

Disaster Relief Work



In October 2013, Odisha was affected by Cyclone Phailin. This cyclone posed a threat to the life and property of millions of citizens in Odisha. Balasore was one of the worst affected districts in the State. Within a 1 km radius of BKEL, over 15000 families were severely affected. Their houses were damaged, crops were completely destroyed and the place was devastated in the cyclone, bringing all activities in the region to a standstill. The government evacuated thousands of people to safer locations and arranged for food and temporary shelters

One of the major challenges faced, post such devastating natural calamities, is the outbreak of epidemics caused by consumption of contaminated water. Noticing this reality, 3050 Clean Drinking Water Kits were distributed with the consent and support of local Panchayati Raj Institutions and Government officials. These water kits enabled the cyclone affected population to have safer drinking water

Once the cyclone water receded and the drinking water sources were cleaned and made operational, the distribution of additional Clean Drinking Water Kits was limited to the families below the poverty line (BPL) who did not have access to any regular source of clean water

Responding to disasters is, at times an opportunity to help communities build more sustainable solutions for their problems. Two such stories highlight this fact

The Balasore-Kharagpur Expressway Limited (BKEL) is a project currently under construction by IL&FS Transportation Networks Limited (ITNL), a leading Indian surface transportation infrastructure company and one of the largest private sector BOT road operators engaged in developing, designing, operating, maintaining and facilitating surface transportation infrastructure projects



AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of INFRASTRUCTURE LEASING & 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

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

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.

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 judgement, 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 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

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

1. 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.
2. 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).
 - (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 22, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Re: INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements Section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities clauses (ii), (viii), (x), (xiii), (xiv) 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 ₹ 59,239.30 million to 9 such parties during the year. At the year end, the outstanding balances of loans to parties covered in the register maintained under Section 301, aggregated to ₹ 10,498.30 million (number of parties 7) and the maximum amount involved during the year was ₹ 25,796.02 million (number of parties 14).
- (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 is no overdue amount in excess of ₹ 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 ₹ 7,822.38 million from 12 such 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 ₹ 11,178.54 million (number of parties 7) and the maximum amount involved during the year was ₹ 13,759.65 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) 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 with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements 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 the CARO is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from public, covered under the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under, 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 regular in depositing undisputed dues relating to Income Tax, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Wealth Tax, Service Tax, Sales Tax, Cess and other material statutory dues applicable to it with the appropriate authorities during the year.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Cess and other material statutory 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 disputed Sales Tax, Service Tax, Income Tax and Employees' State Insurance dues which have not been deposited as on March 31, 2014 on account of any disputes are given below:

Name of statute	Nature of the dues	Forum where dispute is pending	Period of which the amount relates	Amount (₹ Mn)
Gujarat Sales Tax	Sales Tax	Deputy Commissioner of Commercial Tax(A)	2006-2007	0.13
Employees' State Insurance	Employees' State Insurance	Appellate Authority	1997-1998	0.11
Income Tax Act	Income Tax	CIT (Appeals)	2009-2010	226.76
Income Tax Act	Income Tax	CIT (Appeals)	2010-2011	1.28
Income Tax Act	Income Tax	CIT (Appeals)	2011-2012	5.64
Finance Act	Service Tax	CESTAT	2004-2010	76.82

- (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 records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) 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 interest of the Company.
- (xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

- (xiii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xiv) 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.
- (xv) According to the information and explanations given to us, during the period covered, by our audit report, the Company has issued, 7,800,000 secured Non-Convertible Debentures of ₹ 1,000 each. The Company has created security in respect of these debentures issued.
- (xvi) To the best of our knowledge and belief 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 22, 2014