



## ENVIRONMENTAL & SOCIAL MANAGEMENT AUDIT REPORT

### Our Engagement

Ernst & Young LLP (“EY”) has been appointed by Infrastructure Leasing & Financial Services Limited (“IL&FS” or “the Company”) to provide an independent assurance of the implementation of the Environmental and Social Policy Framework (ESPF) for the Financial Year 2014. The enunciation and implementation of the ESPF as aforesaid and the related operational procedures are the responsibility of the Management of IL&FS. Our responsibility in performing our assurance activities is to the Management of the Company only, and in accordance with the terms of reference agreed with the Company.

### Scope of Assurance

The scope of assurance covers the following aspects:

- Audit the implementation of ESPF management system at IL&FS Corporate and the following six IL&FS group companies – IL&FS Investment Managers Limited (IIML); IL&FS Environmental Infrastructure and Services Limited (IEISL); IL&FS Maritime Infrastructure Company Limited (IMICL); IL&FS Water Limited (IWL); IL&FS Energy Development Company Limited (IEDCL); and IL&FS Transportation Networks Limited (ITNL)
- Evaluation of any major anomalies within the ESPF documents, and differences between the ESPF documents and source information

### Exclusions

In agreement with IL&FS, the assurance scope excludes:

- Assessment of project specific environment & social risk, and site visits to project locations for physical verification of implementation of ESPF management system
- The data and information outside Financial Year 2014;

### Level of Assurance and Criteria Used

The assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000).

### Key Steps

The performance of our engagement involved the following key steps:

- Desk review of ESPF documents of IL&FS and selected six IL&FS group companies and interviews at the Company's corporate office in Mumbai with key members of each company who are responsible for the implementation;
- Review of representative sample of projects in the range of 15% – 20% of project portfolio in each company to assess the implementation of ESPF in business execution.

### Our Conclusion

Our observations, findings and recommendations wherever identified were brought to the attention of the management of IL&FS. The scope for carrying out corrective measures and areas of improvement with respect to the ESPF management system has been communicated in our Management Letter to IL&FS. On the basis of our scope of assurance, no findings have come to our notice that causes us to believe that the ESPF management system has not been implemented at IL&FS Corporate and the six selected IL&FS group companies.

For Ernst & Young LLP

**Sudipta Das**

Partner

30 April 2014, Kolkata

## Improving Livelihoods Empowering Women Vadodara- Halol Toll Road Project, Gujarat



IL&FS Transportation Networks Limited (ITNL) a subsidiary of IL&FS is one of the largest road asset operators in the country

The Vadodara- Halol Toll Road was commissioned by ITNL in the year 2000, with a mandate to operate the road until 2030. To develop a CSR agenda along the road, 16 villages were identified and base line studies conducted. Like most Indian villages, these villages were predominantly dependent on farm based incomes and animal husbandry. The local youth, were employed by the industries in the area, in non-skilled or contract jobs. Importantly, however, a major percentage of the women are out of the formal workforce

A livelihood enhancement programme was, therefore initiated, focused on the women in select villages. These initiatives were intended to create financially independent women who would be able to contribute to the process of



creating a healthy, stable family and in turn help strengthen the economy of the region

In the first of the projects an Entrepreneurship Development Programme was conducted in the villages of Asod and Jarod, which are along the toll road. Women were taught basic business management skills such as keeping accounts, project management and market survey techniques. Many of the participants had never been to an urban market before. The visits to the market served as an eye opener, enlightening quite a few of them on the ability to plan and improvise for their own business needs. The programme saw quick results eg. Neetaben a participant in the Entrepreneurship Development Programme, has opened a beauty parlour in her village. Another participant, Kailashben, has effectively networked with self-help groups from the nearby villages to source food items prepared by them to sell them in her small retail kiosk. It is now her dream to set up a stall along the highway in the near future

At Baska village, along a different part of the road, a group of 10 women from a Self Help Group (SHG), have been trained and supported to establish a manufacturing unit to make sanitary napkins. This unit will enable the ladies to formally contribute to their family's incomes, for the first time