ₹ 1,087.17 crore (Previous Year ₹ 833.23 crore) as detailed below:

	FACE VALUE (₹)	QUANTITY	AS AT MARCH 31, 2012 (₹ in crore)	QUANTITY	AS AT MARCH 31, 2011 (₹ in crore)
<b>DEBENTURES (REDEEMABLE)</b>					
<b>ASSOCIATE</b>					
Feedback Infrastructure Services Private Limited	1,000	280,000	28.00	-	-
<b>OTHERS</b>					
Andhra Cements Limited	100	500,000	5.00	500,000	5.00
Arkay Energy (Rameswaram) Limited	10	-	-	99,622,885	42.70
Asianet Satellite Communications Limited	1,000,000	148	14.80	260	26.00
Asianet Satellite Communications Limited	312,500	-	-	1	0.03
GVK Airport Developers Private Limited	1,000,000	-	-	2,250	225.00
<b>DEBENTURES (CONVERTIBLE)</b>					
<b>ASSOCIATE</b>					
Galaxy Mercantiles Limited	20,000	68,060	136.12	-	-
<b>OTHERS</b>					
Coastal Projects Limited	1,000,000	1,000	100.00	-	-
Greenko Energies Private Limited	100	1,875,000	18.75	-	-
Mytrah Energy (India) Limited	300	5,000,000	150.00	-	-
Regen Powertech Private Limited	100,000	10,000	100.00	-	-
Simpson Unitech Wireless Private Limited	10	534,500,000	534.50	534,500,000	534.50
<b>TOTAL</b>			<b>1,087.17</b>		<b>833.23</b>

(d) Rupee loans - secured includes non-performing loans of ₹ 148.32 crore (Previous Year ₹ 79.73 crore) against which provisions of ₹ 76.89 crore (Previous Year ₹ 40.83 crore) has been made in accordance with the RBI circular (Ref. No. DNBS (PD) CC No. 225 / 03.02.001 / 2011-12 dated July 1, 2011) [see note (e) &amp; 40 (f)].

(e) The classification of loans under the RBI guidelines is as under:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
(i) Standard assets	48,739.91	38,130.57
(ii) Sub-standard assets	70.78	6.25
(iii) Doubtful assets	50.04	45.98
(iv) Loss assets	27.50	27.50
	<b>48,888.23</b>	<b>38,210.30</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**17 LOANS AND ADVANCES - OTHERS (CONSIDERED GOOD)**

	AS AT MARCH 31, 2012 (₹ in crore)		AS AT MARCH 31, 2011 (₹ in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
<b>SECURED</b>				
Lending in CBLO	-	49.95	-	-
<b>UNSECURED</b>				
Inter corporate deposits	-	412.65	577.65	-
Loans and advances to related parties (see note 33)	-	117.36	91.60	0.02
Loan to a financial institution	-	30.00	30.00	-
Receivables against derivative contracts	196.29	173.57	24.13	2.30
Receivable against retail infrastructure bonds	-	179.17	-	-
Loans and advances to employees	1.00	0.21	1.00	0.09
Advance against investments	18.61	100.00	7.35	50.00
Security deposits	22.04	4.38	15.73	4.46
Other deposits	0.03	6.00	3.01	0.02
Other loans and advances				
Advance payment of income tax	153.15	-	141.36	-
[(net of provision of ₹ 1,147.57 crore (Previous Year ₹ 1,147.57 crore)]				
Prepaid expenses	-	1.95	0.01	0.50
Supplier advances	-	2.20	-	0.90
Balances with Government authorities - Cenvat credit available	-	0.93	-	6.46
Balance with defined benefit plan	-	0.11	-	0.36
Insurance claim receivable	-	-	-	0.73
Stamp paper on hand	-	0.12	-	-
Initial margin account - stock futures	5.00	-	4.00	-
<b>TOTAL</b>	<b>396.12</b>	<b>1,078.60</b>	<b>895.84</b>	<b>65.84</b>

**18 OTHER ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)**

	AS AT MARCH 31, 2012 (₹ in crore)		AS AT MARCH 31, 2011 (₹ in crore)	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
Other receivables	-	5.03	-	4.72
[includes ₹ 0.53 crore (Previous Year ₹ 0.36 crore), considered doubtful]				
Less: Provision against doubtful receivables	-	0.53	-	0.36
	-	4.50	-	4.36
Bank deposits	-	-	501.00	-
Interest accrued on deposits & loan to financial institution	-	65.00	11.96	9.38
Interest accrued on investments	-	67.28	-	68.87
Interest accrued on loans [see note (a)]	334.97	453.61	373.93	170.19
Mark-to-market margin - stock futures account	-	-	-	0.16
Less: Provision for loss - stock futures account	-	-	-	0.16
Unamortised expenses				
Premium on forward contracts	-	5.30	0.47	50.95
Ancillary borrowing costs	30.93	8.84	19.29	4.40
<b>TOTAL</b>	<b>365.90</b>	<b>604.53</b>	<b>906.65</b>	<b>308.15</b>

(a) Current maturities of interest accrued on loans is net of provision of ₹ 20.71 crore (Previous Year ₹ 3.75 crore).



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

## 19 CURRENT INVESTMENTS

	FACE VALUE (₹)	AS AT MARCH 31, 2012 QUANTITY (₹ in crore)	AS AT MARCH 31, 2011 QUANTITY (₹ in crore)
<b>CURRENT PORTION OF LONG-TERM INVESTMENTS (AT COST)</b>			
<b>INVESTMENT IN BONDS (UNQUOTED) (FULLY PAID) (CURRENT MATURITIES)</b>			
10.90% Power Grid Corporation Limited (part redemption)	-	0.90	- 0.90
7.15% Rural Electrification Corporation Limited	1,000,000	500 50.00	- -
7.90% Rural Electrification Corporation Limited	1,000,000	650 65.47	- -
<b>INVESTMENT IN BONDS (UNQUOTED) (FULLY PAID)</b>			
10.05% Axis Bank Limited	1,000,000	250 25.00	- -
9.92% HDFC Bank Limited	1,000,000	59 5.90	- -
9.98% ICICI Bank Limited	1,000,000	200 20.00	- -
6.25% ING Vysya Bank Limited	100,000	500 4.39	- -
<b>INVESTMENT IN EQUITY SHARES (TRADE) (UNQUOTED) (FULLY PAID)</b>			
<b>INVESTMENT IN SUBSIDIARIES [see note (c)]</b>			
IDFC Asset Management Company Limited	10	- -	664,719 208.72
IDFC AMC Trustee Company Limited	10	- -	12,501 0.02
<b>INVESTMENT IN EQUITY SHARES (NON-TRADE) (UNQUOTED) (FULLY PAID) [see note (d)]</b>			
Orbis Capital Limited	10	7,500,000 8.63	- -
		180.29	209.64
<b>CURRENT INVESTMENTS (LOWER OF COST AND FAIR VALUE / MARKET VALUE)</b>			
<b>INVESTMENT IN EQUITY SHARES (QUOTED) (FULLY PAID)</b>			
Hathway Cable & Datacom Limited	10	416,650 10.00	416,650 10.00
Indiabulls Power Limited	10	3,423,184 15.40	3,423,184 15.40
NHPC Limited	10	10,555,729 38.00	10,555,729 38.00
Vascon Engineers Limited	10	864,225 14.26	864,225 14.26
Engineers India Limited	5	143,961 4.17	143,961 4.17
		81.83	81.83
<b>INVESTMENT IN EQUITY SHARES (UNQUOTED) (FULLY PAID)</b>			
<b>INVESTMENT IN AN ASSOCIATE</b>			
Galaxy Mercantiles Limited - Class A	100	35,048 73.60	- -
Galaxy Mercantiles Limited - Class C	100	100 0.21	- -
		73.81	-
<b>INVESTMENT IN PREFERENCE SHARES (UNQUOTED) (FULLY PAID)</b>			
<b>INVESTMENT IN AN ASSOCIATE</b>			
0.01% Galaxy Mercantiles Limited (redeemable)	100	999,426 9.99	- -
		9.99	-
<b>INVESTMENT IN CONVERTIBLE WARRANTS (QUOTED)</b>			
Housing Development Finance Corporation Limited	55	850 ₹	850 ₹
<b>INVESTMENT IN BONDS (UNQUOTED) (FULLY PAID)</b>			
Floating Rate Bond Advanta India Limited	1,000,000	1,540 148.23	- -
9.25% Deccan Chronicle Holdings Limited	1,000,000	- -	500 50.00
12.00% Deccan Chronicle Holdings Limited	1,000,000	- -	1,000 100.00
10.10% First Blue Home Finance Limited (formerly Deutsche Post Bank Home Finance Limited)	1,000,000	150 15.00	150 15.00
0% Dewan Housing Finance Limited	10,000,000	- -	100 100.00
10.75% Dishergarh Power Supply Company Limited	200,000	- -	2,350 47.00
9.25% Fullerton India Credit Company Limited	1,000,000	850 85.08	850 85.07
9.60% Great Eastern Shipping Company Limited	1,000,000	100 10.09	100 10.09
8.10% Housing and Urban Development Corporation Limited	1,000	247,814 24.78	- -
8.20% Housing and Urban Development Corporation Limited	1,000	83,851 8.39	- -
0% Housing Development Finance Corporation Limited	1,000,000	- -	500 50.00
6.84% Housing Development Finance Corporation Limited	1,000,000	- -	200 20.19
8.35% Housing Development Finance Corporation Limited	1,000,000	- -	200 20.00
9.29% ICICI Home Finance Limited	1,000,000	88 8.80	88 8.80
10.24% L&T Finance Limited	1,000	821,491 82.15	821,491 82.15
9.56% LIC Housing Finance Limited	1,000,000	350 35.00	- -
12.20% Manappuram Finance Limited	1,000	250,000 25.06	- -
12.50% Manappuram Finance Limited	1,000,000	1,000 99.35	- -
Carried forward		541.93	588.30

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**19 CURRENT INVESTMENTS (Continued)**

	FACE VALUE (₹)	QUANTITY	AS AT MARCH 31, 2012 (₹ in crore)	QUANTITY	AS AT MARCH 31, 2011 (₹ in crore)
<b>INVESTMENT IN BONDS (UNQUOTED) (FULLY PAID) (continued)</b>					
<i>Brought forward</i>			541.93		588.30
13.25% MGM Consulting Services Private Limited	10,000,000	150	150.00	-	-
6.55% National Housing Bank	1,000,000	-	-	450	44.59
8.20% National Highway Authority of India	1,000	941,714	94.64	-	-
9.18% National Bank for Agriculture and Rural Development	1,000,000	350	35.00	-	-
7.00% Power Finance Corporation Limited	1,000,000	-	-	250	25.06
8.20% Power Finance Corporation Limited	1,000	848,051	86.24	-	-
8.49% Power Finance Corporation Limited	1,000,000	-	-	300	30.73
8.80% Power Finance Corporation Limited	1,000,000	400	40.00	400	40.00
9.33% Power Finance Corporation Limited	1,000,000	500	49.98	-	-
11.15% Power Finance Corporation Limited	1,000,000	-	-	25	2.65
8.64% Power Grid Corporation of India Limited	1,250,000	80	10.00	80	10.00
8.84% Power Grid Corporation of India Limited	1,250,000	560	70.00	640	80.00
9.22% Reliance Capital Limited	1,000,000	250	25.28	250	25.28
9.25% Reliance Capital Limited	1,000,000	450	45.49	450	45.49
10.90% Reliance Gas Transportation Infrastructure Limited	1,000,000	650	69.20	650	69.20
10.95% Reliance Gas Transportation Infrastructure Limited	1,000,000	500	55.48	500	55.49
7.60% Rural Electrification Corporation Limited	1,000,000	-	-	350	35.35
10.90% Shriram Transport Finance Company Limited	1,000,000	195	19.52	200	20.02
9.05% State Bank of India	1,000,000	190	19.00	190	19.00
9.95% State Bank of India	10,000	-	-	45,000	46.90
10.00% Sundaram Finance Limited	1,000,000	250	25.00	250	25.00
10.30% Tata Sons Limited	1,000,000	50	5.00	50	5.00
9.20% United Bank of India	1,000,000	2,000	199.93	-	-
			1,541.69		1,168.06
<b>INVESTMENT IN PASS THROUGH CERTIFICATES (UNQUOTED)</b>					
India MBS 2002 Certificates Series I D			0.84		1.06
Loan Securitisation Trust (Series XVII)			-		0.22
			0.84		1.28
<b>INVESTMENT IN CERTIFICATE OF DEPOSITS WITH SCHEDULED BANKS (UNQUOTED)</b>					
			1,147.90		1,889.89
<b>INVESTMENT IN COMMERCIAL PAPERS (UNQUOTED)</b>					
			1,324.68		821.47
<b>INVESTMENT IN GOVERNMENT SECURITIES (UNQUOTED)</b>					
			181.51		165.47
<b>INVESTMENT IN TREASURY BILLS (UNQUOTED)</b>					
			354.66		96.27
<b>INVESTMENT IN MUTUAL FUNDS (UNQUOTED)</b>					
IDFC SSIF Short Term Plan C - Growth	10	149,757,970.586	175.00	-	-
IDFC Money Manager Fund - Daily Dividend	10	-	-	1,355,620.214	1.37
			175.00		1.37
<b>TOTAL CURRENT INVESTMENTS</b>			<b>5,072.20</b>		<b>4,435.28</b>
Less: Provision for diminution in value of investments			60.86		45.83
Less: Premium amortised on current maturities of long-term bonds			0.38		-
<b>NET CURRENT INVESTMENTS</b>			<b>5,010.96</b>		<b>4,389.45</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
(a) Aggregate amount of quoted investments		
Cost	81.83	81.83
Market value	40.38	50.40
(b) (i) Aggregate amount of investments in unquoted mutual funds		
Cost	175.00	1.37
Market value	184.74	1.37
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds		
(ii) Aggregate amount of other unquoted investments - cost	4,815.37	4,352.08
(c) In the previous year, the Company had entered into an agreement with Natixis Global Asset Management to sell 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, subject to regulatory approvals. In view of this agreement, the Company did not have intention to hold 25% of the investment for more than 12 months as at March 31, 2011. Hence the Company has disclosed its investments in these equity shares as current investments. However, for valuation purposes, the investments continue to be treated as long-term investments.		
(d) Investments include ₹ 8.63 crore (Previous Year ₹ Nil) in respect of equity shares which are subject to a lock-in-period.		

**20 TRADE RECEIVABLES (UNSECURED) (CONSIDERED GOOD, UNLESS STATED OTHERWISE)**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Outstanding for a period less than six months from the date they are due for payment [see note (a)]	371.46	11.09
Considered doubtful	1.86	3.30
Outstanding for a period exceeding six months from the date they are due for payment		
Less: Provision against doubtful receivables	1.86	3.30
	-	-
<b>TOTAL</b>	<b>371.46</b>	<b>11.09</b>

(a) Trade receivables include debts of ₹ 0.28 crore (Previous Year ₹ Nil) due from private company in which a director is a director.

**21 CASH AND BANK BALANCES**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on hand	0.01	0.01
Cheques on hand	1.90	0.90
Balances with banks:		
In current accounts [see note (a)]	9.47	223.67
In deposit accounts	50.00	-
	61.38	224.58
<b>OTHERS</b>		
Balances with banks:		
In earmarked accounts		
- unclaimed dividend	1.22	0.96
- unclaimed interest	5.22	-
In deposit accounts [see note (b) & (c)]	522.00	242.00
	528.44	242.96
	<b>589.82</b>	<b>467.54</b>

- (a) Balances with banks in current accounts include ₹ Nil (Previous Year ₹ 223.43 crore) being amount raised on issue of long-term Infrastructure Bonds - Tranche III, that remained unutilised as at the Balance Sheet date pending regulatory approvals.
- (b) Balances with banks in deposit accounts include deposits under lien of ₹ 21.00 crore (Previous Year ₹ 17.00 crore) to the National Securities Clearing Corporation Limited for meeting margin requirements.
- (c) Balances with banks include deposits of ₹ 501.00 crore (Previous Year ₹ 25.00 crore) having original maturity of more than 12 months.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**22 REVENUE FROM OPERATIONS**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Interest [see note (a)]	5,428.87	3,941.60
Other financial services [see note (b)]	157.53	227.10
Dividend income [see note (c)]	87.79	81.88
Net profit on sale of investments [see note (d)]	408.41	252.18
Other operating income [see note (e)]	11.72	21.24
<b>TOTAL</b>	<b>6,094.32</b>	<b>4,524.00</b>
<b>(a) DETAILS OF INTEREST INCOME</b>		
Interest on loans [see note (i) & (ii)]	4,793.71	3,446.19
Interest on deposits and loan to a financial institution	169.80	101.88
Interest on investments		
Current investments	402.46	328.35
Long-term investments	62.90	65.18
<b>TOTAL</b>	<b>5,428.87</b>	<b>3,941.60</b>
(i) Interest on loans includes interest on debentures of ₹ 182.05 crore (Previous Year ₹ 105.77 crore).		
(ii) Interest on loans includes exchange gain of ₹ 10.33 crore (Previous Year ₹ 48.41 crore).		
<b>(b) DETAILS OF INCOME FROM OTHER FINANCIAL SERVICES</b>		
Fees (net) [see note (i)]	154.06	221.24
Profit on assignment / sale of loans	3.47	5.86
<b>TOTAL</b>	<b>157.53</b>	<b>227.10</b>
(i) Fees income is net of fees shared on sell down of loans of ₹ 7.87 crore (Previous Year ₹ 31.64 crore).		
<b>(c) DETAILS OF DIVIDEND INCOME</b>		
Current investments	1.82	22.91
Long-term investments		
Subsidiary companies	69.27	45.75
Associate company	0.81	0.73
Others	15.89	12.49
<b>TOTAL</b>	<b>87.79</b>	<b>81.88</b>
<b>(d) DETAILS OF NET PROFIT ON SALE OF INVESTMENTS</b>		
Current investments	78.70	47.85
Long-term investments	329.71	204.33
<b>TOTAL</b>	<b>408.41</b>	<b>252.18</b>
<b>(e) DETAILS OF OTHER OPERATING INCOME</b>		
Sale of power	11.72	10.05
Income from trading in stock futures	-	2.81
Income on renunciation of rights	-	8.38
<b>TOTAL</b>	<b>11.72</b>	<b>21.24</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**23 OTHER INCOME**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Interest on income tax refund	-	5.06
Other interest	0.13	0.06
Profit on sale of long-term investments [see note (a)]	89.00	21.95
Profit on sale of fixed assets (net)	4.38	7.00
Miscellaneous income [see note 34(iii)]	8.18	2.28
<b>TOTAL</b>	<b>101.69</b>	<b>36.35</b>

- (a) Profit on sale of long-term investments includes ₹ 89.00 crore (Previous Year ₹ Nil) on sale of 25% stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited, wholly-owned subsidiaries of the Company, to Natixis Global Asset Management and ₹ Nil (Previous Year ₹ 21.95 crore) on account of sale of certain investments to a wholly-owned subsidiary.

**24 EMPLOYEE BENEFITS EXPENSE**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Salaries [see note (a) & 34(i)]	134.23	78.97
Contribution to provident and other funds [see note 31]	7.46	5.22
Expense under the ESOS [see note 5(b)]	4.31	16.75
Staff welfare expenses	6.39	5.68
<b>TOTAL</b>	<b>152.39</b>	<b>106.62</b>

- (a) Expenditure on account of salaries is after adjusting ₹ Nil (Previous Year ₹ 5.24 crore) recovered from subsidiary companies and a jointly controlled entity.

**25 FINANCE COSTS**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Interest expense *	3,370.00	2,298.47
Other borrowing costs *	52.48	56.47
Net loss on foreign currency transactions and translation	32.75	31.58
<b>TOTAL</b>	<b>3,455.23</b>	<b>2,386.52</b>

\* excludes costs charged to securities premium account.

**26 PROVISIONS AND CONTINGENCIES**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Contingent provision against standard assets [see note 9(b)]	27.65	96.75
Provision for contingencies [including provision u/s. 36(1)(vii) of the Income-tax Act, 1961]	104.91	51.73
Provision against non-performing loans and debtors	51.76	7.85
Write back of provision against restructured loans	-	(1.42)
Provision for diminution in value of investments (net)	99.69	79.87
Provision for / (writeback of) mark-to-market on stock futures account	(0.16)	0.16
	<b>283.85</b>	<b>234.94</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**27 OTHER EXPENSES**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Rent [see note 34(ii)]	11.81	9.66
Rates & taxes [see note (a)]	3.15	3.61
Electricity	2.24	2.61
Repairs and maintenance		
Buildings	1.59	2.02
Equipments	2.17	1.58
Others	0.04	0.03
Insurance charges	0.55	0.45
Travelling and conveyance	7.68	5.10
Printing and stationery	0.77	1.22
Communication costs	3.69	3.67
Advertising and publicity	1.65	2.03
Professional fees	25.36	29.75
Loss on foreign exchange fluctuation (net)	0.11	8
Loss on trading in stock futures	2.63	-
Directors' sitting fees	0.28	0.27
Commission to directors	1.04	1.11
Bad debts written off	0.78	2.93
Miscellaneous expenses	19.16	13.10
Auditors' remuneration [see note (b)]	1.81	1.37
Shared service costs recovered [see note (c)]	(14.61)	(11.38)
<b>TOTAL</b>	<b>71.90</b>	<b>69.13</b>

(a) Rates and taxes include provision for wealth tax amounting to ₹ 0.13 crore (Previous Year ₹ 0.14 crore) and securities transaction tax amounting to ₹ 1.01 crore (Previous Year ₹ 0.86 crore).

(b) Break up of auditors' remuneration:

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Audit fees	0.40	0.40
Tax audit fees	0.12	0.12
Taxation matters	0.40	0.20
Other services	0.75	0.64
Out-of-pocket expenses	0.01	0.01
Service tax	0.26	0.12
	1.94	1.49
Less: Service tax set off claimed	0.13	0.12
<b>TOTAL</b>	<b>1.81</b>	<b>1.37</b>

The above amounts exclude professional fees of ₹ 0.19 crore (Previous Year ₹ 0.67 crore) debited to other accounts.

(c) Shared service costs recovery includes ₹ 13.78 crore (Previous Year ₹ 11.38 crore) recovered from subsidiary companies under a shared service agreement.

**28 EXPENDITURE IN FOREIGN CURRENCIES**

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Interest expense	24.34	-
Other borrowing costs	7.11	0.73
Travelling expenses	0.25	0.09
Professional fees	2.04	1.83
Others	8.12	2.40

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**29 EARNINGS IN FOREIGN CURRENCIES**

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹ in crore)	(₹ in crore)
Fees	0.15	0.11
Others	0.03	0.84

**30 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:

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
Number of non-resident shareholders	4,913	3,973
Number of equity shares held by them	713,105,443	589,863,715
Gross amount of dividend (₹ in crore)	142.62	88.48
Dividend relating to the year	2010-11	2009-10

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

- i. The Company has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹ in crore)	(₹ in crore)
Provident fund	2.91	2.28
Superannuation fund	0.74	0.57
Pension fund	0.39	-

- 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:

	FOR THE YEAR ENDED MARCH 31, 2012	FOR THE YEAR ENDED MARCH 31, 2011
	(₹ in crore)	(₹ in crore)
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>		
Liability at the beginning of the year	8.96	6.72
Current service cost	1.57	1.15
Interest cost	0.85	0.60
Liabilities settled on divestiture	-	(0.32)
Benefits paid	1.07	0.68
Actuarial loss	1.34	1.50
Liability at the end of the year	11.65	8.96
<b>FAIR VALUE OF PLAN ASSETS:</b>		
Fair value of plan assets at the beginning of the year	9.06	7.23
Expected return on plan assets	0.68	0.66
Contributions	3.40	2.01
Benefits paid	1.07	0.68
Actuarial loss on plan assets	0.32	0.16
Fair value of plan assets at the end of the year	11.75	9.06
Total actuarial loss to be recognised	1.66	1.66
<b>ACTUAL RETURN ON PLAN ASSETS:</b>		
Expected return on plan assets	0.68	0.66
Actuarial loss on plan assets	0.32	0.16
Actual return on plan assets	0.36	0.50

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>		
Liability at the end of the year	11.65	8.96
Fair value of plan assets at the end of the year	11.75	9.06
Amount recognised in the Balance Sheet under 'Provision for employee benefits'	-	-
<b>EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	1.57	1.15
Interest cost	0.85	0.60
Expected return on plan assets	0.68	0.66
Net actuarial loss to be recognised	1.66	1.66
Liabilities settled on divestiture	-	(0.32)
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	3.40	2.43
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>		
Opening net asset	0.10	0.51
Expense recognised	3.40	2.43
Contribution by the Company	3.40	2.01
Expected employer's contribution next year	1.50	1.00

	FOR THE YEAR ENDED				
	MARCH 31, 2012	MARCH 31, 2011	MARCH 31, 2010	MARCH 31, 2009	MARCH 31, 2008 (₹ in crore)
<b>EXPERIENCE ADJUSTMENTS:</b>					
Defined benefit obligation	11.65	8.96	6.72	5.83	3.85
Plan assets	11.75	9.06	7.23	5.85	3.10
Surplus / (deficit)	0.10	0.10	0.51	0.02	(0.75)
Experience adjustments on plan liabilities	1.38	1.71	(0.54)	1.45	0.80
Experience adjustments on plan assets	(0.32)	(0.16)	1.29	(0.74)	(0.02)

	AS AT MARCH 31, 2012 (%)	AS AT MARCH 31, 2011 (%)
<b>INVESTMENT PATTERN:</b>		
Insurer managed funds	100.00	100.00
Government securities	8.99	12.92
Deposit and money market securities	41.67	17.21
Debentures / bonds	30.94	43.50
Equity shares	18.40	26.37
<b>PRINCIPAL ASSUMPTIONS:</b>		
Discount rate (p.a.)	8.38	8.30
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.		

**32** The Company's main business is financing by way of loans. 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 under the Companies (Accounting Standards) Rules, 2006.



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**33** As per Accounting Standard 18 on 'Related Party Disclosures' as notified under 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 (up to March 22, 2012)  
 IDFC Primary Dealership Company Limited (with effect from March 17, 2012)  
 IDFC Private Equity Company Limited  
 IDFC Project Equity Company Limited  
 IDFC Projects Limited  
 IDFC Securities Limited  
 IDFC Trustee Company Limited  
 Jetpur Somnath Highway Limited (up to November 14, 2010)  
 Uniquet Infra Ventures Private Limited (with effect from February 3, 2011 up to June 3, 2011)

**(b) Through subsidiaries**

Dheeru Powergen Limited  
 IDFC Capital Limited  
 IDFC Capital (USA) Inc. (with effect from August 4, 2010)  
 IDFC Capital (Singapore) Pte. Ltd.  
 IDFC Distribution Company Limited  
 IDFC Fund of Funds Limited  
 IDFC General Partners Limited  
 IDFC Investment Advisors Limited  
 IDFC Investment Managers (Mauritius) Limited (with effect from September 13, 2010)  
 IDFC Pension Fund Management Company Limited  
 IDFC PPP Trusteeship Company Limited (with effect from March 23, 2012)  
 Jetpur Somnath Highway Limited (with effect from November 15, 2010 up to August 10, 2011)  
 Jetpur Somnath Tollways Limited (with effect from January 11, 2011 up to August 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)

**III. ASSOCIATES:****(a) Direct**

Galaxy Mercantiles Limited (with effect from December 2, 2011)  
 Feedback Infrastructure Services Private Limited (formerly Feedback Ventures Private Limited)

**(b) Through subsidiaries**

Jetpur Somnath Tollways Limited (with effect from August 12, 2011)

**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. (up to January 26, 2012)  
 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:**

- (a) Dr. Rajiv B. Lall - Managing Director & CEO  
 (b) Mr. Vikram Limaye - Whole-time Director

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

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		MARCH 31, 2012 (₹ in crore)	MARCH 31, 2011 (₹ in crore)
<b>(a) SUBSIDIARIES:</b>			
Dheeru Powergen Limited	Trade receivables - balance outstanding	0.02	-
IDFC Asset Management Company Limited	Acquisition of equity shares	-	20.00
	Inter corporate deposits placed and repaid	-	15.00
	Redemption of preference shares	-	19.79
	Shared service cost recovered	1.84	0.90
IDFC Capital Limited	Fees paid	16.51	17.87
	Purchase of fixed assets	0.05	-
	Shared service cost recovered	1.75	2.53
	Trade payables - balance outstanding	13.09	-
IDFC Capital (Singapore) Pte. Ltd.	Shared service fees	5.80	5.01
	Trade payable - balance outstanding	3.73	3.84
IDFC Finance Limited	Advance given and recovered	-	9.01
	Purchase of investments	-	9.05
IDFC Foundation	Fees paid	3.63	-
	Advances recovered during the year	4.00	-
	Sale of investments	0.05	45.45
	Advances recoverable - balance outstanding	41.50	45.50
	Share subscription	8.00	-
	Amount payable	0.52	-
IDFC Investment Advisors Limited	Deputation charges recovered	-	5.74
	Management fees paid	0.56	0.71
IDFC Private Equity Company Limited	Dividend received	20.00	32.00
	Shared service costs recovered	2.99	0.50
IDFC Projects Limited	Advance given (net of repayments)	30.95	31.85
	Bank guarantees outstanding	76.30	66.89
	Fees received	1.21	0.97
	Shared service costs recovered	1.55	1.84
	Sale of investments	-	0.05
	Advances - balance outstanding	74.54	46.10
IDFC Project Equity Company Limited	Advances given and recovered	-	2.69
	Dividend received	21.00	13.75
	Shared service costs recovered	2.69	2.28
IDFC PPP Trusteeship Company Limited	Advances given	0.02	-
	Advances - balance outstanding	0.02	-

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

		MARCH 31, 2012	MARCH 31, 2011
NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP		(₹ in crore)	(₹ in crore)
IDFC Securities Limited	Brokerage paid	0.07	0.10
	Dividend received	28.27	-
	Inter corporate deposits given and repaid	-	79.00
	Interest received on inter corporate deposits	-	0.02
	Shared service costs recovered	4.37	4.55
	Sale of fixed assets	-	0.05
	Advances - balance outstanding	1.30	-
Jetpur Somnath Tollways Limited	Shared service costs recovered	0.29	-
	Advances - balance outstanding	0.11	-
(b) JOINTLY CONTROLLED ENTITIES:			
Uttarakhand Infrastructure Development Company Limited	Fees paid	0.09	-
Infrastructure Development Corporation (Karnataka) Limited	Fees paid	0.04	0.59
	Rent paid	0.02	0.02
	Deputation charges recovered	-	0.04
	Trade payables - balance outstanding	0.16	0.37
Delhi Integrated Multi-Modal Transit System Limited	Miscellaneous income	-	₹
(c) ASSOCIATES:			
Feedback Infrastructure Services Private Limited	Dividend received	0.81	0.73
	Miscellaneous income	₹	₹
	Fees paid	0.25	-
	Subscription to redeemable debentures	28.00	-
	Interest on redeemable debentures	1.41	-
	Interest accrued on loans - balance outstanding	1.41	-
Galaxy Mercantiles Limited	Interest on optionally convertible debentures (OCDs)	6.21	-
	Subscription to equity shares	73.81	-
	Subscription to cumulative preference shares	9.99	-
	Interest accrued on loans - balance outstanding	0.08	-
	Investment in OCDs	136.12	-
	Loan given and balance outstanding	1.65	-
(d) ENTITIES OVER WHICH CONTROL IS EXERCISED:			
India PPP Capacity Building Trust	Fees paid	6.83	2.39
	Trade payables - balance outstanding	0.79	2.23
(e) KEY MANAGEMENT PERSONNEL:			
Dr. Rajiv B. Lall	Remuneration paid	5.99	6.26 *
Mr. Vikram Limaye	Remuneration paid	4.93	6.78 *
Dr. Rajiv B. Lall	80CCF bonds	₹	₹
Mr. Vikram Limaye	80CCF bonds	₹	₹

\* includes perquisites on exercise of employee stock options under the ESOS

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**34** In accordance with Accounting Standard 19 on 'Leases' as notified under 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 April 2012 and March 2016 (Previous Year August 2011 and March 2015). Salaries include gross rental expenses of ₹ 0.80 crore (Previous Year ₹ 0.37 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Not later than one year	0.89	0.93
Later than one year and not later than five years	1.23	1.94

- ii. The Company has taken office premises under operating leases, which expire between December 2015 and September 2018 (Previous Year December 2015 and September 2018). Rent includes gross rental expenses of ₹ 8.54 crore (Previous Year ₹ 7.79 crore). The committed lease rentals in the future are:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Not later than one year	8.63	8.54
Later than one year and not later than five years	35.20	37.99
Later than five years	1.89	7.74

- iii. The Company has given office premises under non-cancellable operating lease, which expires in October 2012 (Previous Year October 2012). Miscellaneous income includes income from such leases of ₹ 2.26 crore (Previous Year ₹ 2.08 crore). The future minimum lease rental is as follows:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
Not later than one year	1.32	2.26
Later than one year and not later than five years	-	1.32

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

- i. The basic earnings per share has been calculated based on the following:

	FOR THE YEAR ENDED MARCH 31, 2012 (₹ in crore)	FOR THE YEAR ENDED MARCH 31, 2011 (₹ in crore)
Net profit after tax	1,602.96	1,277.14
Less: adjustment for dividend and dividend distribution tax on CCCPS	49.41	37.39
Net amount available for equity shareholders	1,553.55	1,239.76
Weighted average number of equity shares	1,469,679,676	1,418,087,937

- ii. The reconciliation between the basic and the diluted earnings per share is as follows:

	FOR THE YEAR ENDED MARCH 31, 2012 (₹)	FOR THE YEAR ENDED MARCH 31, 2011 (₹)
Basic earnings per share	10.57	8.74
Effect of outstanding stock options	(0.03)	(0.06)
Diluted earnings per share	10.54	8.68

- iii. The basic earnings per share has been computed by dividing the net profit after tax for the year 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 for the year 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 in the previous year, it has been ignored in the previous year. The relevant details as described above are as follows:

	AS AT MARCH 31, 2012	AS AT MARCH 31, 2011
Weighted average number of shares for computation of basic earnings per share	1,469,679,676	1,418,087,937
Dilutive effect of outstanding stock options	4,741,438	10,165,050
Weighted average number of shares for computation of diluted earnings per share	1,474,421,114	1,428,252,987

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**36 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)**

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
<b>(a) CONTINGENT LIABILITIES</b>		
(i) Claims not acknowledged as debts in respect of:		
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	94.99	109.50
(ii) Guarantees issued:		
As a part of project assistance, the Company has also provided the following guarantees:		
Financial guarantees	2,245.27	1,301.34
Performance guarantees	227.01	259.00
Risk participation facility	-	5.31
Other financial guarantees	78.31	35.75
<b>(b) CAPITAL COMMITMENTS</b>		
(i) Uncalled liability on shares and other investments partly paid	854.06	506.38
(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances)	0.16	1.38

**37** The Company has entered into interest rate swaps in the nature of "fixed / floating" or "floating / fixed" for notional principal of ₹ 3,066.00 crore outstanding as on March 31, 2012 (Previous Year ₹ 2,391.00 crore) for varying maturities linked to various benchmarks for asset liability management and hedging.

The Company has foreign currency borrowings of USD 81.18 crore (Previous Year USD 62.56 crore), against which the Company has undertaken currency interest rate swaps and forward contracts of USD 81.18 crore (Previous Year USD 60.91 crore) to hedge foreign currency risk.

The Company has also entered in to coupon only currency swaps for notional principal of USD 8.41 crore (Previous Year USD 11.11 crore) to hedge the foreign currency risk towards interest on the foreign currency borrowings.

**38** There were no open interest in stock futures as at March 31, 2012. The details of open interest in stock futures as at March 31, 2011 are as under:

**LONG POSITION:**

NAME OF FUTURE	SERIES OF FUTURE	NUMBER OF CONTRACTS	NUMBER OF UNITS
Rural Electrification Corporation Limited	28-Apr-11	2	250,000

**SHORT POSITION:**

NAME OF FUTURE	SERIES OF FUTURE	NUMBER OF CONTRACTS	NUMBER OF UNITS
Larsen & Toubro Limited	28-Apr-11	1	35,000
Shree Renuka Sugars Limited	28-Apr-11	2	700,000

**39** No amount is payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / 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.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**40** The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 225 / 03.02.001 / 2011-12 dated July 1, 2011):

**(a) CAPITAL TO RISK ASSETS RATIO (CRAR):**

**AS AT MARCH 31, 2012** **AS AT MARCH 31, 2011**

CRAR (%)	20.79	24.48
CRAR - Tier I Capital (%)	18.52	21.86
CRAR - Tier II Capital (%)	2.27	2.62

**(b) EXPOSURES TO REAL ESTATE SECTOR\*:**

**AS AT MARCH 31, 2012** **AS AT MARCH 31, 2011**

	(₹ in crore)	(₹ in crore)
<b>DIRECT EXPOSURE</b>		
(i) Commercial Real Estate	3,159.22	2,670.40
Lending fully secured by mortgage (including securities in the process of being created) on commercial real estates (office building, retail space, multi-purpose 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	0.84	1.06
b. Commercial Real Estate	-	-
<b>INDIRECT EXPOSURE</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	173.44	258.58
* based on amounts sanctioned.		

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

	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	449.98	302.24	783.33	1,706.09	1,400.00	2,191.28	2,046.34	-	8,879.26
Market Borrowing	1,910.11	1,447.30	405.48	2,118.04	6,075.68	9,579.87	2,234.01	13,779.03	37,549.52
<b>ASSETS</b>									
Advances	1,284.51	515.78	649.49	1,023.84	2,627.10	10,652.84	9,728.95	22,328.83	48,811.34
Investments	3,111.87	0.02	11.22	571.49	493.47	217.09	215.42	4,110.41	8,730.99
<b>PREVIOUS YEAR</b>									(₹ in crore)
	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
<b>LIABILITIES</b>									
Borrowing from Banks	308.13	208.68	765.00	610.00	1,337.26	4,601.50	1,447.54	-	9,278.11
Market Borrowing	1,512.68	262.37	594.08	662.19	3,257.47	6,640.09	2,476.05	11,614.23	27,019.16
<b>ASSETS</b>									
Advances	981.23	187.60	293.42	797.09	2,345.50	8,235.02	6,198.74	19,130.87	38,169.47
Investments	3,198.17	229.54	94.71	148.12	17.05	350.10	90.13	4,121.85	8,249.67

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

## (d) BORROWER GROUP-WISE CLASSIFICATION OF ASSETS FINANCED:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
	AMOUNT NET OF PROVISION *	AMOUNT NET OF PROVISION *
1. RELATED PARTIES		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	165.77	-
2. OTHER THAN RELATED PARTIES	48,645.57	38,169.47
<b>TOTAL</b>	<b>48,811.34</b>	<b>38,169.47</b>

\* excludes provision for contingencies.

## (e) INVESTOR GROUP-WISE CLASSIFICATION OF ALL INVESTMENTS (CURRENT AND NON-CURRENT) IN SHARES AND SECURITIES (BOTH QUOTED AND UNQUOTED):

	AS AT MARCH 31, 2012 (₹ in crore)		AS AT MARCH 31, 2011 (₹ in crore)	
	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
1. RELATED PARTIES				
(a) Subsidiaries	468.08	1,143.91	515.92	1,341.14
(b) Companies in the same group	-	-	-	-
(c) Other Related Parties	79.29	103.89	19.78	20.09
2. OTHER THAN RELATED PARTIES	7,962.33	7,237.91	6,890.39	6,746.19
<b>TOTAL</b>	<b>8,509.70</b>	<b>8,485.71</b>	<b>7,426.09</b>	<b>8,107.42</b>

## (f) OTHER INFORMATION:

	AS AT MARCH 31, 2012 (₹ in crore)	AS AT MARCH 31, 2011 (₹ in crore)
1. GROSS NON-PERFORMING ASSETS		
(a) Related parties	-	-
(b) Other than Related parties	148.32	79.73
2. NET NON-PERFORMING ASSETS		
(a) Related parties	-	-
(b) Other than Related parties	71.43	38.90
3. ASSETS ACQUIRED IN SATISFACTION OF DEBT	-	-

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**41 INTEREST AND REPAYMENT TERMS OF LONG-TERM BORROWINGS - DEBENTURES (NON CONVERTIBLE) (SECURED)**

RESIDUAL MATURITY	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
(₹ in crore)				
<b>FIXED RATE</b>				
Above 5 years	12,402.92	7.50 to 9.91	10,615.46	7.50 to 9.35
3-5 years	1,880.00	7.45 to 9.40	2,275.00	7.25 to 8.20
1-3 years	8,975.00	6.00 to 11.66	5,928.00	6.00 to 11.66
<b>FLOATING RATE</b>				
Above 5 years	40.00	MIBOR+150 bps	40.00	MIBOR+150 bps
1-3 years	-	NA	120.00	MIBOR+170 bps to 183 bps
<b>TOTAL</b>	<b>23,297.92</b>		<b>18,978.46</b>	

**42 INTEREST AND REPAYMENT TERMS OF LONG-TERM LOANS - FROM BANKS (SECURED)**

RESIDUAL MATURITY	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
(₹ in crore)				
<b>FIXED RATE</b>				
3-5 years	255.74	7.41	555.74	7.25 to 7.50
1-3 years	1,441.67	8.35 to 10.65	3,977.24	7.00 to 9.89
<b>FLOATING RATE</b>				
3-5 years	1,790.60	6M LIBOR + 175 bps to 275 bps	891.80	6M LIBOR + 175 bps
1-3 years	749.61	6M LIBOR + 300 bps to 345 bps	624.26	6M LIBOR + 300 bps
<b>TOTAL</b>	<b>4,237.62</b>		<b>6,049.04</b>	

**43 INTEREST AND REPAYMENT TERMS OF LONG-TERM LOANS - FROM OTHER (SECURED)**

RESIDUAL MATURITY	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
(₹ in crore)				
<b>FIXED RATE</b>				
1-3 years	668.00	10.10	-	NA
<b>FLOATING RATE</b>				
Above 5 years	346.80	INBMK + 184 bps	346.80	INBMK + 184 bps
Above 5 years	522.56	6M LIBOR + 60 bps to 235 bps	175.18	6M LIBOR + 60 bps
3-5 years	299.20	6M LIBOR + 70 bps to 115 bps	97.54	6M LIBOR+115 bps
1-3 years	-	NA	684.77	6M LIBOR + 45 bps to 70 bps
<b>TOTAL</b>	<b>1,836.56</b>		<b>1,304.29</b>	



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2012

**44 INTEREST AND REPAYMENT TERMS OF SUBORDINATED DEBT FROM THE GOVERNMENT OF INDIA (UNSECURED)**

RESIDUAL MATURITY	AS AT MARCH 31, 2012		AS AT MARCH 31, 2011	
	₹ in crore		₹ in crore	
	BALANCE OUTSTANDING	INTEREST RATE (%)	BALANCE OUTSTANDING	INTEREST RATE (%)
29-Sep-47	350.00	5 Year G-Sec + 25 bps	350.00	5 Year G-Sec + 25 bps
17-Mar-47	300.00	5 Year G-Sec + 25 bps	300.00	5 Year G-Sec + 25 bps
<b>TOTAL</b>	<b>650.00</b>		<b>650.00</b>	

**45 UTILISATION OF MONEY RAISED THROUGH PUBLIC ISSUES**

During the year, the Company raised ₹ 1,387.46 crore (Previous Year ₹ 1,451.76 crore) through public issue of long-term Infrastructure Bonds eligible for deduction under Section 80CCF of the Income-tax Act, 1961 of which ₹ 1,208.29 crore (Previous Year ₹ 1,228.33 crore) has been utilised towards lending to infrastructure projects. ₹ 179.17 crore (Previous Year ₹ 223.43 crore) remained unutilised as on the Balance Sheet date pending regulatory approvals.

During the previous year, the Company had issued and allotted 157,752,090 equity shares of ₹ 10 each at a premium of ₹ 158.25 per share and 84,000,000 CCCPS of ₹ 100 each at par pursuant to a qualified institutional placement. The proceeds of the issue were utilised for general business purposes.

**46** The Revised Schedule VI to the Companies Act, 1956 has become effective from April 1, 2011 for preparation and presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Accordingly, the figures for the previous year have been reclassified, wherever necessary to conform with the current year's classification.

**47** Figures of ₹ 50,000 or less have been denoted by ₹.

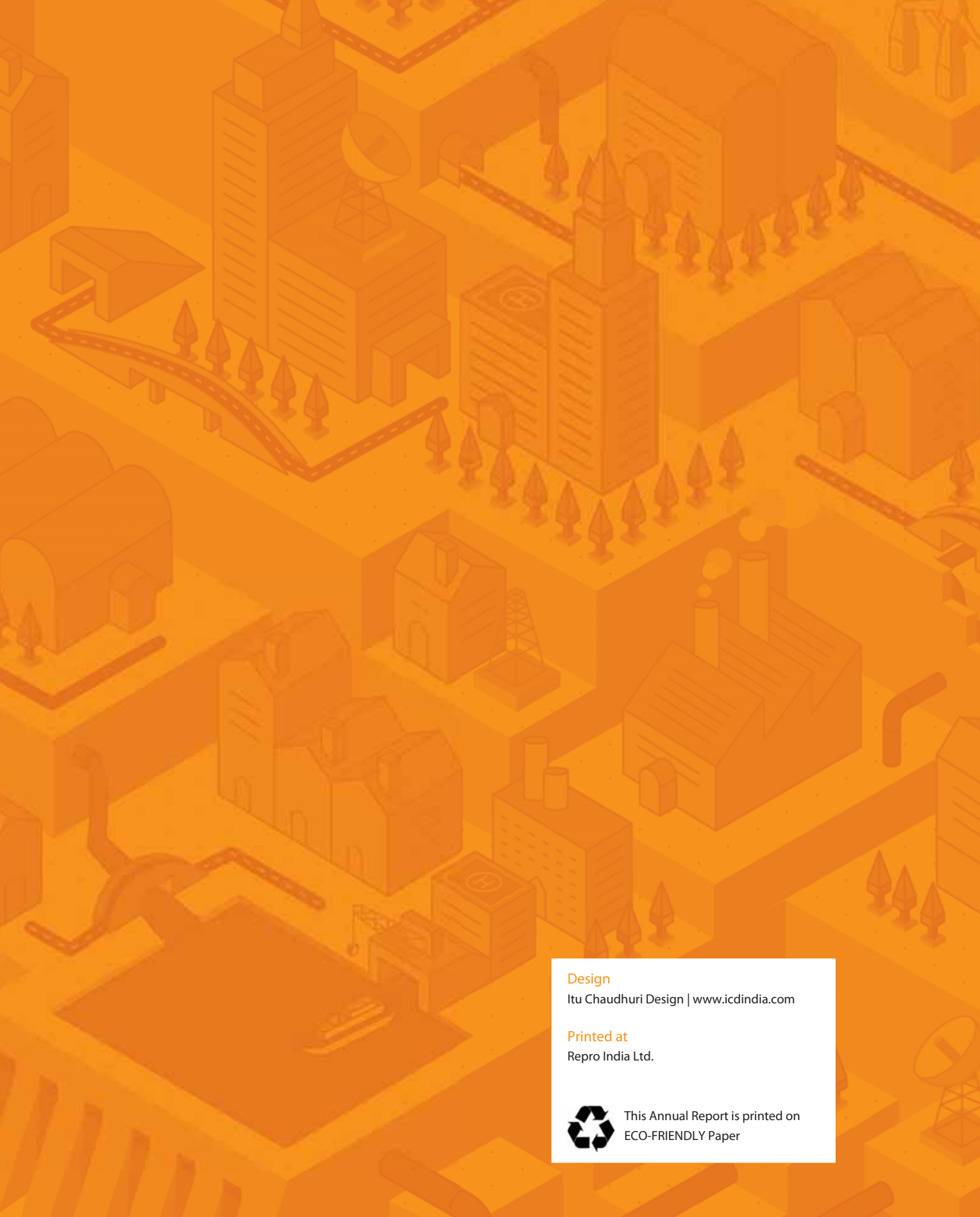
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF  
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LIMITED

DEEPAK S. PAREKH  
Chairman

RAJIV B. LALL  
Managing Director & CEO

SUNIL KAKAR  
Chief Financial Officer

MAHENDRA N. SHAH  
Company Secretary



**Design**

Itu Chaudhuri Design | [www.icdindia.com](http://www.icdindia.com)

**Printed at**

Repro India Ltd.



This Annual Report is printed on  
ECO-FRIENDLY Paper



**INFRASTRUCTURE DEVELOPMENT  
FINANCE COMPANY LIMITED**

[www.idfc.com](http://www.idfc.com) [info@idfc.com](mailto:info@idfc.com)

**Registered Office**

KRM Tower, 8th floor  
No.1, Harrington Road  
Chetpet  
Chennai 600 031

TEL +91 (44) 4564 4000  
FAX +91 (44) 4564 4022

**Corporate Office**

Naman Chambers, C-32, G-Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051

TEL +91 (22) 4222 2000  
FAX +91 (22) 2654 0354