

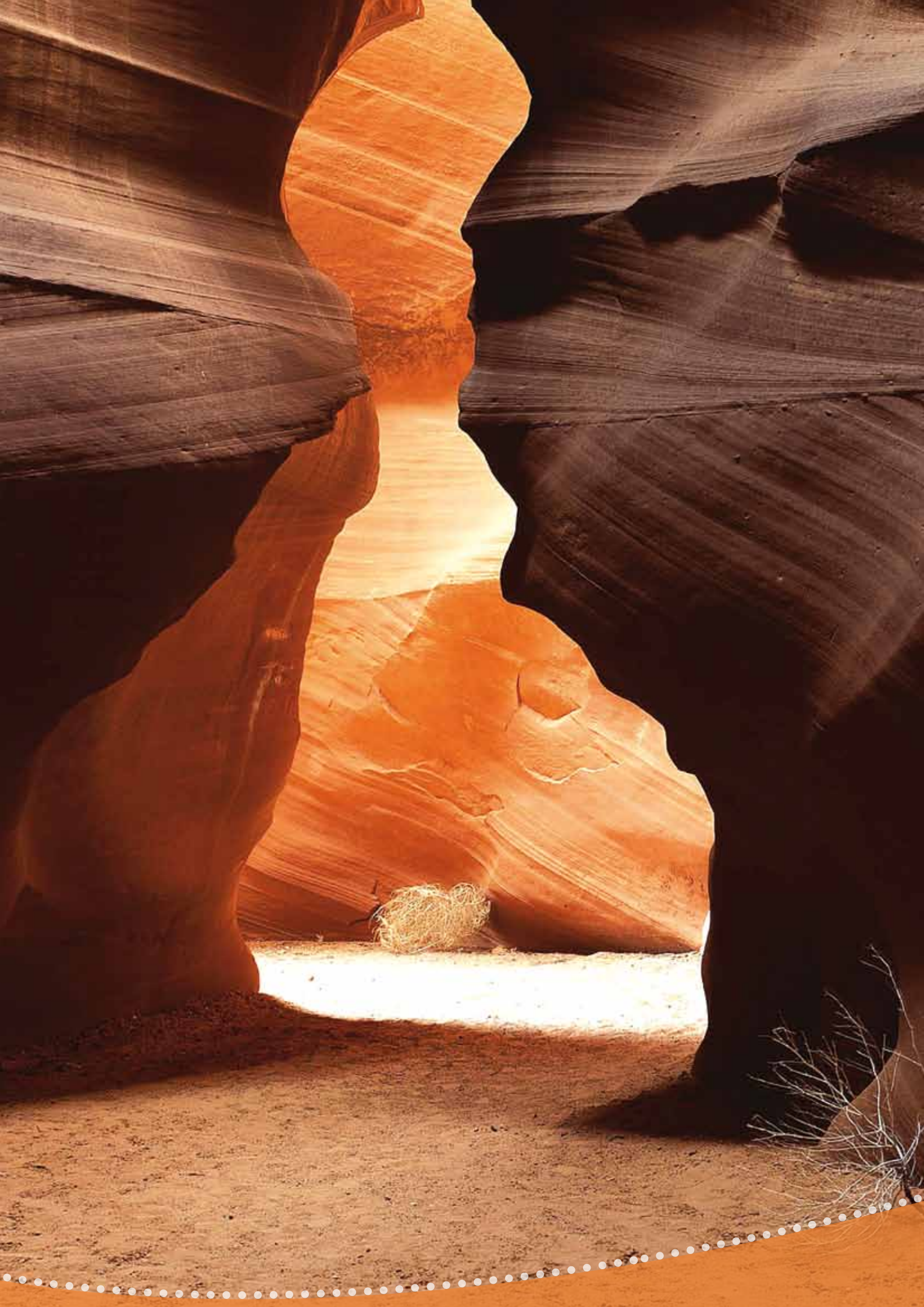
Rising up to the challenge




 **Financial Services**

IL&FS Financial Services Limited

ANNUAL REPORT 2014






Challenging times call for extraordinary measures to achieve sustainable growth. The domestic financial services sector has gone through one of its toughest periods over the last couple of years. While the industry has experienced a severe slowdown emanating from policy paralysis, IFIN has successfully taken steps to tackle these challenges

In line with the Group's philosophy, sharp focus has been maintained on the existing business model while expanding avenues for future growth. Accordingly, new business platforms have been added in the Capital Market space through acquisition of institutional broking franchise. Infrastructure Debt Fund (IDF), a key initiative undertaken during the previous year, has become operational with the launch of the first IDF scheme in India in record time

Through innovative solutions and a highly trained pool of employees, we are confident of rising up to the challenges faced in the competitive market environment. By taking full advantage of our core competencies, we are determined to improve financial performance in the near term and grow faster over the longer term

Solution Driven

Our solution based approach has led to innovation in product offering and retention of customers, even in the adverse market conditions and has been a key ingredient in the successful journey of the Company so far



We provide a range of financial services and advisory solutions under one umbrella. Our comprehensive range of services include:

Asset & Structured Finance

Plays pivotal role in the financial services business & provides innovative financing solutions across sectors

Debt Distribution

One of the largest private sector debt syndication desks in the country

Corporate Advisory and M&A

Offers M&A Advisory, Private Equity Syndication Services for a range of sectors

Equity Capital Market

Merchant Banking and Institutional Broking platform

Infrastructure Debt Fund

Alternative investment platform. The first infrastructure debt fund in India

International Operations

Complement the domestic distribution desk and enhance product offering using global market presence



IL&FS Financial Services Limited has completed transformation of its business activities to offer integrated business solution in terms of Products range as well as geographical reach and allow the Company to tap new relationship given the wide spectrum of delivery capacity

Ravi Parthasarathy
Chairman

Chairman's Message

Dear Stakeholders,

The current financial year was yet another eventful and mixed business period, we witnessed uncertain and extreme volatile business environment mainly due to the speculation around the election outcome, this has also lead to reduction in pace of implementation of the key macro decisions. The economy had witnessed stagnation leading to subdued industrial production growth which had also affected the infrastructure sector. In spite of all these factors the equity markets continued to usher on the background of expectation of change in political scenario of the country

I strongly feel that the dynamics of the country are intact and the growth rate could resume back to the level of 7-10% if certain key economic decisions are implemented on an urgent basis. I feel post outcome of elections and with stable Government machinery the investment activity could pick up mainly in the Infrastructure sector

IL&FS Financial Services Limited as an organisation has evolved over the years and it is now the key vehicle to provide all the financial services solution across IL&FS Group. Along with its on-going business

activities the Company has utilised the current year to venture into new business streams, it has also strengthened its international distribution network and created a synergy with IL&FS Group business module. I strongly feel all these efforts would enhance the value of all the stakeholders as we move ahead

IL&FS Financial Services Limited has completed transformation of its business activities to offer integrated business solution in terms of Products range as well as geographical reach. The profitability of the current year was modest considering the general operating scenario and I hope the next financial year will see the Company surge further into newer territory

I am confident that with all the re-engineering efforts implemented in the current financial year the Company is well positioned to capitalise on new opportunities, deliver balanced growth, create value for all stakeholders and excel in the business domain

Sincerely,



Ravi Parthasarathy
Chairman

During the year, we have successfully launched full-fledged operations of Infrastructure Debt Fund (IDF), acquired institutional broking business to elevate Merchant Banking platform and strengthened the distribution reach both at domestic as well as international level and achieved complete synergy across all financial services product offerings under one umbrella

Ramesh C Bawa
Managing Director & CEO



 **IL&FS** | Financial Services

project dev
alisation

Managing Director & CEO's Message

Dear Stakeholders,

This year has been very challenging in terms of the global economic slowdown and uncertain political environment in the country which has impacted the industry sectors at large. Although, we have also been impacted with such turbulent conditions but with the Company's planned business strategies and the proactive action, we have successfully been able to maintain the consistency in the financial performance of the Company. This could have only been possible with the perceptive and consistent focused approach of IFIN Team, who kept on giving the best performance with the great enthusiasm and motivation

In spite of the difficult market conditions, we have always been endeavoured to focus on the core principles and have taken various initiatives to broaden and strengthen the business operations. In tune with this approach, the Company has concentrated on diversification and expansion by launching various innovative financial products and establishing domestic and overseas subsidiaries viz. we have acquired institutional broking business to develop full-fledged merchant banking platform, strengthened the distribution reach in the international operations and kick started the Infrastructure Debt Fund (IDF). We have rejigged the Management Structure to increase focus and effective monitoring of each line of business and built up the employee strength. During the year, we have also put in place Business Development dedicated team, who will focus on establishing new clientele relationship and generating the potential business opportunities both at the

domestic as well as international markets. We have also strengthened risk management framework to maintain credit rating credential which will enable us to tap market funding at reasonable cost

As a backdrop with IL&FS parentage coupled with domain expertise in financial services sector, the Company is expected to lead the tally in the area of infrastructure sector and fuel the group with immense opportunities. We have completed the task to create a synergy between multiple financial services verticals of IL&FS Group to further provide value addition to our customers under one roof

With the strategic plan in place coupled with strong team of professionals in our fold, the Company is poised to register robust performance in sustainable manner. Further, we also seek to tap the foreign sources of funding mainly in Infrastructure Debt Fund using our international distribution network developed during the last three to four years

We are hopeful that foregoing initiatives will enable the Company to penetrate larger markets using integrated financial services platform. I would like to acknowledge and thank the Board of Directors, Management team, Employees and Business partners for their continued support

Regards



Ramesh C Bawa
Managing Director & CEO

The journey so far...

2008

Investment Banking
platform of IL&FS
demerged through
demerger process

Set up of subsidiary
at Singapore

2010

Generated Fee
based income
of ₹ 1,000 mn

Registered
Operating
income of
₹ 5,000 mn

Assigned top
notch Credit
Rating for short
term borrowing
programme

Set up of
subsidiary at UK

2009

2012

Ventured into Merchant Banking Business

Assigned highest long term Credit Rating

Asset size crossed ₹ 100,000 mn

2014

Acquisition of Institutional Broking Business

Net worth more than ₹ 19,000 mn

Maintained highest long term and short term credit rating in challenging and volatile market conditions

Set up of subsidiary in Dubai

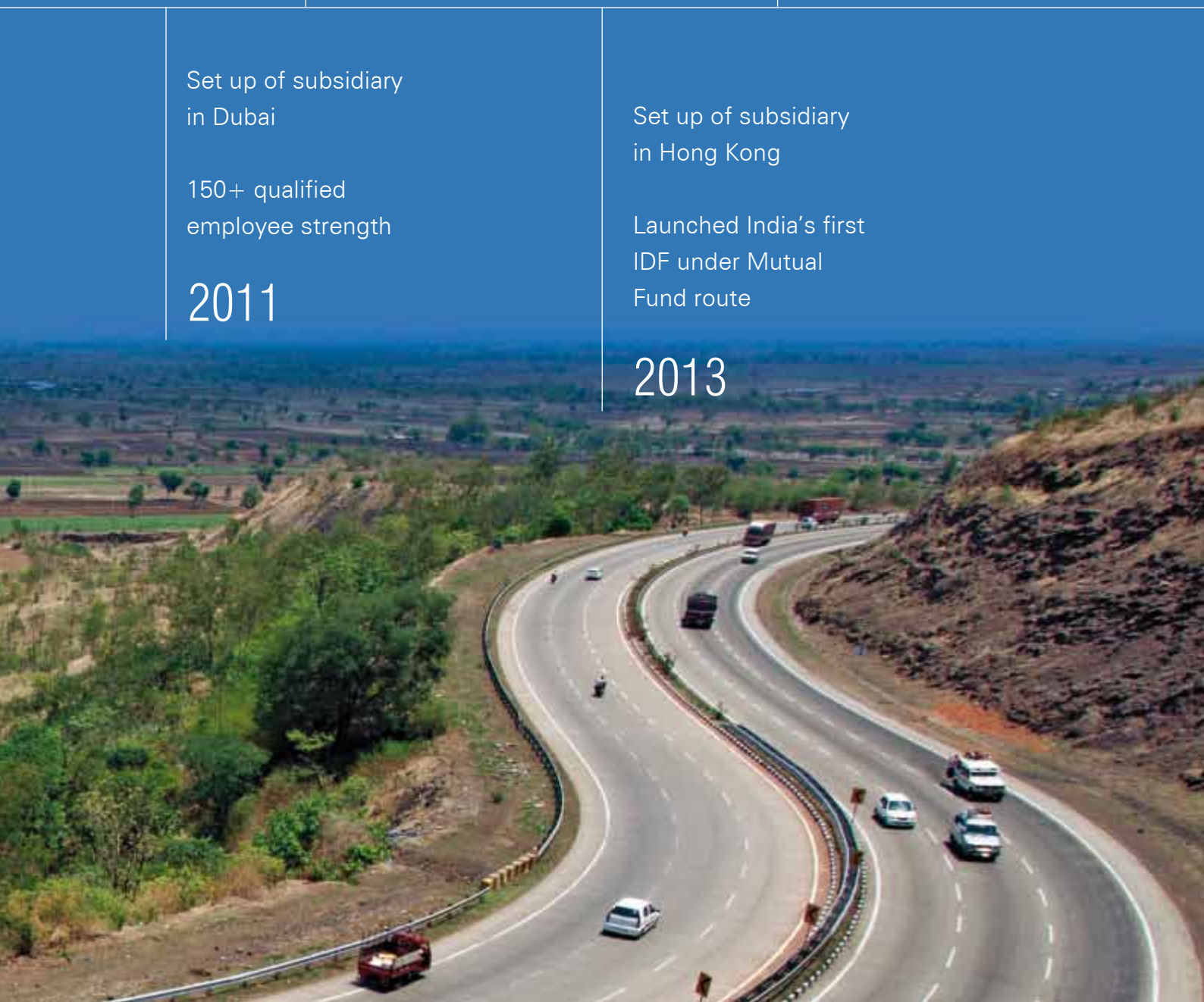
150+ qualified employee strength

2011

Set up of subsidiary in Hong Kong

Launched India's first IDF under Mutual Fund route

2013



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CORPORATE INFORMATION

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants

BANKERS

Abu Dhabi Commercial Bank Ltd	IDBI Bank Ltd	State Bank of Travancore
Allahabad Bank	Indian Bank	State Bank of Patiala
Andhra Bank	Indian Overseas Bank Ltd	Syndicate Bank
ANZ Banking Group	Indusind Bank	The Bank of Nova Scotia
Axis Bank Ltd	ING Vysya Bank Ltd	The Bhartiya Mahila Bank Ltd
Bank of Baroda	ICICI Bank	The Federal Bank Ltd
Bank of India	Oriental Bank of Commerce	The Karur Vysya Bank
Bank of Maharashtra	Punjab & Sind Bank	The Jammu & Kashmir Bank Ltd
Canara Bank	Punjab National Bank	UCO Bank
Calyon Bank	Standard Chartered Bank	Union Bank of India
Central Bank of India	State Bank of Hyderabad	United Bank of India
Dena Bank	State Bank of Bikaner & Jaipur	Vijaya Bank
HDFC Bank Ltd	State Bank of India	Yes Bank
	State Bank of Mysore	

DEBENTURE TRUSTEE

Centbank Financial Services Ltd

REGISTERED OFFICE

The IL&FS Financial Centre, Plot C 22, G Block
Bandra Kurla Complex, Bandra East, Mumbai 400 051
Website: www.ilfsifin.com
CIN U65990MH1995PLC093241

BOARD OF DIRECTORS



Ravi Parthasarathy
Chairman



Hari Sankaran
Director



Ramesh C Bawa
Managing Director & CEO



Surinder Singh Kohli
Director



Arun K Saha
Director



Shahzaad Dalal
Director



Vibhav Kapoor
Director



Manu Kochhar
Director



Milind Patel
Joint Managing Director



Rajesh Kotian
Deputy Managing Director

COMMITTEES OF BOARD

Audit Committee

Surinder Singh Kohli
Arun K Saha
Vibhav Kapoor

Nomination and Remuneration Committee

Surinder Singh Kohli
Ravi Parthasarathy
Hari Sankaran
Vibhav Kapoor

Administration Committee

Arun K Saha
Ramesh C Bawa
Milind Patel

Committee of Directors

Ravi Parthasarathy
Hari Sankaran
Arun K Saha
Ramesh C Bawa

Nomination Committee

Arun K Saha
Hari Sankaran
Ramesh C Bawa

Risk Management Committee

Surinder Singh Kohli
Arun K Saha
Ramesh C Bawa
Milind Patel
Rajesh Kotian

Disciplinary Committee

Hari Sankaran
Arun K Saha
Vibhav Kapoor

Stakeholders Relationship Committee

Arun K Saha
Milind Patel
Rajesh Kotian

SUBSIDIARIES

International Subsidiaries

IL&FS Global Financial Services Pte Ltd
IL&FS Global Financial Services (UK) Ltd
IL&FS Global Financial Services (ME) Ltd
IL&FS Global Financial Services (HK) Ltd

Domestic Subsidiaries

IL&FS Capital Advisors Ltd
IL&FS AMC Trustee Ltd
IL&FS Infra Asset Management Ltd
IL&FS Broking Services Pvt Ltd
(formerly Avendus Securities Pvt Ltd)
(wef September 30, 2013)

SENIOR MANAGEMENT TEAM

Asesh Dutta
Chief Operating Officer

Deepak Pareek
Chief Financial Officer

Subash Chandra
Head Asset & Structured Finance

Sabyasachi Mukherjee, Santosh Swami,
Lubna Usman
Heads Debt Distribution

K Mahesh
Head Corporate Advisory

Lokesh Chebium
Head Business Development

Neelam Desai
Company Secretary

Sudakshina Bhattacharya
Head Human Resources

Anita Ferreira
Head International Business

Ravi Sharma
Head Administration

A photograph of a long, narrow tunnel formed by stacked wooden beams, with a path leading into the distance. The beams are arranged in a series of parallel rows, creating a perspective that draws the eye towards the end of the tunnel. The lighting is warm and orange, highlighting the texture of the wood. The path is made of wooden planks and leads from the foreground into the distance.

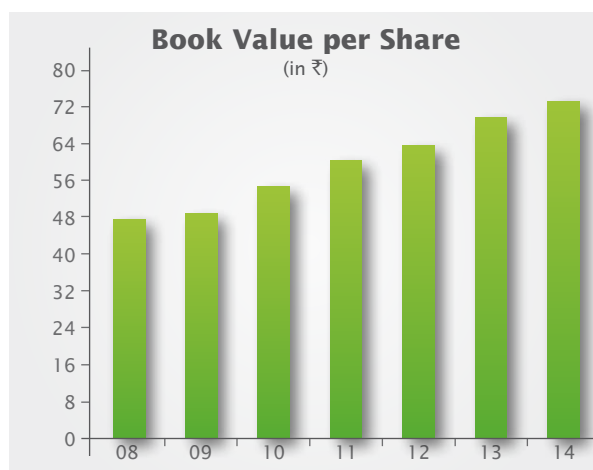
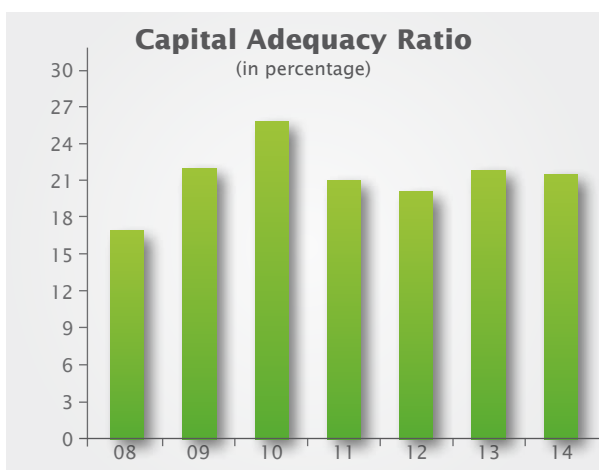
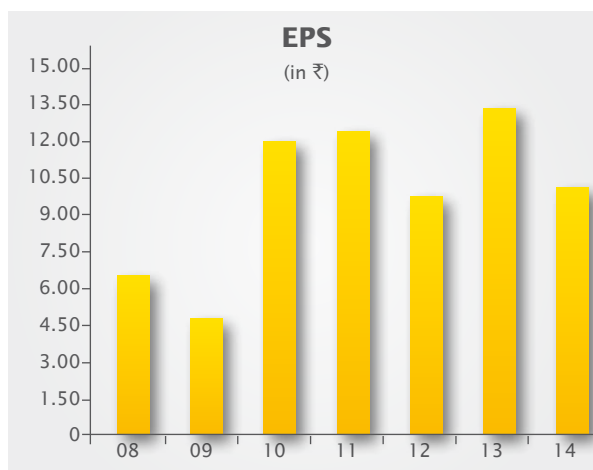
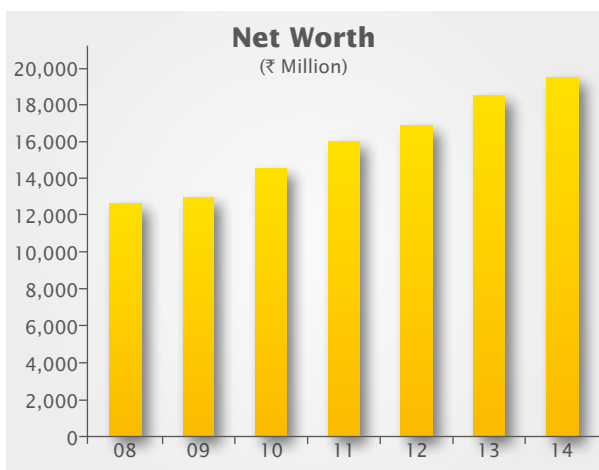
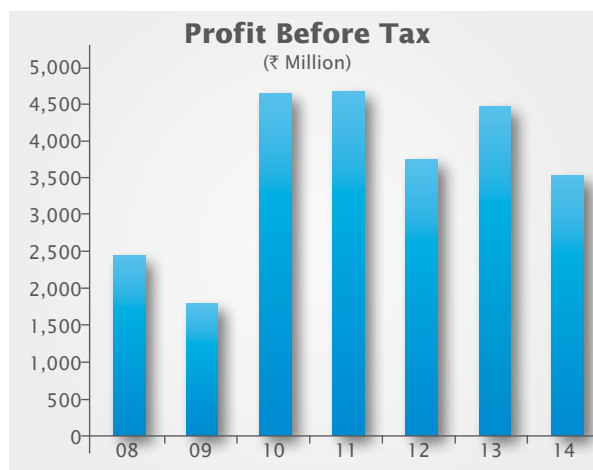
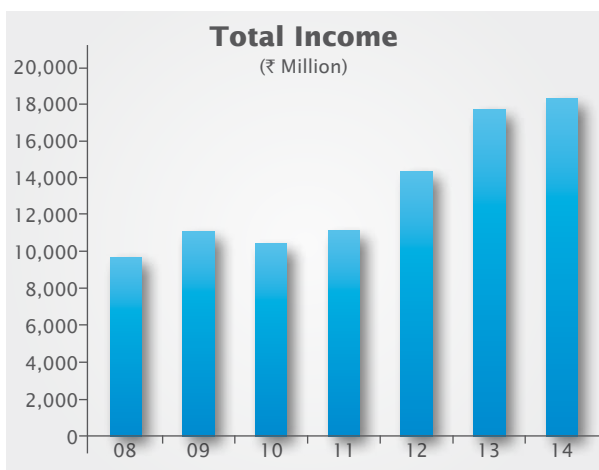
Sharp Focus



We are focused on increasing value for our stakeholders, offering comprehensive solutions to support the growth aspirations of our customers, reducing cost and increasing operational efficiency and excellence

We are confident that this focus will help us to rise up to the challenges and accelerate the growth momentum

FINANCIAL HIGHLIGHTS



DIRECTORS' REPORT

To

The Shareholders

IL&FS Financial Services Limited

The Directors are pleased to present the Nineteenth Annual Report and the Audited Accounts for the financial year ended March 31, 2014

FINANCIAL RESULTS

The summarised standalone financial results of the Company are as under:

	₹ in million	
Particulars	FY 2014	FY 2013
Gross Revenue	18,150	17,551
Gross Profit	5,169	5,014
Non-Cash Charges	41	42
Operating Income for the year	5,128	4,972
Provisions and Contingencies	1,577	469
Profit Before Tax	3,551	4,503
Provision for Taxation	900	1,007
Profit After Taxation	2,651	3,496
Balance of Profit b/f	2,641	2,076
Profit available for distribution	5,292	5,572

APPROPRIATIONS

	₹ in million	
Special Reserve I	530	699
Special Reserve II	38	17
General Reserve	265	350
Dividend (Incl. dividend distribution tax)	1,710	1,865
Balance of Profit	2,749	2,641
Total	5,292	5,572

(II) DIVIDEND :

Your Directors have recommended payment of final dividend at the rate of 55% in respect of 265,667,555 Equity Shares, amounting to ₹ 1,710 mn, inclusive of dividend tax of ₹ 248 mn

The above payment of dividend would be subject to approval by the Members in the forthcoming Annual General Meeting

OPERATING ENVIRONMENT:

- (a) Over the last 6 months, global economic activity had strengthened and is likely to register growth of 3.5 per cent in 2014. The expansion in global output is expected to be led by advanced economies, especially the US. However, downside risks to the growth trajectory arise from ongoing tapering of quantitative easing in the USA, weak balance sheets in the euro area, inflationary pressures in the emerging market and weakening growth and financial fragility in China
- (b) While the global environment remains challenging, prudent monetary and fiscal policy in India has stabilised the financial system. These initiatives have helped in effectively insulated the Indian economy against the US Fed progressive monetary tapering programme as well as during the recent escalation of the Ukraine crisis. With the narrowing of current account and fiscal deficit as well as the replenishment of foreign exchange reserves and disinflationary impulses, the risks of near-term macro instability have diminished. However, more efforts will be required in terms of removing structural impediments, building business confidence and creating fiscal space to kick start sustainable investment environment
- (c) RBI has adopted a wait & watch policy on the rate front keeping Repo rate and Cash Reserve Ratio unchanged at 8% and 4% respectively. Further, as part of the liquidity management measures, RBI has increased the liquidity provided under 7-day and 14-day term repos from 0.5 per cent of NDTL of the banking system to 0.75 per cent with consequent decrease in the liquidity provided under overnight repos under the LAF from 0.5 per cent of bank-wise NDTL to 0.25 per cent
- (d) The previous two financial years have seen continuous deterioration in the Asset quality of the Indian Banking Sector primarily on account of delays in project execution and slow down of overall economy. Pursuant to above, the Gross Non-Performing Assets (GNPA) has increased by 4.47% as on December 31, 2013 as against 3.42% as on March 31, 2013 and 2.94% as on March 31, 2012. The outstanding restructured debt under CDR mechanism has increased by 52% and 49% during FY2013 and FY2014 respectively. However, it is expected that the worst period for the banking industry is over with recent initiative by the government and emergence of strong government post general election. The economy has started witnessing few green shoots which would fructify fully with policy initiative and stable government

- (e) In line with the stress in the banking sector, the Company is also facing challenging time on account of adverse economic activity and policy paralysis. Accordingly, the financial performance from fund based as well as fee based business verticals has largely been subdued mainly on account of pressure from stressed assets. However, efforts have been taken to curtail the deterioration in the asset quality and maintain low NPA percentage

OPERATIONS OF THE COMPANY:

(A) Qualitative Review :

- (a) Over the last 3 years, the Company has developed an integrated business platform encompassing range of investment banking activities on one platform. The above platform offers Project Debt Syndication, Corporate Advisory, Merchant Banking and Infrastructure Debt Management. The distribution strength of the platform has been augmented with the international network of offices. The Fund based business continue to play pivotal role and also support its fee based businesses
- (b) The spillover of the systemic distress in the banking system has been felt on the credit assets. However, efforts have been taken to maintain asset quality and yield spread from the lending book despite difficult market conditions. The Company has achieved excellent performance on account of significant divestment proceeds from its investment portfolio
- (c) The Company has focused on stabilisation of its asset book at the current level and will wait for economic recovery for next phase of growth. Given the overall market conditions, there has been an increase in the Non- Performing Assets (NPAs) in relation to credit exposure and sustained efforts are being pursued for recovery
- (d) The major contribution to the fee based income comes from Project Debt Syndication Group (PSG). The PSG has expanded its distribution reach across wider lender fraternity. The PSG has taken continuous initiatives to further diversify the lenders' base in Indian as well as international markets
- (e) Despite challenging environment, the PSG has maintained satisfactory performance and achieved financial closure of the large syndication mandates
- (f) The financial performance of the other fee based verticals has been muted in view of the difficult market scenario more particularly Investment Banking and Capital market activities

- (g) The Company has maintained its penetration across permitted borrowing sources with Bank Borrowings contributing large chunk of overall borrowings. Further, borrowing through Debentures and Commercial Papers are being used to manage its borrowing cost at comfortable level. However, tough liquidity situation coupled with introduction of regulatory restrictions on alternative borrowing sources needs to be reviewed on regular basis to manage borrowing cost
- (h) The long term as well as short terms credit rating of the Company have been reaffirmed by the credit rating agencies viz, CARE, India Ratings (FITCH) and ICRA at AAA and A1+ respectively. The above credit ratings has enabled fund raising at significantly lower interest rate thus reducing the borrowing cost
- (i) The Company had set up overseas subsidiaries for undertaking various international operations initiatives as well as to tap ECB funding sources. These subsidiaries have been set up at Singapore, London, Dubai and Hong Kong, major financial hubs of the World. With all regulatory approvals in place, the Company is poised to capitalise on large contribution from the international business in coming years
- (j) During the year, the Company has launched country's first Infrastructure Debt Fund (IDF) and mobilised ₹ 7.50 bn under a Close Ended Mutual Fund. The Company has entered into Memorandum of Understanding (MOU) with the LIC, GIC and all the leading insurance companies of the country i.e. New India Assurance, United Insurance, National Insurance and Oriental Insurance as well as also with all the leading Indian Banks for their participation in IL&FS IDF business actively

The discussion initiated by the Company are at an advanced stage to launch the second fund to raise funding from domestic as well as international investor class. The IDF will enable the Company to augment the lending capability to the Infrastructure Sector

- (k) To enhance business offering under merchant banking segment, the Company has acquired controlling stake in IL&FS Broking Services Private Limited (IBSPL). IBSPL holds broking license from SEBI and is currently empanelled with major institutional investors
- (l) Under the leadership of Mr Ramesh C Bawa, the Company has rejigged its business portfolio to increase its focus on various business verticals through new business launches, geographical expansions and acquisition. In line with the increased business operations, the Board of Directors of the Company has

approved elevation of Mr Milind Patel as Joint Managing Director and has been entrusted with supervisory responsibility to oversee international operations, corporate advisory, Infrastructure Debt Fund and Merchant Banking business. Mr Rajesh Kotian has been elevated to Deputy Managing Director and would focus on Project Debt Syndication and Pooled Municipal Debt Obligation (PMDO) Portfolio. Mr Aresh Dutta, Executive Vice President of the Company has been elevated to Chief Operating Officer and would spearhead the business development and fund based business

- (m) With the multiple initiatives to enhance the product portfolio through Merchant Banking, IDF and International distribution network coupled with increased focus on each of its business platform through rejig of top management, the Company is set to participate aggressively in the next phase of growth opportunities. The Company is confident to achieve superior financial performance using its integrated financial services platform in the wholesale segment

(B) Financial Review:

- (a) The asset book and corresponding yield has remained stable at ₹ 98,875 mn as at March 31, 2014 as compared to the asset book of ₹ 98,740 mn as at March 31, 2013. The interest income has seen marginal increase of 2% at ₹ 15,477 mn when compared to the previous year of ₹ 15,196 mn. There has been robust performance of its investment portfolio across categories, investment income has risen by 280% at ₹ 1,380 mn in comparison to ₹ 364 mn achieved during the last year
- (b) The total borrowings have increased to ₹ 111,929 mn as at March 31, 2014 vis-a- vis ₹ 103,907 mn as at March 31, 2013. The efficient uses of diversified borrowing resources has enabled the Company to reduce interest rate leading to marginal increase in borrowing cost by 3% while total borrowing has increased by 8% in comparison to the previous year
- (c) The fee based income for the year has been at ₹ 1,203 mn compared to ₹ 1,969 mn achieved during the previous year. The decline is mainly attributed to lower level of activity in the economy
- (d) Operating Overheads (including depreciation) increased by 6% and stood at ₹ 1,467 mn for the year ended March 31, 2014 as against ₹ 1,390 mn for the previous year

- (e) A Contingency Provision of ₹ 550 mn has been created for the year ended March 31, 2014 in addition to the regulatory provision required by RBI. Given the objective of Contingency Provision, the Company has utilised ₹ 337.50 mn out of the contingency provision to adjust identified loss assets
- (f) The Company has achieved Profit before Tax (PBT) of ₹ 3,551 mn as against ₹ 4,503 mn for the previous year. The reduction in PBT was mainly on account of an increased provision against the NPAs. The Company has achieved Profit after Tax (PAT) of ₹ 2,651 mn during the year as against ₹ 3,496 mn for the previous year, decrease of 24%
- (g) The Company has maintained sound Capital Adequacy Ratio at 21.63% which is well above 15% prescribed by RBI for NBFCs. The Capital Adequacy Ratio provides enough leeway for taking up growth opportunity in its assets books
- (h) An amount of ₹ 265 mn was transferred to General Reserve of the Company as prudent measure
- (i) An amount of ₹ 530 mn was transferred to Special Reserve I pursuant to section 45 (1) (c) of the Reserve Bank of India Act, 1934
- (j) An amount of ₹ 38 mn was transferred to Special Reserve II pursuant to section 36 (1) (viii) of the Income Tax Act, 1961

OPERATIONS OF THE SUBSIDIARIES AND JOINT VENTURE

(1) The Company has eight subsidiary Companies as below:

(a) IL&FS Global Financial Services Pte Limited:

The Company post receipt of Capital Market Services License (CMS) from Monetary Authority of Singapore (MAS) has commenced its business activities under Dealing in Securities and Advising on Corporate Finance

(b) IL&FS Global Financial Services (UK) Limited:

The Company is regulated by Financial Conduct Authority (FCA), UK, and undertakes business pertaining to Advisors & Arrangers for Investments activities

(c) IL&FS Global Financial Services (ME) Limited:

The Company was set up in the year 2011. The Company has obtained the regulatory approval from Dubai Financial Services Authority (DFSA) to undertake the activities of Funds arrangement and advisory services

(d) IL&FS Global Financial Services (HK) Limited:

The Company was formed on March 26, 2012 for undertaking business activities of dealing in securities and advising on securities and the Company has received Type 1 license (Dealing in Securities) and Type 4 license (Advising on Securities) on October 11, 2013 after meeting all the requirements of Securities and Futures Commission (SFC)

(e) IL&FS Capital Advisors Limited:

The Company was incorporated in the year 2012 to undertake Merchant Banking business. The Company has obtained the license from Securities and Exchange Board of India (SEBI) as a Merchant Banker with effect from June 01, 2012 and has commenced its business activities as a SEBI registered Merchant Banker

(f) IL&FS Broking Services Private Limited (IBSPL) :

To enhance and strengthen the services related to capital market segment, the Company has acquired on September 30, 2013 the institutional broking platform by acquiring the majority stake in IL&FS Broking Services Private Limited (IBSPL) {Formerly Avendus Securities Private Limited}. IBSPL holds broking license from SEBI and is also registered with NSE and BSE and has been providing broking services to institutional players

(g) IL&FS Infra Asset Management Limited (IIAML):

Pursuant to the initiative of Ministry of Finance (MoF), the Infrastructure Debt Fund (IDF) under mutual fund route was set up in the name "IL&FS Mutual Fund (IDF)" ("I-IDF" or "IDF") on February 01, 2013. In order to manage the assets of the IDF, IIAML, an Asset Management Company (AMC) has been set up and is regulated under SEBI regulations

IIAML had initiated the process for fund raising in respect of its first scheme based on the Memorandum of Commitment signed between IFIN, Life Insurance Corporation and various Banks. The IDF has achieved closure of its first scheme on December 16, 2013 with investment commitment of ₹ 7.50 bn

(h) IL&FS AMC Trustee Limited (IATL):

IATL acts as trustee of the Infrastructure Debt Fund (IDF) and is regulated under the SEBI regulations

- (2) The foregoing Subsidiary Companies have adhered to the respective compliance requirements during the year under review
- (3) A Statement pursuant to Section 212 of the Companies Act, 1956 is set out as an Annexure to this Report. The required financial statements as per the provisions of Section 212 are being annexed with the Annual Report
- (4) Syniverse Technologies India Private Limited (STIPL):

Syniverse Technologies India Private Limited is a Joint Venture of the Company with Syniverse Technologies Inc and Flash net Info Solutions Limited. STIPL was formed to undertake Mobile Number Portability (MNP) in India and has been awarded license to provide the MNP Services exclusively covering Northern and Western Zones which constitutes 50% of the total subscriber base in India

OUTLOOK:

- (1) The Company will continue to focus on its core strength on product innovation and speedy delivery capabilities. The Company will strive to maintain asset quality and yield. Further, emphasis on structured transactions will continue to maintain strong profitability. The efforts will be made to streamline its investment portfolio through divestments of matured asset and realise gain from the same
- (2) The Company will enhance its debt and equity distribution reach to tap new financial market entrants. The newer platforms of IDF and Merchant Banking shall be the next growth drivers for its fee based business. Further, maximisation of relationship will be focus area to generate revenue for other verticals
- (3) The Company will continue to harness its integrated business model to strengthen its positioning in the Infrastructure Sector as below:
 - (a) Maintain asset quality and collection efficiency with respect to the Lending Portfolio
 - (b) Provide Innovative product solutions using its primary and secondary market capabilities and expertise
 - (c) Target foreign source of funding through its overseas subsidiaries for scaling of its Infrastructure Debt Fund (IDF) assets under management
 - (d) Focus on compliance will be maintained across regulatory authorities

RESOURCES:

The Company raises its financial resources principally through term loans from banks, issue of non-convertible debentures, commercial paper and deposits from corporates. Resources are raised by the Company in accordance with the asset build up plan, interest rate movements, and potential asset liability mismatch and treasury operations. During the year, the Company has developed resources policy to implement a robust framework of risk management and compliance and ensure that operations are undertaken in an integrated and cost efficient manner

RISK AND COMPLIANCE FRAMEWORK:

- (1) The Company has a strong Risk Management System for identification and mitigation of the risks associated with its operations. The Risk Management comprises of Risk Management Policies, Risk Management Implementation & Monitoring Systems. Further, appropriateness of all the risk assessment methodology is continuously reviewed in light of dynamic risk environment
- (2) As part of the Risk mitigation strategy, the Board of Directors has prescribed norms for creation of Contingency Provision in addition to the specific provision required under the Prudential Norms. The purpose of the Contingency Provision is to build cushion against deterioration in the asset quality. The Audit Committee is entrusted with the responsibility to review the creation and utilisation of the Contingency Provision and recommend the required action to the Board of Directors
- (3) The Company has an Asset Liability Management (ALM) Committee in place which periodically reviews borrowing, liquidity, funding, ALM position and any risks thereof
- (4) Given the exposure to variety of investment products, the Company has set up Investment Portfolio Review Committee (IPRC). The IPRC conducts periodic review of the Performance of Investment Portfolio and recommends the required action with respect to composition and valuation of the investment
- (5) The Company has an established practice of compliance reporting covering all operations and support functions; compliance reporting is also subject to internal audit and is periodically reviewed to ensure comprehensive coverage. Similar practices are being established in all the domestic and international subsidiaries of the Company with the support of the Company

RBI GUIDELINES:

The Company continues to comply with all the requirements prescribed by the Reserve Bank of India, from time to time. The Company has also taken steps to adhere to the recent guidelines on distressed assets

INTERNAL CONTROL AND SYSTEM:

The Company has an effective Internal Control System for all functions with adequate checks and balances. Periodic audit of all functions is carried out by, M/s Patel & Deodhar, Chartered Accountants, the Internal Auditors thereby ensuring regulatory compliance of various applicable statutes as well as internal guidelines and policies. The Internal Auditors review the systems and procedures and advise on further improvements wherever required. The reports of the Internal Audit are reviewed by the Audit Committee and the Board

The Company's policies are reviewed annually in line with the dynamic business environment and regulatory requirements

NON-ACCEPTANCE OF PUBLIC DEPOSITS:

The Company is a Systemically Important Non - Deposit Taking Non Banking Finance Company. It has not accepted any public deposits during financial year 2013-14

DIRECTORS:

- (1) In accordance with the provisions of Companies Act, 2013, an Independent Director shall hold office for a period of five consecutive years wef April 1, 2014 and subject to approval of shareholders at the ensuing Annual General Meeting. For considering the term of five years the earlier term of appointment will not be reckoned
- (2) In compliance of the foregoing provision, the term of appointment of Mr Surinder Singh Kohli, the Independent Director of the Company is proposed to be considered wef April 1, 2014 for a period of 5 years
- (3) In accordance with the provisions of the Companies Act, 1956 or any re-enactment thereof and the Articles of Association of the Company, Mr Shahzaad Dalal and Mr Manu Kochhar retire by rotation and being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting
- (4) The Board recommends the resolutions for appointment of Independent Director and re-appointment of Directors as set out in the Notice of the Annual General Meeting for the approval of the Members

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) they have prepared the annual accounts on a going concern basis

AUDITORS' REPORT:

The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act, 1956

AUDITORS:

In accordance with the provisions of the Companies Act, 2013, every Auditor of the Company shall hold the office for two consecutive terms of five years

Deloitte Haskins & Sells LLP (DHS) – Firm Registration Number: 117366W/W - 100018, Chartered Accountants, the Statutory Auditors of the Company, holds office since their appointment on June 25, 2009 in the Annual General Meeting. Thus DHS has been holding the office for past six years; DHS are eligible for re-appointment for further term of four years. The members are requested to consider their re-appointment for the balance term of four years

The Company has received the written consent from the statutory auditors to the effect that their re-appointment, if made, would be within the prescribed limits and as per Section 139 and 141 of the Companies Act, 2013

HUMAN RESOURCES:

The Company firmly believes that its Human Resource is most valuable assets and it contributes towards the performance of the Company in a substantial way. The Company

has devised various development programmes for the employees through internal as well as external training programme. The Company has a robust performance management system in place which recognises the performers and accordingly rewards the employee

The Board of Directors places on record their appreciation to all the employees of the Company for their sustained efforts, dedication and hard work during the year

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

The Company in line with the Infrastructure Leasing & Financial Services Limited (IL&FS) group initiative of Corporate Social Responsibility (CSR), has adopted an Environmental and Social Policy and Framework (ESPF) which is founded on the concept of Sustainable Development and thereby recognises Environmental and Social (E&S) considerations in its business operations to add value and minimise adverse environmental and social impacts

The Company has established and implemented mechanisms to encourage, influence, recommend or mandate its stakeholders and business partners to conserve natural resources protect the environment and restore standards of living for those affected by its operations, wherever relevant and necessary

The Company has duly constituted CSR Committee with Mr Surinder Singh Kohli, Mr Hari Sankaran and Mr Ramesh C Bawa as members of the Committee to oversee and meet the objectives of CSR

CORPORATE GOVERNANCE:

The Company believes and strives to adopt and adhere to the highest standards of corporate governance principles and best practices. With this objective, the Company observes various policies and procedures governing its operational framework and has adopted the Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, Code of Conduct for Directors and Senior Management, Code of Conduct for Independent Directors of the Company and Policy on Management of Conflict of Interests

The key aspects of the Corporate Governance are highlighted as below:

(A) Attendance of Directors at the Board Meetings and at the last Annual General Meeting:

During the period under review, four Board Meetings were held on April 26, 2013, July 26, 2013, November 9, 2013 and January 28, 2014. The status of attendance of Directors at these Board Meetings and at the previous Annual General Meeting is as follows:

Name of the Directors	No. of Board Meetings attended	Last Annual General Meeting Attendance
Mr Ravi Parthasarathy	4	Yes
Mr Hari Sankaran	4	Yes
Mr Arun K Saha	4	Yes
Mr Ramesh C Bawa	4	Yes
Mr Surinder Singh Kohli	4	Yes
Mr Milind Patel	4	Yes
Mr Vibhav Kapoor	3	Yes
Mr Shahzaad Dalal	4	Yes
Mr Manu Kochhar	4	Yes
Mr Rajesh Kotian	4	Yes

(B) Committees of the Board

The Company has constituted the following Committees to oversee various operational activities of the Company:

(1) Audit Committee:

- (a) Constitution : Mr Surinder Singh Kohli
Mr Arun K Saha
Mr Vibhav Kapoor

- (b) Terms of Reference:

The terms of reference of the Audit Committee has been revised as follows:

- (i) Review the Annual Audited financial statements and Quarterly / Half Yearly financial statements to ensure that the financial statements are correct, sufficient and are in compliance with the governing Accounting Standards and more specifically the following:
 - Matters required to be included in the Director's Responsibility Statement forming part of the Board's report in terms of relevant provisions of the Companies Act, 1956 or any re-enactment thereof;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;

- Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with legal requirements relating to financial statements;
 - Review and Disclosure of related party transactions;
 - Qualifications in the draft audit report
- (ii) Recommend to the Board appointment of internal auditor and statutory auditor
 - (iii) Review with the Management the adequacy of the internal controls including computerised information system controls and security
 - (iv) Review of Internal Audit Plan, adequacy of internal audit function and to advise on the scope and areas of audit
 - (v) Review of the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
 - (vi) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors
 - (vii) Review the Company's compliance with employee benefit plans
 - (viii) Review periodically operating policies of the Company
 - (ix) Carrying out any other function as may be assigned to the Committee by the Board from time to time
 - (x) Recommend remuneration and terms of appointment of auditors of the Company;
 - (xi) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 - (xii) Examination of the financial statement and the auditors' report thereon
 - (xiii) Approval or any subsequent modification of transactions of the Company with related parties;
 - (xiv) Scrutiny of inter-corporate loans and investments;

- (xv) Valuation of undertakings or assets of the company, wherever it is necessary;
- (xvi) Monitor the end use of funds raised through public offers and related matters
- (xvii) Evaluation of internal financial controls and risk management systems

(c) Meetings:

Four Audit Committee Meetings were held during the year under review. The attendance status of the Members at these meetings is provided below. The Internal Auditors as well as Statutory Auditors of the Company were invited and remained present for all the Audit Committee meetings

Sr No	Name of the Member	Number of Meetings attended
(1)	Mr Surinder Singh Kohli	4
(2)	Mr Arun K Saha	4
(3)	Mr Vibhav Kapoor	4

(2) Nomination and Remuneration Committee:

In accordance with the provisions of the Companies Act, 2013, the Company has changed the nomenclature of the Committee from “Remuneration Committee” to “Nomination and Remuneration Committee” and the Committee has also been duly reconstituted so as to include the Independent Directors

- (a) Constitution: Mr Surinder Singh Kohli

Mr Ravi Parthasarathy

Mr Hari Sankaran

Mr Vibhav Kapoor

- (b) Terms of Reference:

- (i) Review annually the Compensation Structure for CEO, Directors and Senior Management
- (ii) Review and Recommend to the Board Annual Increments, Incentive and Bonus Plans, Promotions for Employees of the Company

- (iii) Review and Recommend to the Board any other benefits, compensation or arrangements
- (iv) Determines and approves the internal framework of distribution of the Performance Related Pay (PRP) to the employees of the Company including Whole Time Director(s)
- (v) Recommend to the Board appointment and removal of Directors and Senior Management
- (vi) Evaluate performance of the Board of Directors
- (vii) Recommend to the Board a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees
- (viii) Seeks advice and assistance from Internal or External Legal Advisors
- (ix) Consider any other matter as required by the provisions of the Companies Act, 2013

(3) Administration Committee:

- (a) Constitution: Mr Arun K Saha
Mr Ramesh C Bawa
Mr Milind Patel

- (b) Terms of Reference:

The Committee approves all administrative matters including but not limited to allotment, buy-back and transfer of shares/ debentures/ securities, opening/ closing of bank accounts, change in authorised signatories for various operations, issue of Power of Attorney to the officials of the Company to do various incidental and/ or other matters in the ordinary course of business of the Company

(4) Asset Liability Management Committee:

(a) Constitution: Mr Ramesh C Bawa

Mr Arun K Saha

Mr Milind Patel

Mr Manu Kochhar

Mr M M Wagle

Mr Sujoy Das

Mr Rajesh Kotian

(b) Terms of Reference:

(i) To put in place Management Information System for quick analysis and consolidation of data for managing the assets and liabilities with respect to maturity mismatches and various risks associated therewith

(ii) Monitoring and managing liquidity and interest rate structures

(iii) Review of Funding and Capital Planning

(iv) Review periodically the Market Scenario and preparation of Contingency plans

(v) Approves pricing of assets and liabilities

(vi) Devise a risk mitigation framework etc

(c) Meetings:

Five Asset Liability Management Committee Meetings were held during the year under review

It has been proposed to induct Mr Aresh Dutta, Chief Operating Officer as an additional member of this Committee

(5) Committee of Directors:

(a) Constitution: Mr Ravi Parthasarathy

Mr Hari Sankaran

Mr Arun K Saha

Mr Ramesh C Bawa

(b) Terms of Reference :

The Committee of Directors deals with all operational matters, including credits and investments, subject to limits specified by the Board of Directors from time to time. The term of reference of the Committee is as follows:

- (i) To supervise daily operations of the Company;
- (ii) To borrow monies;
- (iii) To approve policy matters and amendment thereof relating to the routine operations of the Company. Other policy matters relating to strategic business activities/ decisions would remain solely within the purview and authority of the Board of Directors;
- (iv) To supervise the operations of the Company in the ordinary conduct of business and to exercise all such powers and to do all such acts and deeds for and on behalf of the Board of Directors in terms of and subject to the provisions of Section 179 and other applicable provisions of the Companies Act, 2013 and the applicable Rules made thereof;
- (v) To approve credit/ investment proposals within the limits as set by the Company in General Meetings under Sections 180 and any such other applicable provisions of the Companies Act, 2013 from time to time. All proposals related to credits, investments and borrowings approved under the abovementioned framework would be reported to the Board of Directors at quarterly intervals;
- (vi) To invest the funds of the Company;
- (vii) To grant loans or give guarantee or provide security in respect of loans

(6) Nomination Committee:

- (a) Constitution: Mr Arun K Saha
Mr Hari Sankaran
Mr Ramesh C Bawa

- (b) Terms of Reference :

The Nomination Committee is constituted to ensure that the general character of the management or the proposed management of the Company is not prejudicial to the interest of its present and future depositors, if any, and to ensure “fit and proper” status of the existing and proposed Director(s) of the Company

(7) Risk Management Committee:

- (a) Constitution: Mr Surinder Singh Kohli
Mr Arun K Saha
Mr Ramesh C Bawa
Mr Milind Patel
Mr Rajesh Kotian

- (b) Terms of Reference :

- (i) Oversee, identify and evaluate internal and external risks associated with the business operations of the Company
- (ii) Monitor and approve the risk policies and framework, process and practice
- (iii) Review the adequacy of risk mitigation / framework and recommend necessary actions / process
- (iv) Ensure compliance with statutory regulations and internal guidelines

The Risk Management Committee of the Company was reconstituted on July 1, 2013 and the meetings of the Committee are being held on a half yearly basis

(8) Disciplinary Committee:

(a) Constitution : Mr Hari Sankaran

Mr Arun K Saha

Mr Vibhav Kapoor

(b) Terms of Reference:

The Disciplinary Committee is constituted to oversee disciplinary matters arising from implementation of the Code of Conduct for Prevention of Insider Trading and is empowered with rights to impose penalties / penal action against erring employees for breach of any of the provisions of Code of Conduct

(9) Investment Portfolio Review Committee:

The Investment Portfolio Review Committee of the Company was constituted on December 8, 2010, with a view to monitor the Investment Portfolio of the Company on regular basis

(a) Constitution : Mr Vibhav Kapoor

Mr Ramesh C Bawa

Mr Milind Patel

Mr Shahzaad Dalal

Ms Archana Hingorani

Mr Sujoy Das

Mr Ramgopal Kundurthi

Mr Deepak Pareek

(b) Terms of Reference:

(i) Review and approve the investment proposal within the approved framework

(ii) Review periodically performance of Investment and Treasury portfolio and Trading Strategy and whenever stop loss action is triggered

(iii) Monitor and ensure compliance with Statutory Requirements

- (iv) Advise on corrective measures as required
- (v) Monitoring MTM position of portfolio
- (vi) Monitoring compliance with prudential limits for portfolio operations and authorisation of exceptions in exercise of delegated authority
- (vii) Periodic review of list of empanelled brokers
- (viii) Selection of performance benchmarks; monthly performance review
- (ix) Approval of measures to streamline operational flow and strengthen operational controls
- (x) Recommending risk management measures for the consideration of the Committee of Directors/ Board of Directors
- (xi) And such other matters as the Committee may consider for review

(c) Meetings:

Six Investment Portfolio Review Committee Meetings were held during the year under review

The Company also has independent Investment and Treasury Committee to review ongoing investment and treasury activities

(10) Asset Review Committee:

- (a) Constitution: Mr Arun K Saha
 Mr Ramesh C Bawa
 Mr Milind Patel
 Mr Sujoy Das
 Mr Pradeep Ratnam
 Mr Deepak Pareek

It has been proposed to induct Mr Aresh Dutta, Chief Operating Officer as an additional member of this Committee

(b) Terms of Reference:

The Asset Review Committee reviews sub-standard assets of the Company and provides its recommendations on dealing with such assets for consideration of Audit Committee

(11) Grievance Redressal Committee:

- (a) Constitution: General Counsel
Chief Financial Officer
Company Secretary

(b) Terms of Reference:

The Grievance Redressal Committee is constituted under the Fair Practices Code adopted by the Company to dispose the grievances pertaining to application and processing of loans, loan appraisal terms / conditions, disbursement of loans including changes in terms and conditions, release of securities on repayment of all dues by the client, transfer of borrowal account etc and report to the Board of Directors on the status of outstanding grievances

(12) Stakeholders' Relationship Committee:

In accordance with the provisions of the Companies Act, 2013, the nomenclature of the Committee has been changed from "Shareholder's/Investor's Grievance Committee" to "Stakeholders' Relationship Committee". The Committee has been constituted to specifically look into redressal of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends

- (i) Constitution: Mr Arun K Saha
Mr Milind Patel
Mr Rajesh Kotian

CEO/CFO CERTIFICATION:

A certificate certifying compliance of various applicable provision duly signed jointly by the CEO and CFO of the Company is attached as a annexure to the Annual Report

CODE OF CONDUCT:

The Company has framed and adopted a Code of Conduct applicable to members of the Board as well as the Senior Management of the Company. The Code has been approved by the Board of Directors of the Company and has also been posted on the website www.ilfsifin.com. For the year under review, all Directors and Senior Management Personnel confirmed adherence to the provisions of the Code

PARTICULARS OF EMPLOYEES:

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is available at the registered office of your Company. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary / Compliance Officer at the Registered Office address of the Company

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

Particulars required to be furnished under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are as under :

- (1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company
- (2) The particulars as regards foreign exchange income and expenditure appear as item 24 in the notes to the accounts forming part of Annual Accounts of the Company

ACKNOWLEDGEMENTS:

The Directors of the Company would like to express their grateful appreciation for the excellent support and co-operation received from Members, Central and State Governments, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Depositories, Debenture Trustees, Overseas Regulators, Rating Agencies and other Banks and Financial Institutions as well as other regulatory authorities and look forward for their continued support and encouragement

By the Order of the Board

Date : May 08, 2014

Place : New Delhi

Ravi Parthasarathy

Chairman



We have augmented our bouquet of services by setting up ventures - Infrastructure Debt Fund (IDF), Merchant Banking, Institutional Broking and services in key international markets in order to provide an integrated business platform



New Ventures

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IL&FS FINANCIAL SERVICES LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **IL&FS FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

6. Further to our comments above, we report as follows:
- A. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
 - B. As required by Section 227(3) of the Act, we report that:
 - (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) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act. (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs); and
 - (e) On the basis of the written representations received from the Directors as on March 31, 2014 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, May 08, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Re: IL&FS FINANCIAL SERVICES LIMITED)

(Referred to in paragraph 6 (A) above of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (ii), (viii), (x), (xiii) and (xx) of Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (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 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 loans aggregating to ₹ 8,084.98 million to 11 parties during the year. At the year end, the outstanding balances of loans to parties covered in the register maintained under Section 301, aggregated ₹ 14,185.44 million (number of parties 9) and the maximum amount involved during the year was ₹ 16,734.64 million (number of parties 13).
 - (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) During the year the receipts of principal amounts and interest (where contractually receivable) have been generally regular.
 - (d) There are no overdue amounts over ₹ 0.1 million remaining outstanding as at March 31, 2014.

In respect of loans, secured or unsecured, taken by the Company from 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 taken loans aggregating to ₹ 69,369.39 million from 9 parties during the year. At the year-end, the outstanding balances of loans taken from parties covered in the register maintained under Section 301 aggregated to ₹ 1,917.87 million (number of parties 5) and the maximum amount involved during the year was ₹ 12,832.17 million (number of parties 9).
- (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 in respect of such loans have during the year been regular.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered in the register maintained under the said Section (excluding loans reported under paragraph (iii) above). Accordingly sub-clause (b) of clause (v) of CARO is not applicable.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

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

- (a) The Company has been generally regular in depositing undisputed statutory dues including relating to Income Tax, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Service Tax, Sales Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable on account of the above dues in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Sales Tax and Income-Tax which have not been deposited as on March 31, 2014 on account of disputes are given below:

Name of statute	Nature of the dues	Amount (₹ In Mn.)	Period of which the amount relates	Forum where dispute is pending
Rajasthan Sales Tax	Sales Tax	6.96	FY 1997-98 and FY 1998-99	High Court of Rajasthan, Jodhpur
Kerala Sales Tax	Sales Tax	0.59	FY 2000-01	High Court of Kerala, Ernakulam
Income Tax Act	Income Tax	0.75	AY 2010-11, AY 2011-12 and AY 2012-13	CIT (A) (TDS)
Finance Act, 1994	Service Tax	0.67	FY 2008-09 and FY 2009-10	Central Excise & Service Tax Appellate Tribunal

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

- (xii) 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.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the company during the year for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long- term investment.
- (xv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvi) According to the information and explanations given to us, during the period covered, by our audit report, the Company has issued 6,575,000 secured Non-Convertible Debentures of ₹ 1,000 each. The Company has created security in respect of the debentures issued.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company was noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Kalpesh J. Mehta

Partner

(Membership No. 48791)

MUMBAI, May 08, 2014

BALANCE SHEET

(₹ in million)

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	2,656.68	2,656.68
Reserves and Surplus	2	16,796.12	15,854.84
		19,452.80	18,511.52
NON CURRENT LIABILITIES			
Long- term Borrowings	3	62,590.22	62,947.50
Other Long- term Liabilities	4	129.34	240.33
Long- term Provisions	5	4,190.21	3,547.28
		66,909.77	66,735.11
CURRENT LIABILITIES			
Short- term Borrowings	3	21,528.00	16,915.78
Trade Payables	6	189.04	125.37
Current Maturity of Long- term Borrowings	3	27,810.83	24,044.07
Other Current Liabilities	4	1,724.01	1,332.97
Short- term Provisions	5	3,242.50	2,965.03
		54,494.38	45,383.22
TOTAL		140,856.95	130,629.85
ASSETS			
NON CURRENT ASSETS			
Fixed Assets (Net)			
Tangible Assets	7	57.56	84.41
Intangible Assets	7	9.48	6.69
Deferred Tax Assets (Net)	8	1,372.80	1,127.80
Non-Current Investments	9	28,759.25	25,841.81
Long -term Loans and Advances	12	44,536.82	54,665.17
Other Non- Current Assets	15	973.10	625.58
		75,709.01	82,351.46
CURRENT ASSETS			
Current Maturity of Non-Current Investments	10	2,302.47	2,780.58
Current Maturity of Long- term Loans and Advances	12	28,313.25	21,813.31
Current Investments	11	4,459.03	3,010.65
Trade Receivables (Net)	13	1,929.79	1,630.10
Cash and Cash Equivalents	14	5,476.31	1,950.11
Short- term Loans and Advances	12	20,369.68	15,913.94
Other Current Assets	15	2,297.41	1,179.70
		65,147.94	48,278.39
TOTAL		140,856.95	130,629.85

Notes 1 to 29 annexed hereto forms part of Financial Statements

In terms of our Report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Kalpesh J Mehta
Partner
Membership No. 48791
Mumbai, May 08, 2014

Ravi Parthasarathy
Ramesh C Bawa
Deepak Pareek
Neelam Desai

New Delhi, May 08, 2014

For and on behalf of the Board

Chairman
Managing Director & CEO
Chief Financial Officer
Company Secretary

STATEMENT OF PROFIT AND LOSS

(₹ in million)

	Note	Year ended March 31, 2014	Year ended March 31, 2013
REVENUE			
Revenue from Operations	19	18,059.35	17,529.35
Other Income		90.51	21.63
		18,149.86	17,550.98
EXPENSES			
Finance Costs	20	11,554.66	11,188.30
Employee Benefit Expenses	21	550.23	597.22
Operating Expenses	21	876.15	750.99
Depreciation and Amortisation	7	40.59	42.00
Provisions and Contingencies	22		
- Provision for Loans, Advances and Debtors		592.87	351.06
- Provision for Diminution on Investment		434.58	(381.70)
- Provision for General Contingency		550.00	500.00
		14,599.08	13,047.87
PROFIT BEFORE TAX		3,550.78	4,503.11
TAX EXPENSES			
Current Tax		1,145.00	1,563.00
Adjustment for Earlier Years		-	(193.00)
Deferred Tax		(245.00)	(363.00)
PROFIT FOR THE YEAR		2,650.78	3,496.11
EARNING PER SHARE	23		
Basic and Diluted		9.98	13.16
(Face value per share ₹ 10)			

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New Delhi, May 08, 2014

For and on behalf of the Board

Chairman
Managing Director & CEO
Chief Financial Officer
Company Secretary

CASH FLOW STATEMENT

(₹ in million)

	Year ended March 31, 2014	Year ended March 31, 2013
(A) CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	3,550.78	4,503.11
Adjustments for:		
Depreciation and Amortisation	40.59	42.00
Provision and Contingencies	1,577.45	469.36
Provision for Employee Benefits (Net)	(33.49)	64.08
Assets written off	-	30.00
Provision written back	(35.69)	-
Dividend and Pass Through Income on Long-term Investments	(401.17)	(254.76)
Profit on sale of Long-term Investments	(876.48)	(425.16)
Loss on Sale of Assets	3.50	0.35
Operating Profit before Working Capital Changes	3,825.49	4,428.98
Adjustments for changes in:		
(Increase)/Decrease in Current Investments	(1,448.38)	2,986.04
Increase in Long-term and Short-term Advances	(43.80)	(89.24)
Increase in Trade Receivables	(415.93)	(659.42)
Increase/(Decrease) in Trade Payables	63.67	(420.40)
Proceeds from Short-term Borrowings (Net)	4,612.21	2,053.46
Increase in Other Current and Non-Current Assets	(1,465.23)	(438.00)
Increase in Other Current and Non-Current Liabilities	333.81	256.59
	5,461.84	8,118.01
Payment of Advance Tax (Net of refund)	(1,255.69)	(1,643.57)
	4,206.15	6,474.44
Loan Disbursed (Net)	(880.91)	(18,187.20)
Credit Instruments (Net)	177.05	1,683.94
NET CASH GENERATED FROM/(USED) IN OPERATING ACTIVITIES A	3,502.29	(10,028.82)

(₹ in million)

		Year ended March 31, 2014	Year ended March 31, 2013
(B) CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Long-term Investments (including advance towards investments):			
Subsidiaries, Associates and Joint Ventures		(436.78)	(441.04)
Others		(3,689.65)	(2,320.18)
Proceeds from Sale of Long-term Investments:			
Others		2,224.62	1,950.81
Dividend Income on Long-term Investments		401.17	132.74
Purchase of Fixed Assets including CWIP		(20.74)	(54.21)
Proceeds from Sale of Fixed Assets		0.72	0.10
NET CASH USED IN INVESTING ACTIVITIES	B	(1,520.66)	(731.78)
(C) CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long-term Borrowings		24,720.15	12,099.70
Repayment of Long-term Borrowings		(27,885.67)	(5,298.03)
Proceeds from issue of Tier II Capital		-	4,000.00
Proceeds from issue of Debentures		6,575.00	2,500.00
Dividend paid on Equity (including Tax thereon)		(1,864.91)	(1,698.21)
NET CASH GENERATED FROM FINANCING ACTIVITIES	C	1,544.57	11,603.46
D) NET INCREASE IN CASH AND CASH EQUIVALENTS			
	(A+B+C)	3,526.20	842.86
Cash and cash equivalents at the beginning of the year		1,950.11	1,107.25
Cash and cash equivalents at the end of the year		5,476.31	1,950.11

Notes 1 to 29 annexed hereto forms part of Financial Statements

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For Deloitte Haskins & Sells LLP
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Membership No. 48791
Mumbai, May 08, 2014

Ravi Parthasarathy
Ramesh C Bawa
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Neelam Desai

New Delhi, May 08, 2014

For and on behalf of the Board

Chairman
Managing Director & CEO
Chief Financial Officer
Company Secretary

NOTES FORMING PART OF THE ACCOUNTS

Background

IL&FS Financial Services Limited is incorporated in India as a public limited Company and registered with the Reserve Bank of India as Non Deposit Taking Non Banking Financial Services Company (NBFC). The Company is engaged in financial services business comprising of lending, investments and advisory services

(1) SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India to comply with the Accounting Standard notified under section 211(3C) of the Companies Act, 1956 (Accounting Standards) Rules, 2006 (as amended) ("the 1956 Act") (which continues to be applicable in respect of Section 133 of the Companies Act, 2013) ("the 2013 Act"), in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs and Guidelines issued by the Reserve Bank of India. All income and expenditure having a material bearing on the Financial Statements are recognised on accrual basis

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the Financial Statements and the reported income and expenses during the reporting year. Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates. Any change in the estimates is recognised prospectively in current and future period

(b) Fixed Assets

(i) Leased Assets

Type of Lease	Capitalisation	Depreciation Policy
Operating Lease	At Cost, including incidental expenses to bring the asset to its working condition	Straight Line Method at the rates and in the manner provided under Schedule XIV of the Companies Act, 1956
Finance Lease (entered into before April 1, 2001)	At Cost, including incidental expenses to bring the asset to its working condition	Over the primary lease year under the Straight Line Method at the rates and in the manner provided under Schedule XIV of the Companies Act, 1956
Capital Expenditure on renovation / improvements of lease-hold premises	At Cost	Amortised over the primary year of the lease

- (a) In respect of Finance Leases, the residual value of leased assets is amortised over the secondary lease year, wherever specified in the lease agreement. In respect of assets where the secondary year is not specified, the residual value is amortised over a period of five years
- (b) Finance Leases entered into after April 1, 2001 have been treated as Loans in accordance with Accounting Standard 19 (AS-19) – “Leases”

(ii) Other Fixed Assets

- (a) Fixed Assets including intangible assets have been capitalised at cost of acquisition and other incidental expenses
- (b) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any
- (c) Fixed Assets are depreciated on the Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, exception the case of certain assets, which are depreciated at the rates as indicated below:

Asset Type	Useful Life
Tangible Fixed Assets	
Data Processing Equipments	4 years
Specialised Office Equipment	3 years
Assets provided to Employees (other than Vehicles)	3 years
Vehicles provided to Employees	5 years
Mobile Phones, Tablets and Soft Furnishings	In the year of capitalisation
Lease Improvements	Over the lease year
Intangible Assets	
Licensed Software	Over the license year not exceeding 5 years
Web-site and Portals	5 years

- (d) Assets costing ₹ 5,000 or less, are fully depreciated in the year of purchase
- (e) Depreciation on Furniture and Fixture, Office Equipment and Electrical Installation is provided for on the Written Down Value Method at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956
- (f) The carrying values of assets of the cash-generating unit at each balance sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if carrying value of those assets is higher than the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to present value using discount factor

(c) Operating Leases

Leases where the lessor effectively retains substantially, all the risks and benefits of ownership over the lease term are classified as operating lease. Lease rental income/expenses in respect of operating leases is recognised in the statement of profit and loss on a straight line basis over the lease term

(d) Investments

- (i) Investments are capitalised at cost including costs incidental to acquisition
- (ii) Investments are classified into long-term or current investments at the time of acquisition of such investments
- (iii) Long-term investments are individually valued at cost less provision for diminution, other than temporary
- (iv) Current investments are valued at lower of cost and fair value of investments on a category basis
- (v) Reclassification of investments from the current to the long-term category is made at the lower of cost and fair value either on April 1st or October 1st of the year. Resultant loss, if any, is recognised in the Statement of Profit and Loss immediately

(e) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year

Diluted earnings per share is calculated by dividing the net profit after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities

(f) Cash Flow Statement

- (i) Cash flows are reported using the indirect method, whereby profit / (loss) 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. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

(g) Foreign Currency Transactions

(i) Foreign Currency Transactions and Balances

Initial Recognition

Foreign currency transactions are recorded at the rate prevailing on the date of the transaction

Conversion

Foreign currency monetary items are restated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction

Exchange Differences

The exchange differences on foreign currency short-term monetary items are recognised as income or as expenses in the period in which they arise

(ii) Foreign Currency Long-term Monetary Items

The Company has exercised the option of amortising / capitalising the exchange differences arising on long-term foreign currency monetary items as given under Ministry of Corporate Affairs (MCA) Notification No. G.S.R 914(E) dated December 29, 2011

(h) Derivative Transactions

- (i) All contracts are marked-to-market based on category of contracts and losses are recognised to the Statement of Profit and Loss. However, gains arising on such derivative products are not recognised on grounds of prudence
- (ii) Premium received upfront on options written by the Company is accounted as a liability. Losses if any due to change in the fair value of the underlying shares is accounted through the Statement of Profit & Loss

(i) Revenue Recognition

- (i) Interest and other dues on the Lending is recognised on accrual basis, except in case of Non-Performing Assets (NPA's), wherein income is recognised on realisation of the same. NPA's are determined in accordance with the Guidelines issued by the Reserve Bank of India
- (ii) Income on Discounted Instruments is recognised over the tenor of Instruments on straight line basis
- (iii) Upfront fee received on the Loans disbursed to borrowers is amortised as income on a pro rata basis over the tenor of loan
- (iv) Lease income in respect of assets capitalised up to March 31, 2001 is accounted in accordance with the Guidance Note on Accounting for Leases. Lease income in respect of assets capitalised on or after April 1, 2001 is recognised as per Accounting Standard 19 (AS-19) – Leases
- (v) Income on services provided in the nature of Corporate Advisory, Project Debt Syndication, Project Finance and other Services fee based income is recognised on an accrual basis on completion of services as enumerated in the milestones specified in the relevant mandate letters
- (vi) Dividend income is recognised once the unconditional right to receive dividend is established
- (vii) Income from investment in units of Private Equity Funds (PEF) is recognised on the basis of the income distributed by the respective PEF
- (viii) Fee received on providing Guarantees is recognised in the Statement of Profit and Loss over the period of Guarantee on straight line basis

(j) Finance Costs

Finance cost attributable to the acquisition of the qualifying assets is capitalised as part of the cost of that asset. Other finance costs are recognised as expenses in the year in which the cost is incurred. Other finance Charges includes Origination fees with respect to funds mobilised by the Company. The above charges are amortised over the tenure of such borrowings

(k) Employee Benefits

- (i) Contributions to Provident Fund and Superannuation Fund are charged to the Statement of Profit and Loss as per applicable law/ rules
- (ii) The Company has taken Group Gratuity Scheme for gratuity payable to the eligible employees. Incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss. Actuarial gain or losses are also recognised in the Statement of Profit and Loss
- (iii) The leave balance has been classified as Short-term and Long-term, based on the best estimates after considering the past trends. The Short-term leave encashment liability for the expected leave to be encashed has been measured by actuary on actual component eligible for leave encashment and expected Short-term leave to be availed is valued at total cost to the Company. Long-term leave is valued on actuarial basis determined on the basis of projected unit cost method

(l) Taxation

Income Tax comprises of Current tax and net changes in Deferred Tax Assets or Liability during the year. Current tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income Tax Act, 1961

Deferred tax assets and liabilities are recognised for future tax consequences of timing differences between the book profit and tax profit. Deferred tax assets and liabilities, other than carry forward losses and unabsorbed depreciation as computed under the tax laws, are recognised when it is reasonably certain that there will be future taxable income. Carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit. Deferred tax assets and liabilities are measured using substantively enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Statement of Profit and Loss in the year of substantive enactment of the change

(m) Provisions for Non Performing Assets (NPAs) and Investments

- (i) NPAs are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions / write offs are made against sub-standard, doubtful and loss assets at the rates prescribed in the RBI guidelines, unless an accelerated provision / write-off is warranted on a case to case basis in respect of NBFI activities
- (ii) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. Loans are considered as secured, where the Company has valid recourse to assets / recovery by :
 - (a) Equitable mortgage of property and / or
 - (b) Pledge of shares, units, other securities, and / or
 - (c) Hypothecation of assets and / or
 - (d) Bank guarantees and / or
 - (e) Decretal debts where Courts have attached property
- (iii) Impairment in the investment portfolio is provided / written-off, as per the Guidelines issued by the RBI, unless an accelerated provision / write-off is warranted on a case to case basis
- (iv) For Non NBFI activities provision/write off is done based on evaluation performed by the Management
- (v) The Company carries a significant quantum of project finance and investment banking assets in its books. Given the risk profile of such assets, the Company creates a provision for general contingency to cover adverse events that may affect the quality of the Company's assets
- (vi) With regard to restructured credit facilities, the Company had followed RBI Circular No.DBS.FID No. C-19 dated March 28, 2001 applicable to All India Term Lending and Refinancing Institutions till January 22, 2014. From January 23, 2014, the Company has adopted RBI Circular No DNBS (PD) No. 272 dated January 23, 2014 applicable to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies. Provision recognition on such restructured facilities is as per the said foregoing circulars

(n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements

(2) SHAREHOLDERS' FUNDS

- (a) The details of the Authorised, Issued, Subscribed and paid-up Share Capital is as below:

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Authorised Share Capital		
300,000,000 (Previous Year : 300,000,000) Equity Shares of ₹ 10 per share	3,000.00	3,000.00
Issued, Subscribed and fully paid-up		
265,667,555 (Previous Year : 265,667,555) Equity Shares of ₹ 10 per share fully paid-up	2,656.68	2,656.68

- (b) The entire shareholding of the Company is held by Infrastructure Leasing & Financial Services Ltd (IL&FS) and its nominees
- (c) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The shares are entitled to interim dividend if proposed by the Board of Directors. The final dividend is subject to approval of the shareholder in the Annual General Meeting

(d) Reserve and Surplus comprises of:

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Securities Premium Account	8,538.84	8,538.84
Special Reserve I	3,627.15	3,096.99
Special Reserve II	78.65	40.65
General Reserve	1,802.52	1,537.44
Surplus in Statement of Profit and Loss	2,748.96	2,640.92
Total	16,796.12	15,854.84

(e) Special Reserve I represents reserve created, pursuant to the Reserve Bank of India (Amendment) Ordinance 1997 under Section 45 (1) (c) of the Reserve Bank of India Act, 1934. Details of the addition and deletion to the Special Reserve I are as below :

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	3,096.99	2,397.77
Addition:		
Transferred from Statement of Profit and Loss	530.16	699.22
Balance at the end of the year	3,627.15	3,096.99

(f) Special Reserve II has been created in terms of Section 36 (1) (viii) of Income Tax Act, 1961 out of the distributable profits of the Company. The details of addition and deletion to the Special Reserve II is as below :

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	40.65	23.65
Addition:		
Transferred from Statement of Profit and Loss	38.00	17.00
Balance at the end of the year	78.65	40.65

- (g) Details of the addition and deletion to the General Reserve are as below :

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	1,537.44	1,187.83
Addition:		
Transferred from Statement of Profit and Loss	265.08	349.61
Balance at the end of the year	1,802.52	1,537.44

- (h) The Surplus in the Statement of Profit and Loss is arrived at as per the table below:

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	2,640.92	2,075.55
Profit for the year	2,650.78	3,496.11
Less: Appropriations :		
Proposed Dividend	1,461.17	1,594.01
Dividend Distribution Tax on above	248.33	270.90
Balance Transferred to :		
General Reserve	265.08	349.61
Special Reserve I	530.16	699.22
Special Reserve II	38.00	17.00
Balance at the end of the year	2,748.96	2,640.92

- (i) The Company has proposed dividend for the year ended March 31, 2014 on equity shares of ₹ 5.50 per share aggregating to ₹ 1,461.17 mn, which is subject to approval of Shareholders. Dividend Distribution Tax on the same is ₹ 248.33 mn

(3) BORROWINGS

- (a) The Borrowings of the Company have been classified into Secured and Unsecured Loans and represents loans raised from Banks and Others. Security wise profile of the Company's Borrowings for each class are as below:

(₹ in million)

Particulars	As at March 31, 2014				As at March 31, 2013			
	Short-term	Long-term		Total	Short-term	Long-term		Total
		Current Portion	Non-Current			Current Portion	Non-Current	
Secured								
Debentures	-	300.00	8,775.00	9,075.00	-	-	2,500.00	2,500.00
Term Loan from Banks	4,107.44	26,550.83	44,329.17	74,987.44	3,987.11	20,904.17	52,242.50	77,133.78
Collateralised Borrowings (CBLO)	1,827.24	-	-	1,827.24	1,392.80	-	-	1,392.80
	5,934.68	26,850.83	53,104.17	85,889.68	5,379.91	20,904.17	54,742.50	81,026.58
Unsecured								
Subordinated Debt (Tier II Capital)	-	-	8,000.00	8,000.00	-	-	8,000.00	8,000.00
Term Loan from Banks	1,000.00	-	-	1,000.00	-	2,200.00	-	2,200.00
Term Loan from Others	1,880.40	670.00	1,480.45	4,030.85	938.74	35.00	100.00	1,073.74
Term Loan from Related Parties (Refer Note 25)	1,636.27	290.00	5.60	1,931.87	825.20	904.90	105.00	1,835.10
Commercial Papers (Gross)	11,590.00	-	-	11,590.00	10,040.00	-	-	10,040.00
Less : Unexpired Discount	(513.35)	-	-	(513.35)	(268.07)	-	-	(268.07)
	15,593.32	960.00	9,486.05	26,039.37	11,535.87	3,139.90	8,205.00	22,880.77
Total	21,528.00	27,810.83	62,590.22	111,929.05	16,915.78	24,044.07	62,947.50	103,907.35

- (b) All Secured Borrowings obtained by the Company (including Current Maturity of Long-term Borrowings and Short-term Borrowings except CBLO borrowing) are covered under a pari-passu first charge on all the assets, excluding Immovable Property, Trading Portfolio (current investments), Non-Current Investments where Company has given Non disposable undertaking, Investment in Subsidiaries and Affiliates, Tax Assets, Deferred Tax Assets and Unamortised Expenses. Secured Borrowing includes certain Loans, where security creation is under process
- (c) Age-wise Analysis and Repayment terms of the Company's Long-term Secured Borrowings from Banks are as below:

(₹ in million)			
Particulars	As at March 31, 2014	As at March 31, 2013	Frequency of Repayment*
1-2 Years	29,650.00	25,825.83	MT,Y,HY
2-3 Years	8,804.17	21,466.67	MT,Y,HY
3-4 Years	3,000.00	4,950.00	MT,Y
4-5 Years	2,875.00	-	MT,Y
Total	44,329.17	52,242.50	

*MT= Bullet payment on Maturity, Y=Yearly Installment, HY= Half yearly Installment

- (d) The details of Secured Non-Convertible Debentures(NCDs) issued on private placement basis are as below:

Type of NCDs	Number of NCDs Issued	Number of NCDs outstanding as on March 31, 2014	March 31, 2013	Face Value per NCD (₹)	Interest Rate (%)	Final Date of Redemption
2012 Series IV	500,000	500,000	500,000	1,000	9.54	28-Sep-22
2013 Series VI	1,075,000	1,075,000	-	1,000	9.90	28-Jan-19
2013 Series I	1,750,000	1,750,000	-	1,000	10.50	17-Sep-18
2013 Series II	500,000	500,000	-	1,000	10.50	28-Aug-18
2012 Series VI	289,000	289,000	289,000	1,000	9.60	07-Jan-18
2012 Series III	500,000	500,000	500,000	1,000	9.75	03-Sep-17
2012 Series II	1,000,000	1,000,000	1,000,000	1,000	9.75	13-Aug-17
2013 Series V	770,000	770,000	-	1,000	10.50	27-Sep-16
2013 Series IV	1,000,000	1,000,000	-	1,000	10.50	25-Sep-16
2013 Series I	200,000	200,000	-	1,000	10.65	17-Sep-16
2012 Series VI	211,000	211,000	211,000	1,000	9.65	07-Jan-16
2013 Series VII	500,000	500,000	-	1,000	9.90	25-Sep-15
2013 Series I	480,000	480,000	-	1,000	10.75	17-Sep-15
2013 Series III	300,000	300,000	-	1,000	10.71	22-Dec-14

- (e) Subordinated Debt comprises of 8,000,000 Unsecured Redeemable Non-Convertible Debentures (NCD) as per details below issued on private placement basis:

Type of NCDs	Number of NCDs Issued	Number of NCDs outstanding as on March 31, 2014	March 31, 2013	Face Value per NCD (₹)	Interest Rate (%)	Final Date of Redemption
2012 Series VII	1,000,000	1,000,000	1,000,000	1,000	9.55	28-Feb-2023
2012 Series V	1,000,000	1,000,000	1,000,000	1,000	9.55	27-Nov-2022
2012 Series I	2,000,000	2,000,000	2,000,000	1,000	10.15	29-Jun-2022
2011 Series II	2,000,000	2,000,000	2,000,000	1,000	10.30	22-Mar-2022
2011 Series I	2,000,000	2,000,000	2,000,000	1,000	10.30	28-Dec-2021

- (f) Age-wise Analysis and Repayment terms of the Company's Long-term Unsecured Borrowings from Others are as below:

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013	Frequency of Repayment*
1-2 Years	0.45	100.00	MT
2-3 Years	1,480.00	-	MT
Total	1,480.45	100.00	

* MT = Bullet payment on Maturity

- (g) Term Loan from Related Parties carries interest rate of 11.25% (As at March 31, 2013: 10.00%). Remaining Contractual Maturity for bullet repayment as on March 31, 2014 is between 2-3 years (As at March 31, 2013 : 1-2 years)
- (h) CBLO of ₹ 1,827.24 mn (As at March 31, 2013 : ₹ 1,392.80 mn) are secured by Government securities (G-Sec) held as part of Investment Portfolio (Refer note 11(b))
- (i) The maximum amount of Commercial Paper outstanding during the year was ₹ 17,240.00 mn (Previous Year : ₹ 21,050.00 mn)

(4) OTHER CURRENT AND LONG-TERM LIABILITIES

(₹ in million)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Current	Long-term	Current	Long-term
Interest Accrued but not Due	993.49	47.07	568.21	86.91
Income Received in Advance	497.76	65.66	484.80	117.91
Security Deposits Received	165.10	16.61	165.10	35.51
Statutory Dues Payable	29.20	-	32.30	-
Retention Money Payable	10.40	-	10.76	-
Other Payables	28.06	-	71.80	-
Total	1,724.01	129.34	1,332.97	240.33

(5) SHORT-TERM AND LONG-TERM PROVISIONS

(a) Break-up of the Provisions are as below:

(₹ in million)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Short-term	Long-term	Short-term	Long-term
I. For Loans and Advances				
Standard Assets	-	250.00	-	250.00
Non- Performing Assets	548.43	-	207.64	-
Standard Restructured Assets	-	71.00	-	-
Others*	-	368.97	-	227.31
II. For Diminution on Investments				
Diminution in value of Investments	697.65	461.28	484.21	243.28
Mark to Market on Derivatives	16.24	-	13.10	-
III. Others				
Employee Benefits	213.74	26.46	282.69	26.69
Provision for Income Tax (Net)	56.94	-	112.48	-
Proposed Dividend	1,461.17	-	1,594.01	-
Dividend Distribution Tax	248.33	-	270.90	-
General Contingencies	-	3,012.50	-	2,800.00
Total	3,242.50	4,190.21	2,965.03	3,547.28

*Includes ₹ 239.81 mn (as on March 31, 2013: ₹169.16 mn) provision on unrealised income on loans settled by invocation of unquoted equity shares [Refer note 22]; ₹ 111.91 mn (as on March 31, 2013: ₹ 58.14 mn) Provision made for interest sacrifice on restructured loans [Refer note 19(a)] and ₹ 17.26 mn (as on March 31, 2013: ₹ NIL), provision for funded interest term loan created as per restructuring terms (Refer note 19 (a))

(b) Contingent Provision against Standard Assets aggregating ₹ 250 mn (As on March 31, 2013 : ₹ 250 mn) represents provision made pursuant to Reserve Bank of India Circular DNBS.PD.CC.No.207/ 03.02.002 /2010-11 issued on January 17, 2011 requiring all NBFCs to make a provision of 0.25% on the outstanding Standard Assets

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	250.00	220.00
Add: Incremental provision for the year	-	30.00
Balance at the end of the year	250.00	250.00

- (c) Following table summarises movement in Provision for General Contingencies

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	2,800.00	2,300.00
Add: Provision made during the year	550.00	500.00
Less: Provision utilised towards write-off of specific Loan	337.50	-
Balance at the end of the year	3,012.50	2,800.00

- (d) The details of movement in Provision for Diminution in value of Long-term Investments is as follows:

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	243.28	169.98
Add: Provision made during the year	218.00	73.30
Balance at the end of the year	461.28	243.28

- (e) In accordance with the Guidelines issued by the RBI, the Company has made provision for Non-Performing Assets. The details of movement in Provision for Non-Performing Assets and diminution in value of Current Investments is as follows:

(₹ in million)				
Particulars	Short-term Provision for			
	Non Performing Assets		Diminution in value of Investments	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	207.64	136.60	484.21	918.44
Provision made/(written back) during the year	405.63	135.24	213.44	(434.23)
Non-Performing Assets Written off against provision	(64.84)	(64.20)	-	-
Balance at the end of the year	548.43	207.64	697.65	484.21

- (f) Provision against Standard Restructured Accounts aggregating ₹ 71 mn (As on March 31, 2013 : ₹ NIL mn) represents provision made pursuant to Reserve Bank of India circular No DNBS (PD) No. 272 dated January 23, 2014

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Balance at the beginning of the year	-	-
Add: Incremental provision for the year	71.00	-
Balance at the end of the year	71.00	-

- (g) Disclosure as required under AS- 15 – “Employee Benefits”:

- (i) The Company has recognised ₹ 10.09 mn (Previous Year ₹ 10.08 mn) and ₹ 9.69 mn (Previous year ₹ 9.89 mn) in Statement of Profit and Loss under Company’s Contribution to Provident Fund and contribution to Superannuation fund respectively
- (ii) The Company operates funded post retirement defined benefit plans for gratuity, details for which are as follows:

I. Assumption	As at March 31, 2014	As at March 31, 2013
Discount Rate	9.33%	8.25%
Rate of Return on Plan Assets	8.70%	8.70%
Salary Escalation	6.50%	6.50%
Mortality	Indian Assured Lives Mortality (2006-08)	LIC (1994-96) Mortality Table

(₹ in million)

II. Table Showing Change in Defined Benefit Obligation	As at March 31, 2014	As at March 31, 2013
Opening Defined Benefit obligation	56.51	44.14
Interest Cost	4.66	3.75
Current Service Cost	5.81	5.09
Liabilities Transferred In	1.61	-
Benefit Paid	(10.05)	-
Actuarial (gain)/loss on obligations	(2.54)	3.53
Closing Defined Benefit obligation	56.00	56.51

(₹ in million)

III. Table of Fair Value of Plan Assets	As at March 31, 2014	As at March 31, 2013
Fair Value of Plan Assets at the start	52.47	44.32
Expected Return on Plan Assets	4.57	3.81
Contributions	8.00	3.46
Transfer from other Company	1.61	-
Benefit Paid	(10.05)	-
Actuarial gain/(loss) on Plan Assets	(1.30)	0.88
Fair Value of Plan Assets at the end	55.30	52.47

(₹ in million)

IV. Actual Return on the Plan Assets	As at March 31, 2014	As at March 31, 2013
Expected Return on the Plan Assets	4.57	3.81
Actuarial gain/(loss) on Plan Assets	(1.30)	0.88
Actual Return on Plan Assets	3.27	4.69

(₹ in million)

V. Amount Recognised in the Balance Sheet	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Liability at the end of the year	56.00	56.51	44.14	34.93	18.29
Fair Value of Plan Assets at the end	55.30	52.47	44.32	36.39	18.61
Shortfall/(Excess)	0.70	4.04	(0.18)	(1.46)	(0.32)
Amount Recognised in Balance Sheet	0.70	5.00 ¹	(0.18)	(1.46)	(0.32)

¹ The Company has taken actuarial valuation for the above disclosure which differs with the amount recognised by the Company in Financial Statements. The above excess provision is not reversed on prudence basis

(₹ in million)

VI. Reconciliation of the Liability Recognised in the Balance Sheet	As at March 31, 2014	As at March 31, 2013
Opening Net Liability	5.00	(0.18)
Expense Recognised	3.70	7.68
Contribution by the Company	(8.00)	(3.46)
Amount recognised in Balance Sheet	0.70	4.04

(₹ in million)		
VII. Expenses Recognised in the Statement of Profit and Loss	As at March 31, 2014	As at March 31, 2013
Current Service Cost	5.81	5.09
Adjustment with earlier year surplus	(0.96)	-
Interest Cost	4.66	3.75
Expected Return on Plan Assets	(4.57)	(3.81)
Actuarial (gain) / loss	(1.24)	2.65
Expense Recognised in Statement of Profit and Loss	3.70	7.68

(₹ in million)					
VIII. Experience Adjustment	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Defined Benefit Obligation	56.00	56.51	44.14	34.93	18.29
Plan Assets	55.30	52.47	44.32	36.39	18.61
Surplus/(Deficit)	(0.70)	(4.04)	0.18	1.46	0.32
Experience adjustment on Plan Liability	25.28	(2.09)	7.10	8.32	(0.51)
Experience adjustment on Plan Asset	(8.36)	0.89	1.02	0.12	1.45

IX. Description of Plan Assets	As at March 31, 2014	As at March 31, 2013
Insurer Managed Funds	100%	100%

(iii) Other Details:

The estimates of salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other factors. The above information is certified by the actuary and relied upon by the Auditors

(6) TRADE PAYABLES

On the basis of information and records available with the Company and confirmations sought by the Management from suppliers under Micro, Small and Medium Enterprises Development Act, 2006, there have been no reported cases of delays in payments to micro, small and medium enterprises or of interest payment due to delay in such payments

(7) FIXED ASSETS

For the year ended March 31, 2014

For the year ended march 31, 2014											
Description of Assets	Gross Block (At Cost)				Depreciation/Amortisation				Lease Terminal Adjust-ment	Net Block	
	As at April 1, 2013	Addition	Deduction/ Adjustments	As at March 31, 2014	As at April 1, 2013	For the Year	Deduction/ Adjustments	As at March 31, 2014		As at March 31, 2014	As at March 31, 2013
TANGIBLE ASSETS											
Assets Given on Lease											
Data Processing Equipments	157.42	-	-	157.42	126.60	-	-	126.60	30.82	-	-
Aircraft *	398.33	-	398.33	-	224.19	-	224.19	-	-	-	3.42
Vehicles	8.93	-	-	8.93	2.35	-	-	2.35	0.32	6.26	6.26
Plant & Machinery	1,618.45	-	5.00	1,613.45	679.60	23.37	2.39	700.58	903.04	9.83	32.69
Own Assets											
Data Processing Equipments	26.69	2.27	3.30	25.66	19.36	3.44	3.27	19.53	-	6.13	7.33
Electrical Fittings	9.01	1.70	0.13	10.58	1.48	1.68	0.08	3.08	-	7.50	7.53
Furniture and Fixtures	18.04	3.56	0.41	21.19	6.88	2.49	0.27	9.10	-	12.09	11.16
Premises	11.00	-	-	11.00	1.07	0.18	-	1.25	-	9.75	9.93
Office Equipments	4.91	1.16	0.55	5.52	4.27	1.10	0.54	4.83	-	0.69	0.64
Leasehold Improvement	14.30	3.28	0.32	17.26	8.85	3.41	0.31	11.95	-	5.31	5.45
Total (A)	2,267.08	11.97	408.04	1,871.01	1,074.65	35.67	231.05	879.27	934.18	57.56	84.41
INTANGIBLE ASSETS											
Software (Acquired)	19.60	8.77	6.56	21.81	13.26	4.73	5.50	12.49	-	9.32	6.34
Websites & Portals	0.94	-	-	0.94	0.59	0.19	-	0.78	-	0.16	0.35
Total (B)	20.54	8.77	6.56	22.75	13.85	4.92	5.50	13.27	-	9.48	6.69
Total (A+B)	2,287.62	20.74	414.60	1,893.76	1,088.50	40.59	236.55	892.54	934.18	67.04	91.10

* The opening balance of lease terminal adjustment amounting to ₹ 173.84 mn as at April 01, 2013 was netted off while deriving net block as at March 31, 2014 on account of sale of underlying asset

For the year ended March 31, 2013

(₹ in million)

Description of Assets	Gross Block (At Cost)				Depreciation/Amortisation				Lease Terminal Adjust-ment	Net Block	
	As at April 1, 2012	Addition	Deduction/ Adjustments	As at March 31, 2013	As at April 1, 2012	For the Year	Deduction/ Adjustments	As at March 31, 2013		As at March 31, 2013	As at March 31, 2012
Assets Given on Lease											
Data Processing Equipments	157.42	-	-	157.42	126.60	-	-	126.60	30.82	-	-
Aircraft	398.33	-	-	398.33	224.19	-	-	224.19	170.72	3.42	3.42
Vehicles	8.93	-	-	8.93	2.35	-	-	2.35	0.32	6.26	6.26
Plant & Machinery	1,618.45	-	-	1,618.45	656.23	23.37	-	679.60	906.16	32.69	56.06
Own Assets											
Data Processing Equipments	23.86	3.86	1.03	26.69	12.16	7.51	0.31	19.36	-	7.33	11.70
Electrical Fittings	1.93	7.15	0.07	9.01	0.78	0.75	0.05	1.48	-	7.53	1.15
Furniture and Fixtures	10.72	7.62	0.30	18.04	4.46	2.62	0.20	6.88	-	11.16	6.26
Premises	11.00	0.01	0.01	11.00	0.89	0.18	-	1.07	-	9.93	10.11
Office Equipments	4.33	0.74	0.16	4.91	3.60	1.22	0.55	4.27	-	0.64	0.73
Leasehold Improvement	9.86	4.72	0.28	14.30	6.66	2.47	0.28	8.85	-	5.45	3.20
Total (A)	2,244.83	24.10	1.85	2,267.08	1,037.92	38.12	1.39	1,074.65	1,108.02	84.41	98.89
INTANGIBLE ASSETS											
Software (Acquired)	17.44	2.16	-	19.60	9.57	3.69	-	13.26	-	6.34	7.87
Websites & Portals	0.94	-	-	0.94	0.40	0.19	-	0.59	-	0.35	0.54
Total (B)	18.38	2.16	-	20.54	9.97	3.88	-	13.85	-	6.69	8.41
Total (A+B)	2,263.21	26.26	1.85	2,287.62	1,047.89	42.00	1.39	1,088.50	1,108.02	91.10	107.30

(8) DEFERRED TAX ASSETS

Details of major components of deferred tax assets arising on account of timing differences as on March 31, 2014 are as below:

(₹ in million)

Particulars	As at April 01, 2013	Created during the year	As at March 31, 2014
Difference between book and tax depreciation	56.25	(1.85)	54.40
Provisions and Contingencies	1,056.10	243.90	1,300.00
Others	15.45	2.95	18.40
Deferred Tax Assets	1,127.80	245.00	1,372.80

Details of major components of deferred tax assets arising on account of timing differences as on March 31, 2013 are as below:

(₹ in million)

Particulars	As at April 01, 2012	Created during the year	As at March 31, 2013
Difference between book and tax depreciation	56.00	0.25	56.25
Provisions and Contingencies	703.10	353.00	1,056.10
Others	5.70	9.75	15.45
Deferred Tax Assets	764.80	363.00	1,127.80

(9) NON-CURRENT INVESTMENTS

(a) Summary of Non-Current Investments is as below :

Particulars	(₹ in million)	
	As at March 31, 2014	As at March 31, 2013
Trade Investments		
Equity Shares	2,403.86	2,192.29
Preference Shares	2,575.14	349.94
Units of Mutual Funds	937.50	-
	5,916.50	2,542.23
Other Investments		
Equity Shares	4,422.70	4,696.16
Preference Shares	79.27	100.00
Units of Other Funds	9,379.41	9,843.02
Units of Mutual Fund	10.00	10.00
Pass Through Certificates	444.68	444.76
Investment Property	2,062.85	2,062.85
Debentures and Bonds	6,443.84	6,142.79
	22,842.75	23,299.58
Total	28,759.25	25,841.81

(b) Scrip wise details of the Investment as on March 31, 2014 is as below:

Fully paid

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
TRADE INVESTMENTS					
Equity Shares-Quoted					
IL&FS Engineering & Construction Co Ltd	10	13,496,381	13,496,381	1,330.24	1,330.24
IL&FS Transportation Networks Ltd	10	2,440,534	2,440,534	406.04	406.04
Equity Shares-Unquoted					
- In subsidiaries					
IL&FS Global Financial Services PTE Ltd	SGD 1	3,050,001	3,050,001	122.12	122.12
IL&FS Global Financial Services (UK) Ltd	£1	400,001	400,001	30.25	30.25
IL&FS Global Financial Services (ME) Ltd	\$1	800,000	800,000	35.94	35.94
IL&FS Global Financial Services (HK) Ltd	HKD1	1,725,000	800,000	128.59	55.15
IL&FS Capital Advisors Ltd	10	10,000,000	10,000,000	100.00	100.00
IL&FS Infra Asset Management Ltd	10	16,800,000	11,050,000	168.00	110.50
IL&FS AMC Trustee Ltd	10	250,000	200,000	2.50	2.00
IL&FS Broking Services Pvt Ltd	10	3,800,000	-	80.13	-
- In Joint Venture					
Syniverse Technologies (India) Pvt Ltd	10	5,200	5,200	0.05	0.05
				2,403.86	2,192.29
Preference Shares- Unquoted					
Redeemable cumulative preference shares					
- In subsidiaries					
IL&FS Broking Services Pvt Ltd	100	2,252,000	-	225.20	-
- Others					
IL&FS Engineering & Construction Co Ltd	100	2,631,500	2,631,500	249.99	249.99
IL&FS Transportation Network Ltd	10	100,000,000	-	2,000.00	-
Compulsorily Convertible Preference Shares					
- In Joint Venture					
Syniverse Technologies (India) Pvt Ltd (Series B)	10	4,800	4,800	0.05	0.05
Syniverse Technologies (India) Pvt Ltd (Series D)	1,000	99,900	99,900	99.90	99.90
				2,575.14	349.94

SGD = Singapore Dollar

\$ = US Dollar

HKD = Hongkong Dollar

£ = UK Sterling

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Units of Mutual Funds-Unquoted (Refer note 9 (g))					
IL&FS Infrastructure Debt Fund Series 1-A	1,000,000	250	-	87.50	
IL&FS Infrastructure Debt Fund Series 1-B	1,000,000	250	-	187.50	-
IL&FS Infrastructure Debt Fund Series 1-C	1,000,000	750	-	562.50	-
				937.50	-
OTHER INVESTMENTS					
Equity Shares- Quoted					
Credit Analysis & Research Ltd	10	-	1,711,000	-	375.78
Electrosteel Steels Ltd	10	67,700,000	68,250,000	677.00	682.50
Pipavav Defence and Offshore Ltd	10	12,617,254	12,617,254	775.54	775.54
Satyam Computer Services Ltd	2	-	208,629	-	25.07
Tech Mahindra Ltd	10	24,544	-	25.07	-
Sun Earth Ceramics Ltd*	10	1,291,625	1,291,625	-	-
Tata Steel Ltd	10	22,177	22,177	13.31	13.31
Equity Shares-Unquoted					
Ahmedabad Stock Exchange Ltd	10	331,800	331,800	18.96	18.96
Allen Scott Industries Ltd	10	149,300	149,300	0.10	0.10
Champion Agro Ltd	10	71,500	-	9.08	-
Dewanchand Ramsaran Industries Pvt. Ltd	10	278,125	278,125	126.00	126.00
Essel Shyam Communication Ltd	10	386,000	386,000	79.00	79.00
ICOMM Tele Ltd	10	2,702,100	-	75.66	-
IFCI Venture Capital Funds Ltd	10	250,000	250,000	4.75	4.75
Investor Services Of India Ltd	10	-	535,768	-	6.43
IPF Online Ltd	10	-	173,300	-	10.40
John Energy Ltd	10	476,370	476,370	365.00	365.00
Kakinada SEZ Ltd	10	507,055	507,055	5.08	5.08

*These investment are carried at book value of ₹ 1/-

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Mahindra Sona Ltd	10	231,600	231,600	29.30	29.30
MCX Stock Exchange Ltd	1	27,165,000	27,165,000	977.93	977.93
Microland Ltd*	1	2,000,000	2,000,000	-	-
National Institute for Smart Government	100	50,000	50,000	5.00	5.00
Petronet India Ltd*	10	10,000,000	10,000,000	-	-
Petronet VK Ltd*	10	5,000,000	5,000,000	-	-
Petronet CCK Ltd*	10	39,920	39,920	-	-
Petronet MHB Ltd*	10	39,920	39,920	-	-
Reid & Taylor India Ltd	10	24,523,656	24,523,656	1,169.16	1,169.16
Samudra Shoes Ltd*	10	337,500	337,500	-	-
Tamil Nadu Urban Infrastructure Financial Services Ltd	10	170,014	170,014	1.70	1.70
Tamil Nadu Urban Infrastructure Trustee Co Ltd	10	17,014	17,014	0.17	0.17
Tidel Park Ltd	10	2,000,000	2,000,000	20.00	20.00
Triton Overwater Transport Agency Ltd	10	498,000	498,000	4.98	4.98
Vandanaa Vidhyut Ltd	10	1,735,000	-	39.91	-
				4,422.70	4,696.16
Preference Shares- Unquoted					
Optionally Convertible Cumulative Redeemable Preference Shares					
John Energy Ltd	1,000	4,272	25,000	4.27	25.00
John Energy Ltd	1,000	75,000	75,000	75.00	75.00
				79.27	100.00
Units of Other Funds- Unquoted					
- In Subsidiary					
IFIN Realty Trust (Class A)	1,000,000	854.06	854.06	854.06	854.06
Investment Square Trust	1,662,687,621	1	1	1,662.69	1,662.69

*These investment are carried at book value of ₹ 1/-

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Others					
IL&FS Realty Fund (Class A)	100,000	9,030.21	9,287.67	903.02	928.76
IL&FS Milestone Fund	1,000	34,529.00	45,993.00	34.53	45.99
IL&FS Infrastructure Equity Fund-I	1,000	1,745,000.00	1,713,000.00	1,745.00	1,713.00
IL&FS Orix Trust	1,000,000	73.30	73.30	73.30	73.30
IL&FS IIDC Fund	1,000,000	562.37	684.46	634.10	774.10
Leverage India Fund (Class E)	1,000	114,776.60	266,904.10	114.78	266.90
Pan Asia Project Development Fund India (Class A)	100	2,915,321.51	3,233,678.42	286.54	323.37
Rajasthan Project Development Fund	1,000	1,249.00	1,249.00	1.25	1.25
South Asian Regional Apex Fund	5,000	-	216.42	-	1.08
Tara India Fund-III Class A Units	1,000,000	769.42	769.42	769.42	769.42
Tara India Fund-III Class D Units	1,000,000	31.60	31.60	31.60	31.60
Tara India Fund IV Trust	1,000,000	-	500.00	-	500.00
Tamilnadu Urban Development Fund	100,000	1,664.46	1,664.46	166.45	166.45
Maytas Investment Trust	1,000	2,102,667.00	1,731,048.00	2,102.67	1,731.05
				9,379.41	9,843.02
Pass Through Certificates-Unquoted					
IL&FS Investment Trust - IV (PTC - II)	1	100,780	100,780	0.10	0.10
IL&FS Investment Trust-IV (PTC-Series III)	1	16,830,307	102,830,307	0.02	0.10
IL&FS Investment Trust - IV (PTC-Series I)	1	44,265,406	44,265,406	0.06	0.06
IL&FS Investment Trust -I (IIT- I)	889,000	500	500	444.50	444.50
				444.68	444.76
Units of Mutual Fund-Quoted					
HDFC Debt Fund for Cancer Cure - 100% Dividend Donation Option	10	1,000,000	1,000,000	10.00	10.00

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Investment in Properties					
Allotment of specified area at Kohinoor Square Project, Mumbai	-	-	-	2,062.85	2,062.85
Debentures and Bonds					
Compulsorily Convertible Debentures- Unquoted					
(Refer note 9(f))					
Bajaj Power Ventures Pvt. Ltd	100	30,000,000	30,000,000	3,000.00	3,000.00
Essel Sports Infrastructure Ltd	40,000,000	17	17	680.00	680.00
Non-Convertible Debentures- Unquoted					
ABG International Pvt. Ltd	1,000	-	367,244	-	367.25
Shree Naman Developers Ltd	1,000	-	529,536	-	529.54
ICL Lions Pvt Ltd	10,000,000	150	-	1,500.00	-
Optionally Convertible Debentures - Unquoted					
Pochampally Handloom Park Ltd	100,000	752	640	75.20	64.00
Ascend Telecom Infrastructure Pvt. Ltd	1,186,637,088	1	-	1,186.64	-
Fully Convertible Debentures- Unquoted					
(Refer note 9(f))					
A2Z Infrastructure Ltd	10,000,000	-	150	-	1,500.00
Covered Warrants- Unquoted					
NK Telecom Products Ltd	10	200,000	200,000	2.00	2.00
				6,443.84	6,142.79
Total				28,759.25	25,841.81

(c) Market Value of Quoted Investment and Cost of Unquoted Investments

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Quoted Investment		
Aggregate Market Value	1,599.71	3,619.83
Cost	3,237.20	3,618.48
Unquoted Investment		
Cost	25,522.05	22,223.33
Total Cost	28,759.25	25,841.81

- (d) The Holding Company acquired management control of IL&FS Engineering & Construction Company Ltd. (Formerly known as Maytas Infra Ltd) (IECCL) vide orders of the Company Law Board (CLB) dated August 31, 2009, in order to protect the credit exposure of the Company to IECCL. Such acquisition of the shares was exclusively to protect the interest of the Company and does not form part of a strategy to acquire and retain long term assets /investments
- (e) The Company has four foreign subsidiaries and investment in such subsidiaries has been made in foreign currency. Given the size of the Investment and level of operations, the Company has not entered into hedging of the above Investments
- (f) These investments are under put and call options with promoters of the investee company or the investee company
- (g) These units are partly paid-up. The Fund has called up ₹ 750,000 on each of the series and paid-up by the Company

(10) CURRENT MATURITIES OF NON-CURRENT INVESTMENTS

Break up of Current Maturities of the Long-term Investment is as below:

Fully Paid

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Fully Convertible Debentures- Unquoted					
A2Z Infrastructure Ltd	10,000,000	150	-	1,500.00	-
Non-Convertible Debentures- Unquoted					
ABG International Pvt Ltd	1,000	367,244	1,101,731	367.24	1,101.73
Parsvanath Developers Ltd	1,000,000	-	149	-	148.85
Parsvanath Developers Ltd	156,250,000	-	8	-	1,250.00
Shree Naman Developers Ltd	1,000	435,232	-	435.23	-
TCI Finance Ltd	10,000,000	-	28	-	280.00
Total				2,302.47	2,780.58

(11) CURRENT INVESTMENTS

(a) Summary of Current Investments is as below:

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Equity Shares	1,438.19	987.96
Government Securities	2,813.45	1,795.61
Debentures	207.39	227.08
Total	4,459.03	3,010.65

(b) Scrip-wise details of the Current Investment Portfolio is as below:

Fully Paid

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Equity Shares - Quoted					
Aditya Birla Nuvo Ltd	10	46,449	26,500	53.73	29.50
Bank Of India	10	200,000	-	45.99	-
Biocon Ltd	10	-	127,000	-	52.95
Dena Bank	10	200,000	-	12.65	-
Dr Reddy Laboratories Ltd	5	20,000	83,843	50.64	152.45
Era Infra Engineering Ltd	10	440,000	-	28.52	-
Hindalco Industries Ltd	1	-	200,000	-	26.74
Idea Cellular Ltd	10	300,000	-	46.06	-
IL&FS Engineering & Construction Co. Ltd	10	1,000	1,000	0.12	0.12
Indiabulls Financial Services Ltd	2	96,575	96,575	22.74	22.74
Infosys Technologies Ltd	5	5,000	-	18.48	-
Jaiprakash Associates Ltd	2	1,500,000	-	75.46	-
Jet Airways (India) Ltd	10	300,000	-	68.36	-
Jubilant Life Sciences Ltd	1	400,001	350,001	82.59	76.21
LIC Housing Finance Ltd	10	300,000	-	67.36	-
Lupin Ltd	10	50,000	-	45.91	-
Mahindra & Mahindra Ltd	5	75,000	-	70.29	-
Parental Drugs (India) Ltd	10	176,770	176,770	55.16	55.16
Pipavav Defence & Offshore Engineering Co. Ltd	10	3,500,000	-	118.04	-
S.Kumars Nationwide Ltd	10	22,058,769	26,870,223	481.05	526.51
Syndicate Bank	10	125,000	-	11.03	-
Wipro Ltd	2	50,000	-	30.08	-
Zee Entertainment Enterprises Ltd	1	199,999	-	53.93	-
Tech Mahindra Ltd	10	-	50,971	-	45.58
				1,438.19	987.96
Government Securities- Quoted (Refer note 3(h))					
11.83% GOI 2014 (Mty 12-Nov-2014)	100	6,500,000	6,500,000	785.62	785.62
8.08% GOI 2022 (Mty 02-Aug-2022)	100	2,500,000	2,500,000	248.58	248.58
8.12% GOI 2020 (Mty 10-Dec-2020)	100	8,000,000	-	766.45	-

(₹ in million)

Name of Company	Face Value	Quantity as at		Cost as at	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
8.13% GOI 2022 (Mty 21-Sep-2022)	100	2,500,000	2,500,000	249.22	249.22
8.15% GOI 2022 (Mty 11-Jun-2022)	100	4,000,000	-	412.52	-
8.83% GOI 2023 (Mty 25-Nov-2023)	100	3,508,600	-	351.06	-
8.20% GOI 2025 (Mty 24-Sep-2025)	100	-	2,500,000	-	254.05
8.33% GOI 2026 (Mty 09-Jul-2026)	100	-	2,500,000	-	258.14
				2,813.45	1,795.61
Non-Convertible Debentures – Quoted	-				
8.95% RUPL 2023 (Mty 26-Apr-2023)	100	2,000,000	-	207.39	-
9.50% Yes Bank UT 2025 (Mty 08-Sep-2025)	100	-	1,000,000	-	100.00
				207.39	100.00
Non-Convertible Debentures – Unquoted					
PFS Shipping (India) Ltd	10,000,000	-	19.00	-	127.08
Total				4,459.03	3,010.65

(c) Market Value of Quoted Investment and Cost of Unquoted Current Investment:

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Quoted Investment		
Aggregate Market Value	3,770.95	2,402.42
Cost	4,459.03	2,883.57
Unquoted Investment		
Cost	-	127.08
Total Cost	4,459.03	3,010.65

- (d) The Company has executed Power of Attorney in favour of its Professional Clearing Member in respect of its Dematerialised Account, holding its quoted equity investment. These investments are appropriated against margin requirement of the respective stock exchange. As on March 31, 2014, the Company is required to maintain margin of ₹ 168.05 mn (As on March 31, 2013 : ₹ 232.68 mn) which is covered by the current investment equivalent to ₹ 194.58 mn (As on March 31, 2013 : ₹ 250.98 mn)

(12) LOANS AND ADVANCES

(a) Break up of Loans and Advances is as below

('₹ in million)

Particulars	As at March 31, 2014				As at March 31, 2013			
	Short-term	Long-term		Total	Short-term	Long-term		Total
		Current	Non-Current			Current	Non-Current	
Secured Loans (Considered Good)								
To Related Parties (Refer note 25)	1,700.00	3,934.79	3,065.77	8,700.56	1,144.40	9.81	4,030.87	5,185.08
To Others	12,764.05	21,007.89	33,957.14	67,729.08	12,931.96	21,291.15	46,524.90	80,748.01
Unsecured Loans (Considered Good)								
To Related Parties (Refer note 25)	1,539.81	-	1,000.00	2,539.81	-	-	-	-
To Others	1,594.24	3,319.34	3,662.80	8,576.38	577.18	355.56	1,622.98	2,555.72
Doubtful Loans								
To Others	2,367.21	51.23	167.22	2,585.66	897.21	156.79	146.85	1,200.85
	19,965.31	28,313.25	41,852.93	90,131.49	15,550.75	21,813.31	52,325.60	89,689.66
Unsecured Advances (Considered Good)								
Advance Payment of Taxes(Net)	-	-	1,393.06	1,393.06	-	-	1,337.92	1,337.92
Capital Advances to Others	-	-	976.75	976.75	-	-	979.60	979.60
Advance towards Investments	-	-	286.56	286.56	-	-	-	-
Other Advances								
To Related Parties (Refer note 25)	3.88	-	-	3.88	4.61	-	-	4.61
To Others	89.62	-	-	89.62	53.00	-	0.01	53.01
Deposits	16.72	-	2.83	19.55	26.05	-	2.81	28.86
Margin Money with Related Parties	190.81	-	-	190.81	177.02	-	-	177.02
Prepaid Expenses	103.34	-	24.69	128.03	102.51	-	19.23	121.74
	404.37	-	2,683.89	3,088.26	363.19	-	2,339.57	2,702.76
Total	20,369.68	28,313.25	44,536.82	93,219.75	15,913.94	21,813.31	54,665.17	92,392.42

- (a) Provision of ₹ 548.43 mn (As at March 31, 2013 : ₹ 207.44 mn) is created on Doubtful Loans (Non-performing assets) as per RBI Guidelines and disclosed under Provision for Non-Performing Assets under Note 5 (e)
- (b) Secured Loan includes loans aggregating ₹ 5,174.00 mn (As at March 31, 2013 : ₹ 4,779.36 mn), where security creation is under process. Loans aggregating ₹ 4,517.84 mn (As at March 31, 2013 : ₹ Nil mn), where security creation is under process are shown as Unsecured Loans
- (c) Margin Money with Related Parties represents Initial Margin on Equity Derivative transactions of ₹ 168.05 mn (As at March 31, 2013 : ₹ 177.02 mn) paid by the Company to their capacity as Professional Clearing Member

(13) TRADE RECEIVABLES

- (a) Trade Receivables comprises of receivable of Interest and other dues from its clients and fee for services rendered to its clients
- (b) Trade Receivables are classified into following categories :

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good	51.38	33.85
Unsecured, Considered Doubtful	62.26	16.66
Less : Provision for Bad and Doubtful Debts	(62.26)	(16.66)
Other Debts		
Secured, Considered Good	918.99	653.16
Unsecured, Considered Good	959.42	943.09
Total	1,929.79	1,630.10

(14) CASH AND CASH EQUIVALENTS

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Cash and Cash Equivalents		
Cheques on Hand	1,668.30	448.45
Balance with Banks		
i) In current accounts	3,297.81	1,497.66
ii) In deposit accounts	510.20	4.00
Total	5,476.31	1,950.11

(15) OTHER CURRENT AND NON-CURRENT ASSETS

(₹ in million)				
Particulars	As at March 31, 2014		As at March 31, 2013	
	Current	Non-Current	Current	Non-Current
Income Accrued on Investments	331.39	594.54	114.69	235.97
Income Accrued on Lease, Loans and Advances	1,445.82	378.56	1,065.01	389.61
Receivable on Sale of Securities	520.20	-	-	-
Total	2,297.41	973.10	1,179.70	625.58

(16) CONTINGENT LIABILITY
(a) Guarantees

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Guarantees issued on behalf of third parties	400.94	473.01

(b) Claims against company not acknowledged as debts

- (i) Income Tax: Demand Raised by Income Tax Authorities against the Company not acknowledged as debts and not provided for, the Company is in appeal at various authorities : ₹ 206.84 mn (As at March 31, 2013 : ₹ 199.43 mn)

(ii) Sales Tax: Demand raised by Sales Tax authorities against the Company ₹ 12.99 mn for Lease tax dues (As at March 31, 2013 : ₹ 12.99 mn), against which the Company has preferred appeals with the Appellate Tribunal, High Court

(iii) Service Tax: Demand raised by Service Tax authorities against the Company ₹ 0.67 mn for CENVAT credit availed (As at March 31, 2013 : ₹ 12.49 mn), against which the Company has preferred appeals with the Custom Excise & Service Tax Appellate Tribunal

The Company does not expect any outflow of economic resources in respect of the above

(17) COMMITMENTS

(a) Capital Commitments

Estimated amount of contracts remaining to be executed but not provided in respect of Tangible Assets ₹ 0.31 mn (As at March 31, 2013 : ₹ 3.71 mn)

(b) Financial Commitments

Undisbursed Commitment in respect of Loans is ₹ 51.61 mn (Previous Year : ₹ 68.01 mn) and in respect of Investments is ₹ 987.50 mn (Previous Year : ₹ Nil mn)

(c) Operating Lease Commitments

The Company has entered into Operating Lease arrangement in respect of premises. The minimum future payments during non-cancellable years under the foregoing arrangement in aggregate for each of the following years are as below:

(₹ in million)		
Particulars	As at March 31, 2014	As at March 31, 2013
Less than one year	24.66	22.16
One to five years	54.05	78.65
Total	78.71	100.81

The Operating Lease expenses incurred during the Year of ₹ 16.70 mn (Previous Year : ₹ 16.70 mn) is included in Rent Expenses

(18) DERIVATIVE INSTRUMENTS

- (a) Detail of outstanding derivative instruments are as below:

Particulars	As at March 31, 2014	As at March 31, 2013
Index Options		
No. of Contracts	8,000	13,580
Notional Principal (₹ in mn)	27.56	61.96
Interest Rate Swap		
No. of Contracts	1	2
Notional Principal (₹ in mn)	250.00	500.00

- (b) Details of Equity/Index option outstanding As at March 31, 2014 are as below:

(₹ in million)

Particulars	Total Premium carried forward at the year end including provision made	
	As at March 31, 2014	As at March 31, 2013
Index Option	29.83	72.20

(19) REVENUE FROM OPERATIONS

- (a) The Company is engaged in the area of Financial Services and its revenue from operations includes Interest on Lending and Investment Portfolio, Gain on sale of Investments and Fee from Services as per the table below:

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Fund Based		
Interest Income on Loans*	13,646.36	13,485.22
Income from Investments	3,206.93	2,067.13
Lease Income	2.61	7.80
Fee Based		
Project Debt Syndication Fees	1,032.29	1,196.96
Consultancy and Advisory Fees	171.16	772.24
Total	18,059.35	17,529.35

*Interest income is net of interest sacrifice of ₹ 53.77 mn (Year ended March 31, 2013 : ₹ 58.14 mn) and reversal of interest income of ₹ 17.26 mn towards provision for funded interest term loan on restructured advances as per NBFC Prudential Norms on income recognition (Refer note 5 (a))

(b) Lease Income comprises of:

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Lease Rentals	5.27	6.15
Loss on sale of leased Assets	(2.66)	1.65
Total	2.61	7.80

(c) Break up of Income from Investments are as below:

(₹ in million)

Particulars	Year ended March 31, 2014		Year ended March 31, 2013	
	Non-Current	Current	Non-Current	Current
Interest/Discount/Premium	1,521.06	306.43	1,139.07	564.35
Pass Through Income	295.72	-	122.02	-
Dividend Income	105.45	34.89	132.75	38.95
Net Gain/(Loss) on Sale of Investment	876.47	157.36	425.16	(304.42)
Profit/(Loss) on Derivative Contracts	-	(90.45)	-	(50.75)
	2,798.70	408.23	1,819.00	248.13
Total	3,206.93		2,067.13	

(20) FINANCE COSTS

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest Expenses on Borrowings	11,499.87	11,124.83
Other Finance Costs	54.79	63.47
Total	11,554.66	11,188.30

(21) EXPENSES

(a) Employees Benefit Expenses comprises of:

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and Allowances	505.49	550.73
Contribution to Provident and Other Fund	24.29	28.45
Staff Training and Welfare Expenses	20.45	18.04
Total	550.23	597.22

(b) Break up of Other Expenses is as below:

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Rent*	105.86	112.05
Electricity Charges	3.80	3.38
Rates and Taxes	62.87	46.94
Repairs and Maintenance	32.49	28.85
Travelling and Conveyance	37.11	37.81
Communication Expenses	9.27	8.16
Legal and Professional Charges	146.42	56.68
Insurance Expenses	1.48	3.88
Bad Debt written off	-	30.00
Brand Subscription Charges	175.51	142.79
Service Charges	210.28	185.73
Miscellaneous Expenses	91.06	94.72
Total	876.15	750.99

*Rent expense is net of recovery made of ₹ 14.25 mn (Year ended March 31, 2013: ₹ 9.25 mn) from Subsidiaries

(c) Miscellaneous Expenses includes Auditor's Remuneration as below:

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
As Auditor	12.10	11.00
Other Matters	2.56	3.68
Total	14.66	14.68

(22) PROVISION AND CONTINGENCIES

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
I For Loans, Advances and Debtors		
Provision for Non-Performing Assets*	405.63	135.24
Contingent Provision against Standard Assets	-	30.00
Other Provisions	70.64	169.16
Provision for Standard Restructured Assets	71.00	-
Provision for Bad and Doubtful Debts	45.60	16.66
	592.87	351.06
II For Diminution on Investments		
(Write back)/ Provision for diminution in value of		
Long-term Investments	218.00	73.30
Current Investments	213.44	(434.23)
Derivatives	3.14	(20.77)
	434.58	(381.70)
III Others		
Provision for General Contingencies*	550.00	500.00
Total	1,577.45	469.36

*The Company has written off specific loans amounting to ₹ 402.34 mn (Year ended March 31, 2013 : ₹ 64.20 mn) utilising Provision for Non-Performing Assets of ₹ 64.84 mn (Year ended March 31, 2013 : ₹ 64.20 mn) and Provision for General Contingency of ₹ 337.50 mn (Year ended March 31, 2013 : ₹ Nil mn)

(23) EARNINGS PER SHARE (EPS)

In accordance with the Accounting Standard 20 on 'Earning per Share', the Basic Earnings per Share and Diluted Earnings per Share have been computed by dividing the Profit after Tax by the number of equity shares for the respective Years as under:

(₹ in million)		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Profit after tax (₹ in mn)	2,650.78	3,496.11
Profit attributable for Equity Shareholders	2,650.78	3,496.11
- Weighted Average number of Equity Shares in calculating Basic and Diluted EPS	265,667,555	265,667,555
Face Value (₹ per Share)	10.00	10.00
Basic and Diluted Earnings (₹ per Share)	9.98	13.16

(24) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are as follows:

(₹ in million)		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
I. Earnings in Foreign Currency		
Income	9.95	2.20
II. Expenses in Foreign Currency		
Legal and Professional Charges	90.44	34.76
Foreign Travel	0.29	21.95
Others	2.13	0.08
	92.86	56.79

(25) RELATED PARTY TRANSACTIONS

- (a) As per the Accounting Standard - 18 on 'Related Party Transactions', the related parties as at March 31, 2014 are as follows:

Sr No	Holding Company	March 31, 2014	March 31, 2013
1	Infrastructure Leasing & Financial Services Ltd	✓	✓
Subsidiary Companies			
		March 31, 2014	March 31, 2013
1	IL&FS Global Financial Services Pte Ltd	✓	✓
2	IL&FS Global Financial Services (UK) Ltd	✓	✓
3	IL&FS Global Financial Services (ME) Ltd	✓	✓
4	IL&FS Global Financial Services (HK) Ltd	✓	✓
5	IL&FS Capital Advisors Ltd	✓	✓
6	IL&FS AMC Trustee Ltd	✓	✓
7	IL&FS Infra Asset Management Ltd	✓	✓
8	IL&FS Broking Services Pvt Ltd (formerly Aventus Securities Pvt Ltd) (wef September 30, 2013)	✓	-
Enterprises over which IFIN has control			
		March 31, 2014	March 31, 2013
1	IFIN Realty Trust	✓	✓
2	Investment Square Trust	✓	✓
Affiliates Companies			
		March 31, 2014	March 31, 2013
1	Syniverse Technologies (India) Private Ltd (Joint Venture)	✓	✓
Fellow Subsidiaries*			
		March 31, 2014	March 31, 2013
1	Baleshwar Kharagpur Expressway Ltd	✓	✓
2	Barwa Adda Express way Ltd	✓	-
3	East Delhi Waste Processing Co. Pvt. Ltd	✓	✓

	Fellow Subsidiaries*	March 31, 2014	March 31, 2013
4	Hazaribagh Ranchi Expressway Ltd	✓	-
5	IL&FS Cluster Development Initiative Ltd	✓	✓
6	IL&FS Education & Technology Services Ltd	✓	✓
7	IL&FS Energy Development Co Ltd	✓	✓
8	IL&FS Environmental Infrastructure & Services Ltd	✓	✓
9	IL&FS IIDC Fund	✓	✓
10	IL&FS Investment Trust – I	✓	✓
11	IL&FS Investment Trust - IV	✓	-
12	IL&FS Maritime Infrastructure Co Ltd	✓	✓
13	IL&FS Paradip Refinery Water Ltd	✓	✓
14	IL&FS Portfolio Management Services Ltd	✓	✓
15	IL&FS Rail Ltd	✓	✓
16	IL&FS Renewable Energy Ltd	✓	✓
17	IL&FS Securities Services Ltd	✓	✓
18	IL&FS Tamil Nadu Power Company Ltd	✓	✓
19	IL&FS Township & Urban Assets Ltd	✓	✓
20	IL&FS Transportation Networks Ltd	✓	✓
21	IL&FS Trust Company Ltd	✓	✓
22	IL&FS Urban Infrastructure Managers Ltd	✓	-
23	IL&FS Water Ltd	✓	✓
24	Integrated Waste Mgmt & Urban Services (TN) Pvt. Ltd	✓	✓
25	ISSL Market Services Ltd	✓	-
26	ISSL Settlement & Transaction Services Ltd	✓	✓
27	Jharkhand Road Projects Implementation Co Ltd	✓	-
28	Karyavattom Sports Facilities Ltd	✓	✓
29	Khandke Wind Energy Pvt Ltd	✓	✓
30	Khed Sinnar Expressway Ltd	✓	-
31	Kiratpur Ner Chowk Expressway Ltd	✓	✓
32	Lalpur Wind Energy Pvt Ltd	✓	✓
33	Nana Layja Power Company Ltd	✓	✓
34	Patiala Bio Power Company Ltd	✓	-

Fellow Subsidiaries*		March 31, 2014	March 31, 2013
35	Porto Novo Maritime Ltd	✓	✓
36	Rapid MetroRail Gurgaon South Ltd	✓	✓
37	Sabarmati Capital One Ltd	✓	✓
38	Sabarmati Capital Two Ltd	✓	✓
39	Avash Logistic Park Pvt. Ltd (from June 23, 2012)	-	✓
40	Charminar Robopark Ltd	-	✓
41	East Hyderabad Expressway Ltd	-	✓
42	IL&FS Airport Ltd	-	✓
43	IL&FS Infrastructure Equity Fund-I	-	✓
44	ITNL International Pte Ltd	-	✓
45	ITNL Offshore Pte Ltd	-	✓
46	Sealand Ports Pvt Ltd (from June 23, 2012)	-	✓
47	Sikar Bikaner Highway Ltd	-	✓
48	Tamil Nadu Water Investment Co Ltd	-	✓

Key Management Personnel		March 31, 2014	March 31, 2013
1	Mr Ravi Parthasarathy, Chairman	✓	✓
2	Mr Hari Sankaran, Director	✓	✓
3	Mr Arun K Saha, Director	✓	✓
4	Mr Vibhav Kapoor, Director	✓	✓
5	Mr Ramesh C Bawa, Managing Director & CEO	✓	✓
6	Mr Milind Patel, Deputy Managing Director	✓	✓
7	Mr Rajesh Kotian, Executive Director	✓	✓

* As certified by the holding Company and with whom transactions done during the year

- (b) The nature and volume of the transactions during the year ended March 31, 2014 with the above related parties were as follows:

(₹ in million)

Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprises over which Company has control	Joint Venture	Key Management Personnel	Year ended March 31, 2014
Income							
Interest	-	-	1,046.45	-	-	-	1,046.45
Investment Income	-	-	56.38	4.86	-	-	61.24
Dividend	-	-	9.76	-	36.85	-	46.61
Fee and Other Income	0.02	6.73	911.03	-	-	-	917.78
Expenditure							
Interest and Finance Charges	55.75	-	393.44	-	-	-	449.19
Operating Expenses	296.89	84.81	192.52	-	-	-	574.22
Director's Remuneration	-	-	-	-	-	141.99	141.99
Balances as at end of the Year							
Assets							
Non-Current Assets							
Long-term Loans & Advances	-	-	4,065.77	-	-	-	4,065.77
Current Assets							
Current Maturity of Long-term Loans & Advances	-	-	3,934.79	-	-	-	3,934.79
Trade Receivables	2.09	7.01	836.92	-	-	-	846.02
Short-term Loans & Advances	-	21.88	3,412.62 ¹	-	-	-	3,434.50
Other Current Assets	-	47.61	746.93	-	-	-	794.54
Liabilities							
Non-Current Liabilities							
Long-term Borrowings	-	-	5.60	-	-	-	5.60
Current Liabilities							
Current Maturities of Long-term Borrowings	-	-	290.00	-	-	-	290.00
Short-term Borrowings	-	-	1,636.27	-	-	-	1,636.27
Trade Payables	6.11	86.54	23.13	-	-	-	115.78
Other Current Liabilities	1.73	-	74.26	-	-	-	75.99
Off Balance Sheet Items							
Guarantees Given	-	-	343.40	-	-	-	343.40
Transactions during the Year ended March 31, 2014							
Subscription to Shares/Units	-	211.58	2,044.20	-	-	-	2,255.78
Redemption of Shares/units	-	-	140.08	-	-	-	140.08
Purchase of Investments	1,186.64	-	-	-	-	-	1,186.64
Loans Given	-	-	11,658.20	-	-	-	11,658.20
Loans repaid	-	-	5,602.90	-	-	-	5,602.90
Borrowing Taken	42,481.30	-	27,757.37	-	-	-	70,238.67
Repayment of Borrowing	42,984.00	-	27,157.92	-	-	-	70,141.92
Dividend Paid	1,594.01	-	-	-	-	-	1,594.01

¹ Includes ₹ 190.81 mn paid to clearing member and stock broker on account of margin money required to be paid as per Exchange regulations

The nature and volume of the transactions during the year ended March 31, 2013 with the above related parties were as follows:

(₹ in million)

Nature of Transactions	Holding Company	Subsidiaries	Fellow Subsidiaries	Enterprises over which Company has control	Joint Venture	Key Management Personnel	Year ended March 31, 2013
Income							
Interest	-	-	443.84	-	-	-	443.84
Investment Income	-	-	111.75	21.08	-	-	132.83
Dividend	-	-	9.76	-	61.30	-	71.07
Fee and Other Income	-	-	782.98	-	-	-	782.98
Expenditure							
Interest and Finance Charges	339.22	-	411.68	-	-	-	750.90
Operating Expenses	264.14	23.54	156.01	-	-	-	443.68
Directors' Remuneration	-	-	-	-	-	113.14	113.14
Balances as at end of the year							
Assets							
Non-Current Assets							
Long-term Loans & Advances	-	-	4030.87	-	-	-	4,030.87
Current Assets							
Current Maturity of Long-term Loans & Advances	-	-	9.81	-	-	-	9.81
Trade Receivables	-	5.19	562.87	-	-	-	568.06
Short-term Loans & Advances	0.07	4.56	1321.40 ¹	-	-	-	1,326.03
Other Current Assets	-	-	3.77	-	-	-	3.77
Liabilities							
Non-Current Liabilities							
Long-term Borrowings	-	-	105.00	-	-	-	105.00
Current Liabilities							
Short-term Borrowings	502.70	-	322.50	-	-	-	825.20
Trade Payables	3.41	0.37	12.65	-	-	-	16.43
Current Maturities of Long-term Borrowings	-	-	904.90	-	-	-	904.90
Other Current Liabilities	8.36	-	131.85	-	-	-	140.21
Off Balance Sheet Items							
Guarantees Given	-	-	411.24	-	-	-	411.24
Transactions during the Year ended March 31, 2013							
Subscription to Shares/Units	-	264.98	63.00	176.06	-	-	504.04
Redemption of Shares/units	-	-	51.43	15.82	-	-	67.25
Sale of Investments	-	-	1.00	-	-	-	1.00
Purchase of Loans	4,140.00	-	-	-	-	-	4,140.00
Loans Given	-	-	4,322.08	-	-	-	4,322.08
Loans repaid	-	-	1,526.00	-	-	-	1,526.00
Advances Given and Repaid	-	-	660.00	-	-	-	660.00
Borrowing Taken	103,444.60	-	15,807.97	-	-	-	119,252.57
Repayment of Borrowing	103,056.33	-	19,300.47	-	-	-	122,356.79
Dividend Paid	1,461.17	-	-	-	-	-	1,461.17

¹ Includes ₹ 177.02 mn paid to clearing member on account of margin money required to be paid as per Exchange regulations

- (c) Statement of significant transaction/balances during the year ended March 31, 2014 are as below:

(₹ in million)

Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which Company has control	Key Management Personnel
INCOME				
Interest				
IL&FS Renewable Energy Ltd	-	457.10	-	-
IL&FS Maritime Infrastructure Company Ltd	-	289.84	-	-
East Delhi Waste Processing Co Ltd	-	101.64	-	-
Investment Income				
IL&FS Investment Trust - I (IIT - I)	-	55.56	-	-
Fee & Other Income				
Khed Sinnar Expressway Ltd	-	172.50	-	-
Barwa Adda Express way Ltd	-	170.44	-	-
IL&FS Transportation Networks Ltd	-	204.35	-	-
IL&FS Tamil Nadu Power Company Ltd	-	100.00	-	-
Dividend Income				
IL&FS Transportation Networks Ltd	-	9.76	-	-
EXPENDITURE				
Interest and Finance Charges				
IL&FS Securities Services Ltd	-	304.63	-	-
ISSL Settlement and Transactions Ltd	-	72.42	-	-
Operating Expenses				
IL&FS Securities Services Ltd	-	120.90	-	-
IL&FS Portfolio Management Ltd	-	58.00	-	-
IL&FS Global Financial Services (HK) Ltd	50.74	-	-	-
Managerial Remuneration				
Mr Ramesh C Bawa	-	-	-	65.40
Mr Milind Patel	-	-	-	44.92
Mr Rajesh Kotian	-	-	-	31.15
Loans Given				
IL&FS Rail Ltd	-	2,850.00	-	-
Jharkhand Road Projects Implementations Co Ltd	-	1,557.00	-	-
Nana Layja Power Co Ltd	-	1,500.00	-	-
Repayment of Loans				
IL&FS Rail Ltd	-	2,850.00	-	-
IL&FS Transportation Networks Ltd	-	1,000.00	-	-
Subscription to Shares/Units				
IL&FS Transportation Networks Ltd	-	2,000.00	-	-
IL&FS Broking Services Pvt Ltd	80.13	-	-	-
IL&FS Global Financial Services (HK) Ltd	73.45	-	-	-
IL&FS Infra Asset Management Ltd	57.50	-	-	-
Redemption of Investments				
IL&FS IIDC Fund	-	139.99	-	-
Borrowings Taken				
IL&FS Securities Services Ltd	-	20,453.50	-	-
ISSL Settlement & Transaction Services Ltd	-	4,147.40	-	-
Borrowing Repaid				
IL&FS Securities Services Ltd	-	19,794.00	-	-
ISSL Settlement & Transaction Services Ltd	-	4,424.90	-	-

Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which Company has control	Key Management Personnel
Balances as at end of the year				
ASSETS				
Long Term Loans and Advances				
Jharkhand Road Projects Implementation Co. Ltd	-	1,557.00	-	-
IL&FS Maritime Infrastructure Co. Ltd	-	1,350.00	-	-
Current Maturity Of Long term Loans				
IL&FS Renewable Energy Ltd	-	2,800.00	-	-
Short Term Loans and Advances				
Nana Layja Power Co. Ltd	-	1,500.00	-	-
East Delhi Waste Processing Co. Ltd	-	619.81	-	-
IL&FS Energy Development Co. Ltd	-	550.00	-	-
IL&FS Environmental Infrastructure & Services Ltd	-	370.00	-	-
Trade Receivables				
Barwa Adda Expressway Ltd	-	194.43	-	-
Khed Sinnar Expressway Ltd	-	157.86	-	-
IL&FS Tamilnadu Power Co. Ltd	-	112.63	-	-
IL&FS Transportation Networks Ltd	-	145.05	-	-
Other Current Assets				
IL&FS Maritime Infrastructure Co. Ltd	-	232.53	-	-
IL&FS Securities Services Ltd	-	476.10	-	-
LIABILITIES				
Long-term Borrowings				
ISSL Market Services Ltd	-	5.60	-	-
Current Maturity of Long-term Borrowings				
IL&FS Securities Services Ltd	-	220.00	-	-
ISSL Settlement & Transaction Services Ltd	-	60.00	-	-
Short-term Borrowings				
IL&FS Securities Services Ltd	-	1,079.50	-	-
ISSL Settlement & Transaction Services Ltd	-	337.40	-	-
Trade Payables				
IL&FS Global Financial Services (HK) Ltd	40.59	-	-	-
IL & FS Global Financial Services PTE Ltd	39.69	-	-	-
IL&FS Securities Services Ltd	-	10.96	-	-
Current Liabilities				
ISSL Settlement & Transaction Services Ltd	-	32.56	-	-
East Delhi Waste Processing Co. Pvt. Ltd	-	23.68	-	-
Off Balance Sheet Items				
IL&FS Transportation Networks Ltd	-	300.00	-	-
East Delhi Waste Processing Co. Pvt. Ltd	-	43.40	-	-

Statement of significant transaction/balances during the Year ended March 31, 2013 is as below

(₹ in million)

Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which Company has control	Key Management Personnel
INCOME				
Interest				
IL&FS Maritime Infrastructure Co. Ltd	-	156.57	-	-
IL&FS Renewable Energy Ltd	-	150.04	-	-
East Delhi Waste Processing Co. Pvt Ltd	-	69.04	-	-
Investment Income				
IL&FS Investment Trust-I	-	55.56	-	-
IL&FS Airport Ltd	-	37.54	-	-
IL&FS Securities Services Ltd	-	14.38	-	-
IFIN Realty Trust	21.08	-	-	-
Dividend Income				
IL&FS Transportation Networks Ltd	-	9.76	-	-
Fee & Other Income				
Rapid MetroRail Gurgaon South Ltd	-	150.00	-	-
Kiratpur Ner Chowk Expressway Ltd	-	112.48	-	-
Lalpur Wind Energy Pvt. Ltd	-	82.50	-	-
Khandke Wind Energy Pvt. Ltd	-	59.10	-	-
EXPENDITURE				
Interest and Finance Charges				
IL&FS Securities Services Ltd	-	371.95	-	-
Operating Expenses				
IL&FS Portfolio Management Services Ltd	-	57.67	-	-
IL&FS Securities Services Ltd	-	98.84	-	-
Managerial Remuneration				
Mr Ramesh C Bawa	-	-	-	56.64
Mr Milind Patel	-	-	-	38.26
Mr Rajesh Kotian	-	-	-	17.55
Loan Given				
IL&FS Renewable Energy Ltd	-	2,800.00	-	-
IL&FS Transportation Networks Ltd	-	500.00	-	-
Advances Given and Repaid				
IL&FS Airport Ltd	-	660.00	-	-
Repayment of Loans				
IL&FS Maritime Infrastructure Co. Ltd	-	820.00	-	-
IL&FS Transportation Networks Ltd	-	500.00	-	-
Subscription to Shares/Units				
IL&FS Infra Asset Management Ltd	110.50	-	-	-
IL&FS Global Financial Services Pte Ltd	67.34	-	-	-
IL&FS Global Financial Service (HK) Ltd	55.15	-	-	-
IL&FS Infrastructure Equity Fund	-	-	53.00	-
IFIN Realty Trust	-	-	134.32	-
Redemption of Investments				
IL&FS IIDC Fund	-	51.43	-	-
IFIN Realty Trust	-	-	15.82	-
Borrowings Taken				
IL&FS Securities Services Ltd	-	11,218.70	-	-
ISSL Settlement & Transaction Services Ltd	-	3,490.30	-	-
Borrowing Repaid				
IL&FS Securities Services Ltd	-	15,398.70	-	-
ISSL Settlement & Transaction Services Ltd	-	2,820.30	-	-

Balances at the year ended March 31, 2013

(₹ in million)

Nature of Transactions	Subsidiaries	Fellow Subsidiaries	Enterprises over which Company has control	Key Management Personnel
Balances as at end of the year				
ASSETS				
Long term Loans and Advances				
IL&FS Renewable Energy Ltd	-	2,800.00	-	-
IL&FS Maritime Infrastructure Co Ltd	-	1,130.00	-	-
Current Maturity Of Long term Loans				
Integrated Waste Mgmt & Urban Services (TN) Pvt Ltd	-	3.62	-	-
East Delhi Waste Processing Co Pvt Ltd	-	3.41	-	-
IL&FS Environmental Infrastructure & Services Ltd	-	2.78	-	-
Short term Loans and Advances				
East Delhi Waste Processing Co Pvt Ltd	-	544.40	-	-
IL&FS Renewable Energy Ltd	-	200.00	-	-
IL&FS Securities Services Ltd	-	177.02	-	-
IL&FS Township & Urban Assets Ltd	-	400.00	-	-
IL&FS Infra Asset Management Ltd	3.54	-	-	-
Trade Receivables				
IL&FS Global Financial Services Pte Ltd	2.59	-	-	-
IL&FS Global Financial Services ME Ltd	1.63	-	-	-
Rapid MetroRail Gurgaon South Ltd	-	169.64	-	-
IL&FS Paradip Refinery Water Ltd	-	54.71	-	-
Porto Novo Maritime Ltd	-	53.93	-	-
Kiratpur Ner Chowk Expressway Ltd	-	126.69	-	-
Other Current Assets				
IL&FS Securities Services Ltd	-	2.42	-	-
IL&FS Investment Trust – I (IIT-I)	-	1.34	-	-
LIABILITIES				
Long-term Borrowings				
ISSL Settlement & Transaction Services Ltd	-	105.00	-	-
Current Maturity of Long-term Borrowings				
IL&FS Securities Services Ltd	-	640.00	-	-
ISSL Settlement & Transaction Services Ltd	-	264.90	-	-
Short-term Borrowings				
ISSL Settlement & Transaction Services Ltd	-	305.00	-	-
Trade Payables				
IL&FS Securities Services Ltd	-	10.26	-	-
IL&FS Trust Company Ltd	-	1.82	-	-
Current Liabilities				
IL&FS Securities Services Ltd	-	78.40	-	-
IL&FS Township & Urban Assets Ltd	-	30.48	-	-
ISSL Settlement & Transaction Services Ltd	-	18.34	-	-
Off Balance Sheet Items				
IL&FS Transportation Networks Ltd	-	300.00	-	-
East Delhi Waste Processing Co Pvt Ltd	-	111.24	-	-

(26) JOINT VENTURE REPORTING

- (a) The Company has a joint control over the following entity as per AS 27 - Financial reporting of interests in Joint Ventures

(₹ in million)

Jointly Controlled Entity (Incorporated In India)	Percentage of Ownership Interest	
	As at March 31, 2014	As at March 31, 2013
Syniverse Technologies (India) Pvt Ltd	26.00%	26.00%

- (b) The aggregate amount of assets, liabilities, income and expenditure of the jointly controlled entity, based on audited financial statement of the entity is as follows:

Balance Sheet Items

(₹ in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Assets	135.75	122.85
Liabilities	67.36	58.19
Contingent Liabilities	4.19	4.19

Statement of Profit and Loss Items

(₹ in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Income	76.81	124.42
Expenses (including tax)	47.09	63.45

(27) SEGMENT REPORTING

The Company is in the business of providing financial services. As such, all activities undertaken by the Company are incidental to the main business segment. There is no separate reportable business segment as per Accounting Standard 17 "Segment Reporting"

(28) Information relating to Restructured Accounts in accordance with RBI Notification No. DNBS(PD).NO.272 / CGM(NSV) dated January 23, 2014

(₹ in Crore)

Sr. No.	Type of Restructuring Asset Classification	Under CDR Mechanism			Others			Total	Loss	Total
		Standard	Sub-Standard	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 01, 2013									
	No. of Borrowers	1	-	-	-	5	2	-	-	7
	Amount Outstanding	10.26	-	-	-	174.68 ¹	7.33	-	-	182.02
	Provision there on	1.88	-	-	-	3.94	-	-	-	3.94
2	Freshly Restructured during the year ended March 31, 2014									
	No. of Borrowers	2	-	-	-	9	1	-	-	10
	Amount Outstanding	19.92 ²	-	-	-	186.81	7.46	-	-	194.27
	Provision there on	3.77	-	-	-	8.56	0.14	-	-	8.70
3	Up gradations to restructured standard category									
	No. of Borrowers	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at March 31, 2014 and hence need not be shown as restructured standard advances at the April 1, 2014³									
	No. of Borrowers	-	-	-	-	(1)	-	-	-	(1)
	Amount Outstanding	-	-	-	-	(136.86)	(0.01)	-	-	(136.87)
	Provision there on	-	-	-	-	-	-	-	-	-
5	Down gradations of restructured accounts during the year ended March 31, 2014									
	No. of Borrowers	-	-	-	-	-	(2)	2	-	-
	Amount Outstanding	-	-	-	-	-	(12.55)	12.55	-	-
	Provision there on	-	-	-	-	-	(0.14)	0.14	-	-
6	Write offs of restructured accounts during the year ended March 31, 2014									
	No. of Borrowers	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-
	Provision there on	-	-	-	-	-	-	-	-	-
7	Restructured Accounts as on March 31, 2014									
	No. of Borrowers	3	-	-	-	3	13.00	1	2	16
	Amount Outstanding	30.18 ²	-	-	-	30.18	224.63 ¹	2.23	12.55	239.42
	Provision there on	5.65	-	-	-	5.65	12.50	0.14	-	12.64

1. For one of the clients in addition to amount of restructured facility, the Company has made investment in Optionally Convertible Debentures. Amount outstanding as on April 1, 2013 is ₹ 6.40 crores and March 31, 2014 is ₹ 7.52 crores
2. For one of the clients in addition to amount of restructured facility, the Company has made investment in Optionally Convertible Debentures. Amount outstanding as on March 31, 2014 is ₹ 118.64 crores
3. No of borrowers and amount outstanding under Sr. no. 4 of above table includes, recoveries made from existing restructured facilities
4. Provision includes provision made for interest sacrifice amounting to ₹ 11.19 crores and 2.75% provision on standard restructured assets amounting to ₹ 7.10 crores in accordance with notification no DNBS(PD).NO.272 /CGM(NSV) (Refer Note 5 (a))

(29) OTHERS

Corresponding figures for the previous year have been reclassified and represented in accordance with the current year presentation wherever necessary

For and on behalf of the Board

Ravi Parthasarathy

Chairman

Ramesh C Bawa

Managing Director & CEO

Deepak Pareek

Chief Financial Officer

Neelam Desai

Company Secretary

New Delhi, May 08, 2014

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Sr. Particulars No.	IL&FS Global Financial Services Pte Ltd	IL&FS Global Financial Services (UK) Ltd	IL&FS Global Financial Services (ME) Ltd	IL&FS Global Financial Services (HK) Ltd	IL&FS Capital Advisors Ltd	IL&FS AMC Trustee Ltd	IL&FS Infra Asset Management Ltd	IL&FS Broking Services Ltd (Formerly Avendus Securities Pvt Ltd)
1	Financial Year of the Subsidiary ended on	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
2	Shares of Subsidiary held by the Company on the above date							
	(a) Number and Face Value	3,050,001 shares of Singapore \$ 1/- each fully paid up	400,001 shares of British £ 1/- each fully paid up	800,000 shares of US \$1/- each fully paid up	1,725,000 shares of Hong Kong \$ 10/- each fully paid up	10,000,000 shares of ₹ 10/- each fully paid up	18,300,000 shares of ₹ 10/- each fully paid up	5,000,000 shares of ₹ 10/- each fully paid up
	(b) Extent of holding	100%	100%	100%	100%	100%	91.80%	76.00%
3	Net aggregate amount of profits/(losses) of the subsidiary for the above financial year so far as they concern members of the Company							
	(a) dealt with in the accounts of the Company for the year ended March 31, 2014 (₹ in million)	-	-	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2014 (₹ in million)	(22.39)	2.68	25.58	(24.87)	1.66	(47.82)	(51.02)
4	Net aggregate amount of profits/(losses) of the subsidiary for the previous financial years so far as they concern members of the Company							
	(a) dealt with in the accounts of the Company for the year ended March 31, 2014 (₹ in million)	-	-	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2014 (₹ in million)	43.48	31.41	23.39	0.80	1.93	NA	-

For and on behalf of the Board

Ravi Parthasarathy - Chairman

Ramesh C Bawa - Managing Director & CEO

Deepak Pareek - Chief Financial Officer

Neelam Desai - Company Secretary

Annexure

Additional Information required under paragraph 13 of the Non - Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007

(₹ in lakhs)

Particulars	Amount Outstanding	Amount Overdue
Liabilities Side		
(1) Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid		
(a) Debentures : Secured	94,973	-
: Unsecured (Subordinated Debts) (other than falling within the meaning of Public Deposits)	82,533	-
(b) Deferred Credits	-	-
(c) Term Loans	734,039	-
(d) Inter Corporate Loans and Borrowings	61,558	-
(e) Commercial Paper	110,766	-
(f) Other Loans (specify nature)		
- Collateralised Borrowings	18,294	-
- Working Capital Limits	26,074	-
Assets Side		
(2) Break-up of Loans and Advances including Bills Receivables (other than those included in (4) below) :		
(a) Secured	786,623	39,542
(b) Unsecured	114,651	4,681
(3) Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i) Lease assets including lease rentals under		
Sundry Debtors :		
(a) Financial Lease	125	-
(b) Operating Lease	78	-
(ii) Stock on Hire including hire charges under		
Sundry Debtors :		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Other Loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

(₹ in lakhs)

**Amount
standing**

Additional Information required under paragraph 13 of the Non - Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007

(₹ in lakhs)

Particulars	Amount net of provisions		
	Secured	Unsecured	Total
(5) Borrower Group-wise Classification of Assets Finance as in (2) and (3) above			
(1) Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the Same Group	-	-	-
(c) Other Related Parties	87,006	25,398	112,404
(2) Other than Related Parties	695,740	86,965	782,705
Total	782,746	112,363	895,109

(₹ in lakhs)

(6) Investor group-wise classification of all Investments Current and long term in shares and securities (both quoted and unquoted) :	Market value/ Break up or fair value or NAV	Book value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	8,927	8,927
(b) Companies in the Same Group	1,000	1,000
(c) Other Related Parties	95,081	77,464
2. Other than Related Parties	235,030	256,227
Total	340,038	343,618

(₹ in lakhs)

(7) Other information		Amount
(i) Gross Non- performing Assets		
(a) Related parties		-
(b) Other than related parties		24,307
(ii) Net Non- performing Assets		
(a) Related parties		-
(b) Other than related parties		18,822
(iii) Assets acquired in satisfaction of debt		2,712

**Additional information required as per RBI circular Ref. No. DNBS (PD)
CC No. 333/03.02.001/2013/14 dated July 1, 2013**

Capital to Risk Assets Ratio		
Items	As at March 31, 2014	As at March 31, 2013
CRAR	21.63%	21.98%
CRAR -Tier I Capital	14.13%	14.20%
CRAR -Tier II Capital	7.50%	7.78%

Exposure to Real Estate Sector		
Category	As at March 31, 2014	As at March 31, 2013
Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)		
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund bases (NFB) limits;	1,014.51	939.69
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Asset Liability Management
Maturity pattern of certain items of assets and liabilities

(₹ in Crores)

	1 day to 30/31 days (One month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	TOTAL
Liabilities									
Borrowings from Banks	190.00	200.00	240.00	563.00	1,972.83	3,845.42	587.50	-	7,598.74
Market Borrowings	292.48	6.96	299.00	902.40	501.55	281.70	511.40	850.00	3,645.50
Assets									
Advances	546.77	505.91	1,164.06	1,640.49	2,800.76	1,371.03	522.99	405.82	8,957.83
Investments	281.35	-	63.03	43.72	211.95	685.55	246.66	1,903.80	3,436.05

Disclosure as per clause 28 of the Listing Agreement

(A)	Loand and Advances in the nature of Loan to	Amount (₹)
(i)	Subsidiaries	Nil
(ii)	Associates	Nil
(iii)	Firms/Companies where Directors are interested	Nil
(B)	Investment by Loanee Company in Shares of Parent and Subsidiary Company, when the Company has made a Loan or Advance in the nature of Loan	Nil

NOTES

[illegible]



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Training Program



Annual Business Review



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