

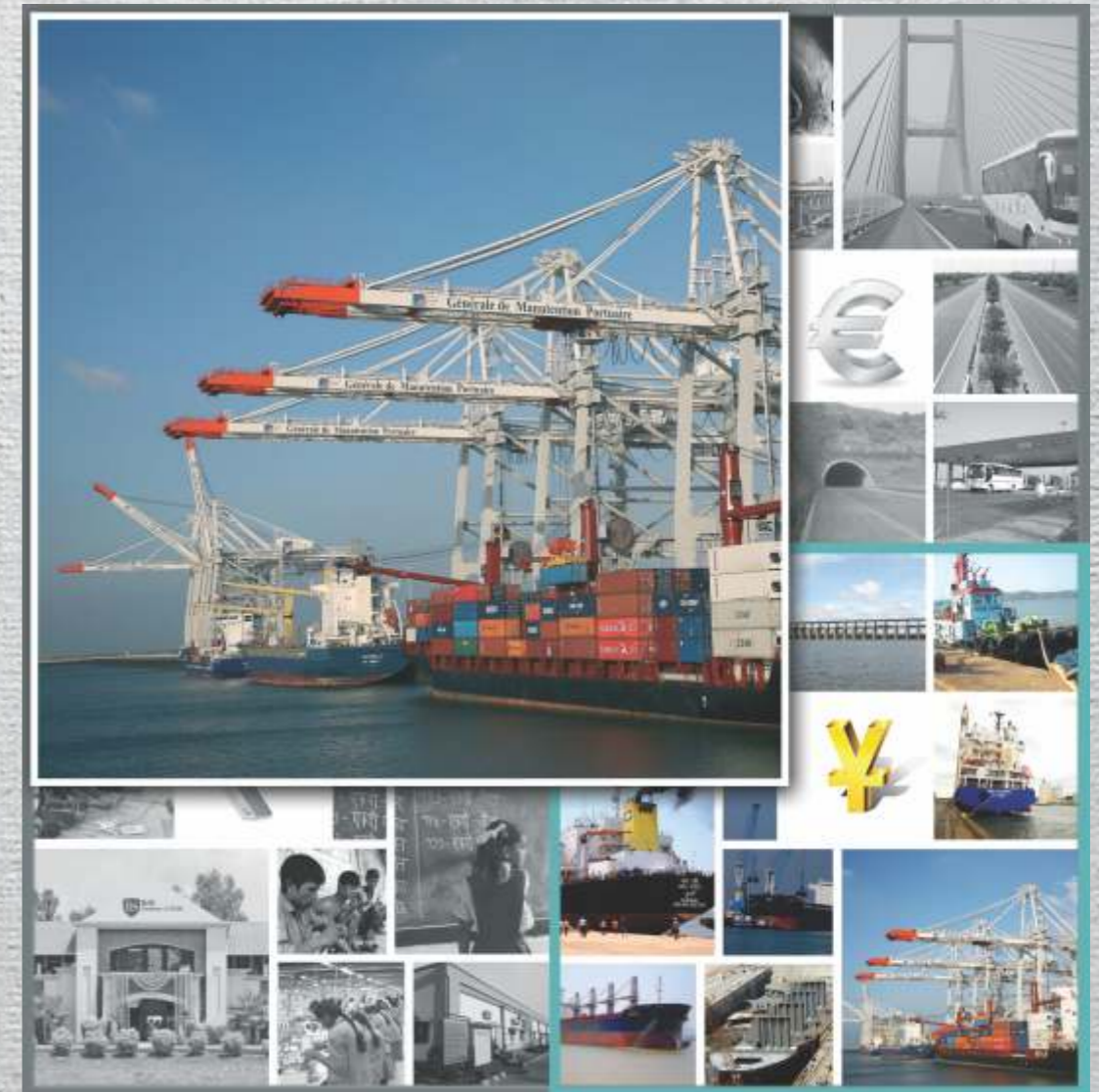
AUDITORS' REPORT



Development of Food Processing Sector in Bihar: Programme Management Support to Department of Industries, Government of Bihar

IL&FS Clusters, a subsidiary of IL&FS, was entrusted with the responsibility of preparing a Vision Document for the Food Processing Sector of Bihar, recommending a policy package for attracting investments especially in post-harvest handling and processing facilities. The Government of Bihar appointed IL&FS Clusters as the Project Management Agency in 2007 to realize the vision for the sector

The mandate has had a positive impact for the State which has acquired a prominent position on the food processing map of the country. The State has been able to attract investments from large as well as small/medium enterprises in sectors like modern rice mills, biscuit manufacturing, maize processing, edible oils, Rural Agri Business Centres, Food Parks etc., IL&FS Clusters has been able to mobilise investments worth around ₹ 3500 crore in the food processing sector in Bihar. Out of around 300 projects sanctioned, close to 200 projects are already commencing commercial production. The initiatives have led to creation of direct employment for around 50,000 persons. The project is on-going



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements

The Company's Board of Directors and Management are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors and 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts 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 accounts.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - i) The Company does not have any pending litigations which would impact its financial position;
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 26, 2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in Paragraph I under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. Having regard to the nature of the Company's business/activities/results during the year, clauses (ii) and (vi) of paragraph 3 of the Order are not applicable to the Company.
2. In respect of the Company's fixed assets;
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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 the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
3. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
 - (a) The receipts of principal and interest amounts have been generally regular.
 - (b) There are no overdue amounts in excess of Rs. One Lakh remaining outstanding as Mach 31, 2015.
4. 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 purchase of fixed assets and the sale of services, and during the course of our audit, we have not observed any major weakness in such internal control system.
5. According to the information and explanations given to us, the Company has not accepted any deposits during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
6. According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including provident fund, income tax, service tax, cess, and other material statutory dues applicable to it with the appropriate authorities.
The Company has been generally regular in depositing undisputed statutory dues of value added tax and sales tax with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
 - (c) Details of dues of sales tax, employees' state insurance and service tax which have not been deposited as at March 31, 2015 on account of 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
Finance Act	Service Tax	CESTAT	2004-2010	51.63

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder by the Company for the year ended March 31, 2015.

7. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
8. In our opinion and according the information and explanations give to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
9. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
10. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained other than temporary deployment pending application.
11. To the best our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and not material fraud on the Company has been noticed or reported during the year.

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

Kalpesh J. Mehta
Partner
(Membership No. 48791)

Mumbai, May 26, 2015