ASIAN DEVELOPMENT BANK

TA 7055-IND: Capacity Development of National Capital Region Planning Board (NCRPB) – Package 1 (Components A and C)

FINANCIAL MANAGEMENT MANUAL

Volume II: Annexes

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ACRONYMS

ADB	Asian Development Bank
A&F	Administration and Finance
CA	Chartered Accountant
C&AG	Comptroller and Auditor General of India
COA	Chart of Account
CRISIL	Credit Rating Information Services of India Limited
EA	External Audit
EDP	Electronic Data Processing
FDs	Fixed Deposits
GAAP	Generally Accepted Accounting Principles Implementing Agencies
GPF	General Provident Fund
IAs	Implementing Agencies
IAS	International Accounting Standards
IAU	Internal Audit Unit
ICAI	Institute of Chartered Accountants of India
ICRA	Investment Information and Credit Rating Agency of India Limited (now ICRA Limited)
ICWA	Institute of Cost and Works Accountants of India
IEBR	Internal and External Budget Resources
IFAC	International Federation of Accountants
IPSASB	International Public Sector Accounting Standards Board
IRAC	Income Recognition and Assets Classification and Provisioning
IFRS	International Financial Reporting Standards
INTOSAI	International Organization of Supreme Audit Institutions
FIs	Financial Institutions
FY	Financial Year
MoUD	Ministry of Urban Development
NCR	National Capital Region
NCRPB	National Capital Region Planning Board
NPA	Non-Performing Asset
NPF	New Pension Fund
PEFA	Public Expenditure and Financial Accountability
PFMA	Public Financial Management and Accountability
PIU	Project Implementation Unit
RBI	Reserve Bank of India
VaR	Value at Risk

Contents

ANNEX 1: CONCEPTS AND FOUNDATIONS FOR NCRPB ACCOUNTING

Objective

1. The objective of this chapter is to provide an introduction into basic general and double-entry accounting concepts to NCRPB officials dealing with finance and accounting functions.

2. Double entry accounting (DEA) system is not an arbitrary method of procedures but a logical mechanism which accounts for the assets and equities of an organization in a mathematically accurate manner. It is built upon the framework of accounting equation which enables each transaction to be recorded in such a manner that the accounting equation continue to remain valid.

The Accounting Equation

3. The accounting equation is a model for the balance sheet – it is a statement of the financial position of an organization in a graphic form. It shows the resources belonging to an organisation and the claims against those resources.

4. The basic form of the equation may be written as:

ASSETS = LIABILITIES + FUND BALANCE

5. In this equation,

'Assets' refers to the economic resources owned by an organisation for providing service or earning revenues in future;

'Liabilities' refers to obligations made by the organisation to outside parties and includes loans, bonds, credit for purchases etc.; and

'Fund balance' represents the difference between assets and liabilities, i.e. the net amount available to the NCRPB.

Keeping the Balance

6. Thus, in order to maintain this balance, a change in any of these figures must be offset by a change in some other figure, such that the balance is maintained. In other words, this means that whenever you increase an asset, you have to decrease another asset, or increase the other side of the equation, in order to maintain the equality. Similarly, if you increase a liability, it must be matched by either a decrease in another liability (or fund balance) or an increase in assets. This however requires each account to be separately recorded and each increase or decrease measured accurately. This is the principle of double entry accounting and this measurement is achieved through a system of **Debits** and **Credits**.

Double Entry Accounting (DEA)

7. DEA system is based on the principle of duality; for every benefit there is a sacrifice; for every effort there is a reward. It does this by recording transactions through a series of debits and credits. In order to maintain the equality, certain conventions are followed using which it can be possible to ascertain that the accounting equation has been maintained (i.e. Debits = Credits).

8. Thus, under DEA, every transaction affects at least two accounts one of which must be debit and another must be a credit. But what is debit and credit? Debit and credit are accounting terms to denote how each item in the accounting equation should be recorded and displayed. Put very simply, 'Debit' refers to left of the page and 'Credit' refers to right of

the page. You may forget everything else you have learned about debits and credits and remember this. They are nothing more than a sort of notation or coding identifying the direction of movement of transaction in the DEA system.

Debit and Credit

9. As explained earlier, debit and credit are merely terms used to denote the flow of transaction in a DEA system. In the context of the accounting equation, the equality is maintained when 'Debits' equal the 'Credits'.

Debit and Credit Conventions

10. The accounting equation which can be displayed in the form of a statement as follows (e.g. this statement is called the balance sheet):

LIABILITIES + FUND BALANCE =	ASSETS

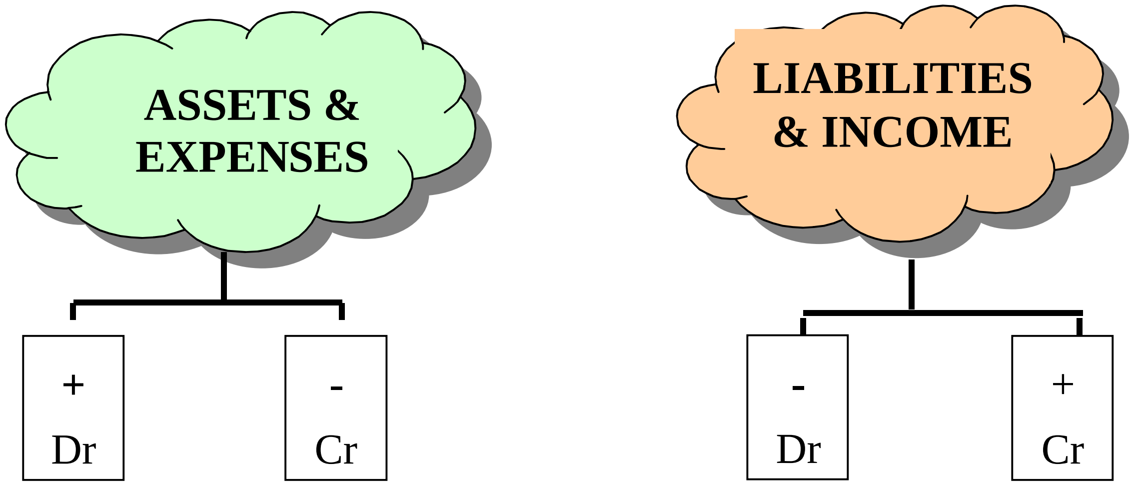
11. Everything on the right-hand side of the balance sheet is increased by a debit, whereas everything on the left-hand side is increased by a credit. This means that to increase an asset, we must debit it and to increase a liability, we must credit it.

What about incomes and expenses?

12. Well the second rule is that:

- Expenses like assets are increased by a debit and decreased by a credit; and
- Incomes are increased with a credit and decreased with a debit.

13. With these basic rules, we can go ahead and carry out all transactions and entries pertaining to double entry accounting system. The graphics below provide a visual aid.



* Fund Balance is treated as a liability

When do you Debit?

Case I. Expenditure Account

For example, an expense is incurred in the form of Telephone Bills, Electricity Bills, and Salaries to the staff

- Expenses A/c like Telephone, Electricity etc. will be debited.

And, When do you Credit?

Case I. Decrease in Assets

For example, the sale of some vehicles (or equipment).

- Assets (vehicles) are decreasing and cash (asset) is increasing so cash would be debited and particular asset account would be credited.

Case II. Increase in incomes

For example, receiving interest on investments.

- Income is increasing so it will be credited and cash (assets) is increasing, so it would be debited.

Recording of Entries

14. Each entry is recorded in an 'Account'. An account is nothing but a label used to accumulate amounts produced from similar transactions. Cash, for instance, is an account. Every time cash is increased or decreased at a company, the cash account is also increased or decreased. Each such account is recorded in a general ledger.

Prime Books of Entry

15. For each entry in the accounting system, it is first recorded in a Journal (or if it relates to cash or bank, in the cash / bank book). These are known as books of prime entry.

Recording a Transaction

16. Every transaction is recorded in the prime books through an 'entry'. An entry must have certain essential characteristics in order for it to be part of a proper accounting system. These are:

- The date of the transaction;
- Voucher Number i.e. the document reference number of the transaction;
- The account heads debited and credited;
- The amounts for each such debit and credit head;
- The narration i.e. an explanation of the nature of the transaction; and
- Ledger Folio i.e. the page reference in the General Ledger where the corresponding effect of this entry is recorded.

Posting and T- Accounts

17. The entry is posted from the prime books to the ledger. Ledgers can be illustrated using T Accounts. T-accounts are just a quick and easy way to record debits and credits. Often they can make it easier to learn debits and credits. Example of a T-account

CASH	

18. To make an increase in cash, put the amount on left i.e. Debit (since cash is an Asset account)

CASH	
2,000	

19. To make a decrease in cash, put the amount on Right i.e. Credit (since Cash is an Asset account)

CASH	
	1,000

20. One can set up a T-account for each account, and accumulate all of the amounts that affect that account.

Balancing an Account

21. During the posting of entries to an account, some entries are made on the left (debit) side and some entries on the right (credit) side of the ledger. If the left side total and the right side total are equal, then the account is said to be balanced. However, it will not always happen (i.e. the debits will not be equal to the credits). In such a case, the account has to be balanced.

22. In order to do this, you must:

i) Total both the sides

ii) Subtract the smaller figure from the larger figure

iii) Put this difference on the side where the total is lesser (remember the balanced scales)

iv) Now both the sides match; the account is tallied.

23. If, while calculating the totals, you fund that the debit side is more, it s called a DEBIT BALANCE. If, on the other hand, Credit side is more, it is called a CREDIT BALANCE.

Accounting Concepts

24. Accounting Concepts are the necessary assumptions, conditions or postulates upon which the accounting is based. They are developed to facilitate communication of the accounting and financial information to all the readers of the financial statements, so that all readers interpret the statements in the same meaning and context.

Entity Concept

25. For accounting purposes, an “organisation” is treated as a separate entity from the “owners” or “stakeholders”. This concept helps in keeping private affairs of the owners and stakeholders separate from the business affairs.

Accounting Equivalence Concept

26. This concept follows from the entity concept. All entities own certain assets. Such assets are acquired through contributions of those who have provided the funds for the purpose. Funds are made available either through the surpluses of the entity or loans or payables. In a sense, such providers of funds are claimants to the assets. At any point in time, the assets will be equal to the claims. Since the claims on the assets could be those of “outsiders” (i.e. liabilities) or “owners” (i.e. capital, reserves, etc.), it results in the accounting equation:

Assets = Own Funds + Liabilities

Going Concern Concept

27. It is assumed that the organisation will continue for a long time, unless and until it has entered into a state of liquidation. It is as per this concept, that the accountant does not take into consideration the market value of the assets while valuing them, irrespective of whether the market value is higher or lower than the book value. Similarly, depreciation on fixed assets is provided on the basis of expected lives of the assets rather than on their market values. Also, the financial statements are prepared at defined period-end to measure the performance of the entity during that period and not only on the closure or liquidation of the entity.

Money Measurement Concept

28. In accounting, every transaction is recorded in terms of money. Events or transactions that cannot be expressed in terms of money are not recorded in the books of accounts. Receipt of income, payment of expenses, purchase and sale of assets, etc., are monetary transactions that are recorded in the books of accounts. For example, the event of a machinery breakdown is not recorded as it does not have a monetary value. However, the expenditure incurred for the repair of the machinery can be measured in monetary value and hence is recorded.

Cost Concept

29. As per this concept, an asset is ordinarily recorded at the price paid to acquire it, i.e., at its cost and this cost is the basis for all subsequent accounting for the asset. The cost concept does not mean that the asset will always be shown at cost. This basically signifies that each time the financial statements are prepared. The fixed assets need not be revised and recorded at its realisable or replacement or market value. The assets recorded at cost at the time of purchase may systematically be reduced through depreciation.

Accounting Period Concept

30. An accounting period is the interval of time at the end of which the financial statements are prepared to ascertain the financial performance of the organisation. Although the “going concern” concept stresses the continuing nature of the entity, it is necessary for an organisation to review how it is performing. The preparation of financial statements at periodic intervals helps in taking timely corrective action and developing appropriate strategies. The accounting period is normally considered to be of twelve months.

Accrual Concept

31. Under the cash system of accounting, the revenues and expenses are recorded only if they are actually received or paid in cash, irrespective of the accounting period to which they belong. But under the accrual concept, occurrence of claims and obligations in respect of incomes or expenditures, assets or liabilities based on happening of any event, passage of time, rendering of services, fulfilment (partially or fully) of contracts, diminution in values,

etc., are recorded even though actual receipts or payments of money may not have taken place. In respect of an accounting period, the outstanding expenses and the prepaid expenses and similarly the income receivable and the income received in advance are shown separately in the books of accounts under the accrual method.

Periodic Matching of Cost and Revenue Concept

32. To ascertain the surplus or deficit made by the entity during an accounting period, it is necessary that the costs incurred are matched with the revenue earned by the entity during that accounting period. The matching concept is a corollary drawn from the accrual concept. To ascertain the correct surplus or deficit, it is necessary to make adjustments for all outstanding expenses, prepaid expenses, income receivable and income received in advance to correctly depict and match the income and expenditure relating to that accounting period.

Realisation Concept

33. According to this concept, revenue should be accounted for only when it is actually realised or it has become certain that the revenue will be realised. This signifies that revenue should be recognised only when the services are rendered or the sale is effected. However, in order to recognise revenue, actual receipt of cash is not necessary. What is important is that the organisation should be legally entitled to receive the amount for the services rendered or the sale effected.

Accounting Conventions

34. Accounting conventions are the customs or traditions guiding the preparation of accounts. They are adopted to make financial statements clear and meaningful. The Accounting Conventions are discussed below:

Convention of Disclosure

35. The term “disclosure” implies that there must be a sufficient revelation of information which is of material interest to owners, creditors, lenders, investors, citizen and other stakeholders. The accounts and the financial statements of an entity should disclose full and fair information to the beneficiaries in order to enable them to form a correct opinion on the performance of such entity, which in turn would allow them to take correct decisions. For example, the Accounting Principles that have been followed for preparation of the Financial Statements should be disclosed along with the Financial Statements for proper understanding and interpretation of the same.

Convention of Materiality

36. An item should be regarded as material, if there is a sufficient reason to believe that knowledge of it would influence the decision of informed creditors, lenders, investors, citizen and other stakeholders. The accounts and the financial statements should impart importance to all material information so that true and fair view of the state of affairs of the entity is given to its beneficiaries. Hence, keeping the convention of materiality in view, unimportant items are not disclosed separately and are merged with other items.

Convention of Consistency

37. The convention of consistency facilitates comparison of financial performance of an entity from one accounting period to another. This means that the accounting principles followed by an entity should be consistently applied by it over the years. For example, an organisation should not change its method of depreciation every year, i.e., from Straight Line Method to Written Down Value Method or vice-versa. Similarly, the method adopted for valuation of stocks, viz., First In First Out (FIFO) or Weighted Average should be

consistently followed. In case a change is made, it should be disclosed.

Convention of Conservatism

38. As per this convention, the anticipated profits should be ignored but all anticipated losses should be provided for in the books of accounts of an entity. This means that all prospective losses are taken into consideration, however, no doubtful income is taken into consideration in recording of transactions by an entity. For example, while provision for doubtful debts and discount is made on debtors or Accounts Receivable, no provision is made for likely discount receivable from creditors or Accounts Payable. Similarly, provision is made for diminution in value of investments; but no provision is made for appreciation in value of investments.

ANNEX 2: INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING NORMS

Prudential norms on income recognition, asset classification and provisioning (IRAC norms) pertaining to advances portfolios of banks were introduced for the first time by Reserve Bank of India (RBI) during financial year 1992-93 i.e. year ended 31st March 1993 in line with the international practices. The prudential norms are formulated on the basis of objective criteria rather than on any subjective consideration. This has brought uniform and consistent application of the norms and greater transparency in published accounts of banks. Reserve Bank of India has been issuing Master Circulars on prudential norms for past few years. Last Master circular on prudential norms pertaining to advances was issued by Reserve Bank of India on 1st July 2005. This section is largely obtained from Reserve Bank India (IRAC) norms which are to found on the RBI website.

Asset Type

Standard Asset: The account is not non-performing and does not carry more than normal risk attached to the business.

Non-Performing Asset (NPA): An asset becomes NPA when it ceases to generate income for the bank. This would mean that interest, which is debited to borrower's account, has to be realised by the bank. An account has to be classified as NPA on the basis of record of recovery rather than security charged in favour of the bank in respect of such account. Thus, an account of a borrower may become NPA if interest charged to that particular borrower is not realised despite the account being fully secured.

Identification of Account As NPA

RBI has laid down various criteria for classification of various types of advances as NPA which are as under:

Term Loan: Interest and /or installment of principal remain overdue for a period of more than 90 days.

One will have to determine the due date of interest and installment. If either interest or installment is overdue for more than 90 days then the account would become NPA. Interest or installment, which is due as on 30th December,2008 would be overdue for more than 90 days as on 31st March 2009 and the account would become NPA. However, if the same was due on 31st December 2008, then the account would not become NPA as on 31st March 2009.

Overdraft/Cash Credit: If an account remains out of order, it would become NPA. For this purpose an account would be treated as 'out of order' if: i) The outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days or more, or ii) Even if the outstanding in the account is less than the sanctioned limit/ drawing power, there are no credits in the account continuously for 90 days as on the date of the Balance sheet, or iii) Credits in the account are not sufficient to cover interest debited during the same period. Thus, as on 31st March 2009, if any of the above criteria is satisfied, the account would be classified as NPA. There may be a situation where say for example drawing power of an account is Rs.10 lacs, balance is Rs.8 lacs and there are no credits in the account for 90 days. Such account would be classified as NPA.

Bills Purchased/Discounted: If the bills purchased or discounted remains overdue for a period of more than 90 days from its due date.

Agricultural Advances: a loan granted for i) Short duration crops will be treated as NPA, if the installment of principal or interest thereon remains overdue for two crop seasons. ii) Long duration crops will be treated as NPA, if the installment of principal or interest thereon remains overdue for one crop season. For the purpose of these guidelines, “long duration” crops would be crops with crop season longer than one year and crops, which are not “long duration” crops would be treated as “short duration” crops.

Thus an auditor will have to verify the nature/duration of crop circle and accordingly verify whether an agricultural account is NPA as on 31st March 2006.

Other Credit Facility: In case of any other credit facility, if the amount to be received remains overdue for more than 90 days, then the account will be classified as NPA.

Accounts with temporary deficiencies:

Even though criteria laid down for identification of an account as NPA are objective, an account should not be classified as NPA, if the deficiencies like non-submission of stock statement and, non-renewal of facility in the account are temporary in nature. RBI guidelines in this regard as under. a) Drawing power is required to be arrived at based on the stock statement, which is current. However, considering the difficulties of large borrowers, stock statements relied upon by the banks for determining drawing power should not be older than three months. The outstanding in the account based on drawing power calculated from stock statements older than three months, would be deemed as irregular.

A working capital account will become NPA if such irregular drawings are permitted in the account for a continuous period of 90 days even though the unit may be working or the borrower’s financial position is satisfactory. Thus, if a borrower is allowed drawing on the basis of stock statement of September’08, the account will be classified as NPA as on 31st March 2009. b) Regular and adhoc credit limits need to be reviewed/regularised not later than three months from the due date/date of ad hoc sanction. In case of constraints such as non-availability of financial statements and other data from the borrowers, the branch should furnish evidence to show that renewal/review of credit limits is already on and would be completed soon. In any case, delay beyond six months is not considered desirable as a general discipline. Hence, an account where the regular/ adhoc credit limits have not been reviewed/ renewed within 180 days from the due date/date of ad hoc sanction will be treated as NPA.

Income Recognition i) Income from NPA is not recognised on accrual basis but is booked as income only when it is actually received. Therefore interest on any NPA should not be recognized unless realized. However, interest on advances against term deposits, NSCs, IVPs, KVPs and Life policies may be taken to income account on the due date, provided adequate margin is available in the accounts. For example: A borrower has taken loan of Rs.1 lakh against term deposit of Rs.1.25 lakh. Balance in the account as on 31st March’09 is Rs. 1.10 lakhs. Even though account is over drawn, income would be recognized since value of deposit is more than the balance outstanding.

ii) Fees and commissions earned by the banks as a result of re-negotiations or rescheduling of outstanding debts should be recognised on an accrual basis over the period of time covered by the renegotiated or rescheduled extension of credit.

iii) If Government guaranteed advances become NPA, the interest on such advances should not be taken to income account unless the interest has been realised.

Reversal of income

i) If any advance, including bills purchased and discounted, becomes NPA as at the close of any year, interest accrued and credited to income account in the corresponding previous year, should be reversed or provided for if the same is not realized during the year under audit. This will apply to Government guaranteed accounts also.

ii) In respect of NPAs, fees, commission and similar income that have accrued should cease to accrue in the current period and should be reversed or provided for with respect to past periods, if uncollected.

iii) The finance charge component of finance income [as defined in 'AS 19 – Leases' issued by the Council of the Institute of Chartered Accountants of India (ICAI)] on the leased asset which has accrued and was credited to income account before the asset became non-performing and remain unrealised, should be reversed or provided for in the current accounting period.

Appropriation of recovery in N PA s

i) Interest realised on NPAs may be taken to income account provided the credits in the accounts towards interest are not out of fresh/additional credit facilities sanctioned to the borrower concerned.

ii) In the absence of a clear agreement between the bank and the borrower for the purpose of appropriation of recoveries in NPAs banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner. Thus, as per the consistent policy of the bank recovery may be appropriated towards interest or principal.

iii) As per income recognition norms, bank cannot recognise income unless realised. However, bank can debit interest to NPA account provided it is credited to interest suspense account.

Asset Classification

Having identified assets as NPA, banks are required to classify them further into —

a) Sub-standard Assets

b) Doubtful Assets

c) Loss Assets

a) *Sub-standard Assets:*

A sub-standard asset is one, which has remained NPA for a period of less than or equal to 12 months

b) *Doubtful Assets:*

An asset is classified as doubtful if it has remained in the sub-standard category for a period of 12 months.

c) *Loss Assets:*

A loss asset is one where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly. In other words, such an asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted although there may be some salvage or recovery value.

Exceptions:

In respect of accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers, it will not be prudent that such accounts should go through various stages of asset classification. In cases of such serious credit impairment the asset should be straightaway classified as doubtful or loss asset as appropriate. i) Erosion in the value of security can be reckoned as significant when the realizable value of the security is less than 50 per cent of the value assessed by the bank or accepted by RBI at the time of last inspection, as the case may be.

Such NPAs may be straightaway classified under doubtful category and provisioning should be made as applicable to doubtful assets. ii) If the realizable value of the security, as assessed by the bank/approved valuers/RBI is less than 10 per cent of the outstanding in the borrowal accounts, the existence of security should be ignored and the asset should be straightaway classified as loss asset. It may be either written off or fully provided for by the bank.

Asset Classification– Some Clarifications:

(i) Asset Classification to be borrower-wise and not facility-wise

All the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.

(ii) Advances under consortium arrangements

Asset classification of accounts under consortium should be based on the record of recovery of the individual member banks and other aspects having a bearing on the recoverability of the advances. Where the remittances by the borrower under consortium lending arrangements are pooled with one bank and/or where the bank receiving remittances is not parting with the share of other member banks, the account will be treated as not serviced in the books of the other member banks and therefore, be treated as NPA. If the banks participating in the consortium are able to arrange to get their share of recovery transferred from the lead bank or get an express consent from the lead bank for the transfer of their share of recovery, they may be able to make proper classification in their books.

(iii) Advances to PACS/FSS ceded to Commercial Banks

In respect of agricultural advances as well as advances for other purposes granted by banks to ceded PACS (Primary agricultural credit society)/ FSS (Farmers Service Society) under the on-lending system, only that particular credit facility granted to PACS/FSS which is in default will be classified as NPA and not all the credit facilities sanctioned to a PACS/ FSS. The other direct loans & advances, if any, granted by the bank to the member borrower of a PACS/ FSS outside the on-lending arrangement will become NPA even if one of the credit facilities granted to the same borrower becomes NPA.

(iv) Advances against Term Deposits, NSCs, KVP/IVP, etc

Advances against term deposits, NSCs eligible for surrender, IVPs, KVPs and life policies need not be treated as NPAs. Advances against gold ornaments, government securities and all other securities are not covered by this exemption.

(v) Loans with moratorium for payment of interest (a) In cases where moratorium is available for payment of interest, payment of interest becomes 'due' only after the moratorium or

gestation period is over. Therefore, such amounts of interest do not become overdue and hence do not become NPA with reference to the date of debit of interest. They become overdue after due date for payment of interest if uncollected. (b) In the case of housing loan or similar advances granted to staff members where interest is payable after recovery of principal, interest need not be considered as overdue from the frst quarter onwards. Such loans/advances should be classifed as NPA only when there is a default in repayment of instalment of principal or payment of interest on the respective due dates.

(vi) Government guaranteed advances

The credit facilities backed by guarantee of the Central Government though overdue may be treated as NPA only when the Government repudiates its guarantee when invoked. This exemption from classification of Government guaranteed advances as NPA is not for the purpose of recognition of income. State Government guaranteed advances and investments in State Government guaranteed securities would attract asset classification and provisioning norms if interest and/or principal or any other amount due to the bank remains overdue for more than 90 days.

(vii) Upgradation of loan accounts classified as NPAs

If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as non-performing and may be classified as 'standard' accounts.

(viii) Accounts regularized near about the balance sheet date

The asset classification of borrowal accounts where a solitary or a few credits are recorded before the balance sheet date should be carefully checked and without scope for subjectivity. Where the account indicates inherent weakness on the basis of the data available, the account should be deemed as a NPA. In other genuine cases, the auditors must obtain satisfactory evidence about the manner of regularisation of the account to eliminate doubts on their performing status.

Restructuring/rescheduling of Loans

i) The restructuring/rescheduling/renegotiation of the terms of loan agreement could take place:

a) before commencement of commercial production;

b) after commencement of commercial production but before the asset has been classified as sub standard,

c) after commencement of commercial production and after the asset has been classified as sub standard.

ii) Treatment of Restructured Standard Accounts

a) A standard asset (first two categories) whose instalments are being restructured need not be classified as sub standard provided the loan/credit facility is fully secured (security would also include collateral security provided it is tangible and charged to the bank)

b) A standard asset (first two categories) whose interest is being restructured would not cause it to be downgraded to sub standard category subject to the condition that the amount of sacrifce, if any, in the element of interest, measured in present value terms, is either written off or provision is made to the extent of the sacrifice involved. For the purpose, the future interest due as per the original loan agreement in respect of an account should be discounted to the present value at a rate appropriate to the risk category of the borrower (i.e., current PLR+ the appropriate credit risk premium for the borrower-category) and compared with the present value of the dues expected to be received under the restructuring package, discounted on the same basis. c) In case there is a sacrifice involved in the amount of interest in present value terms, as at (b) above, the amount of sacrifice should either be written off or provision made to the extent of the sacrifice involved. Example: A term loan which was originally sanctioned at the rate of interest of 13% and repayable by 2010 is rescheduled and the revised rate of interest is 10% and is repayable by 2015. To determine interest sacrifice, bank will calculate the interest, which it would have earned as per original terms. It will also calculate interest, which it will earn as per revised terms. Suppose present value of interest, which the bank would have earned, comes to Rs. 5 lacs and which it would earn comes to Rs.3.5 lacs. Thus interest sacrifice of Rs.1.5 lacs will have to be provided or written off by the Bank.

iii) Treatment of restructured sub-standard accounts

a) A sub-standard asset whose instalments are being rescheduled can be continued in the substandard category for the specified period, provided the loan/credit facility is fully secured.

b) A sub-standard asset can continue to be classified as such provided interest sacrifice as explained in para (ii) (b) and (c) above is worked out and either provided for or written off.

(iv) Upgradation of restructured accounts:

The sub-standard accounts, which have been subjected to restructuring etc., whether in respect of principal installment or interest amount, by whatever modality, would be eligible to be upgraded to the standard category only after the specified period i.e., a period of one year after the date when first payment of interest or of principal, whichever is earlier, falls due, subject to satisfactory performance during the period. The amount of provision made earlier, net of the amount provided for the sacrifice in the interest amount in present value terms as aforesaid, could also be reversed after the one year period. During this one-year period, the sub-standard asset will not deteriorate in its classification if satisfactory performance of the account is demonstrated during the period. In case, however, the satisfactory performance during the one-year period is not evidenced, the asset classification of the restructured account would be governed as per the applicable prudential norms with reference to the pre-restructuring payment schedule.

(v) Other related issues/clarifications:

(a) The above guidelines would be applicable to all type of credit facilities including working capital limits, extended to industrial units, provided they are fully covered by tangible securities. However these guidelines should not be applied to credit facilities extended to traders.

This does not necessarily mean that banks cannot restructure the accounts other than that of industrial units. They can restructure such account provided they are viable However, these accounts would not qualify for the special asset classification status available to restructured ‘standard’ and restructured ‘substandard’ accounts as discussed in para 6 (ii) and (iii) above. Such accounts will be subjected to the prudential norms in the normal course. Moreover, interest sacrifice as explained above will have to be provided or written off.

(b) Banks cannot reschedule/ restructure/renegotiate borrower accounts with retrospective effect. The asset classification status restructured ‘substandard’ accounts as discussed in para 6 (ii) and (iii) above. Such accounts will be subjected to the prudential norms in the normal course. Moreover, interest sacrifice as explained above will have to be provided or written off.

(c) Banks cannot reschedule/ restructure/renegotiate borrower accounts with retrospective effect. The asset classification status as on the date of approval of the restructured package by the competent authority would be relevant to decide the asset classification status of the account after restructuring /rescheduling/renegotiation. Banks cannot repeatedly restructure/ reschedule the amounts (ever greening) due to them unless there are very strong and valid reasons which warrant such repeated restructuring/rescheduling.

(d) It has to be borne in mind that income recognition in respect of rescheduled/ restructured account also should be strictly on cash basis on realization. If, however, funding of interest in respect of NPAs, if recognised as income, should be fully provided for.

(e) At times, as per the terms of restructuring, the amount outstanding is converted into other instruments like equity, debentures or any other instrument. If the amount of interest dues is converted into equity or any other instrument, and income is recognised in consequence, full provision should be made for the amount of income so recognised to offset the effect of such income recognition. However, if the conversion of interest is into equity, which is quoted, interest income can be recognised at market value of equity, as on the date of conversion, not exceeding the amount of interest converted to equity. The income in respect of unrealised interest, which is converted into debentures or any other fixed maturity instrument, should be recognised only on redemption of such instrument.

(f) The provision made in a structured/rescheduled account towards interest sacrifice, may be reversed on satisfactory completion of all repayment obligations and the outstanding in the account is fully repaid. It has to be noted that banks are not required to re-compute the extent of sacrifice each year and make adjustments in the provisions made towards interest sacrifice.

Corporate Debt Restructuring (CDR)

i) The objective of the CDR framework is to ensure timely and transparent mechanism for restructuring the corporate debts of viable entities facing problems, outside the purview of BIFR, DRT and other legal proceedings, for the benefit of all concerned. In particular, the framework will aim at preserving viable corporates that are affected by certain internal and external factors and minimize the losses to the creditors and other stakeholders through an orderly and coordinated restructuring programme.

ii) a) The CDR mechanism will cover only multiple banking accounts/syndication/consortium accounts with outstanding exposure of Rs.20 crore and above by banks and institutions.

b) The Category 1 CDR system will be applicable only to accounts classified as ‘standard’ and ‘sub-standard’. There may be a situation where a small portion of debt by a bank might be classified as doubtful. In that situation, if the account has been classified as ‘standard’/ ‘substandard’ in the books of at least 90% of lenders (by value), the same would be treated as standard/substandard, only for the purpose of judging the account as eligible for CDR, in the books of the remaining 10% of lenders.

c) In no case, the requests of any corporate indulging in willful default, fraud or misfeasance, even in a single bank, will be considered for restructuring under CDR system.

d) The accounts where recovery suits have been fled by the lenders against the company, may be eligible for consideration under the CDR system provided, the initiative to resolve the case under the CDR system is taken by at least 75% of the lenders (by value). However, for restructuring of such accounts under the CDR system, it should be ensured that the account meets the basic criteria for becoming eligible under the CDR mechanism.

e) BIFR cases are not eligible for restructuring under the CDR system. However, large value BIFR cases may be eligible for restructuring under the CDR system if specifically recommended by the CDR Core Group. The Core Group shall recommend exceptional BIFR cases on a case-to-case basis for consideration under the CDR system. It should be ensured that the lending institutions complete all the formalities in seeking the approval from BIFR before implementing the package.

iii) Category 2 CDR System

There have been instances where the projects have been found to be viable by the lenders but the accounts could not be taken up for restructuring under the CDR system as they fell under 'doubtful' category. Hence, a second category of CDR is introduced for cases where the accounts have been classified as 'doubtful' in the books of lenders, and if a minimum of 75% (by value) of the lenders satisfy themselves of the viability of the account and consent for such restructuring.

iv) Accounting treatment for restructured accounts

Restructuring of corporate debts under CDR system could take place in the following stages:

a. before commencement of commercial production;
b. after commencement of commercial production but before the asset has been classified as 'sub standard';
c. after commencement of commercial production and the asset has been classified as 'sub-standard' or 'doubtful'.

Detailed guidelines regarding prudential norms in respect of rescheduled/restructured accounts have been given earlier in this article. The same norms would apply to accounts restructured under CDR system. (Reader may refer Master circular dt.1st July'05 of RBI for detailed guidelines and clarification in this regard.)

Projects under Implementation:

i) The projects under implementation for the purpose of determining the date when the project ought to be completed and the asset classification norms in respect thereof are as under:

Category I: Projects where financial closure had been achieved and formally documented.

In such cases the date of completion of the project should be as envisaged at the time of original financial closure. In all such cases, the asset may be treated as standard asset for a period not exceeding two years beyond the date of completion of the project, as originally envisaged at the time of initial financial closure of the project

Category II: Projects sanctioned before 1997 with original project cost of Rs.100 crore or more where financial closure was not formally documented.

An expert group constituted by the term lending institutions based on all material and relevant facts and circumstances, has decided the deemed date of completion of the project, on a project-by-project basis. In such cases, the asset may be treated as standard asset for a period not exceeding two years beyond the deemed date of completion of the project, as decided by the Group.

Category III: Projects sanctioned before 1997 with original project cost of less than Rs.100 crore where financial closure was not formally documented.

The asset may be treated as standard asset only for a period not exceeding two years beyond the date of completion of the project as originally envisaged at the time of sanction. In all of the three foregoing categories, in case of time overruns beyond the aforesaid period of two years, the asset should be classified as sub standard regardless of the record of recovery and provided for accordingly.

(ii) Income recognition

(a) Banks may recognise in come on accrual basis in respect of the above three categories of projects under implementation, which are classified as 'standard'.

(b) If asset under above category is classified as 'sub- standard' income should be recognised on realisation on cash basis.

(c) Income which is wrongly recognised should be reversed if it was recognized as income during the current year or provision should be made for an equivalent amount if it was recognised as income in the previous year(s). (d) As regards the treatment of 'funded interest' recognised as income and 'conversion into equity, debentures or any other instrument' guidelines as given earlier in this article. (Reader may refer Master circular dt.1st July'05 of RBI for detailed guidelines and clarification in this regard.) Underlying principle, however is that any funding of interest in respect of NPAs, if recognized as income, should be fully, provided for

Provisioning Norms:

(i) Sub-standard assets

A general provision of 10 percent on total outstanding should be made without making any allowance for ECGC guarantee cover and securities available.

At times bank give loans, which are unsecured ab-initio. i.e. the loan is sanctioned without any security. If such account becomes NPA and is classified as substandard then provision of 20% would be made.

Banks are permitted to phase the additional provisioning consequent upon the reduction in the transition period from substandard to doubtful asset from 18 to 12 months over a four year period commencing from the year ending March 31, 2005, with a minimum of 20 % each year.

EXAMPLE: An asset became NPA for the first time on 31st March 2004. Balance outstanding in the account is Rs.25 lacs. Account is classified as sub standard and therefore provision of Rs.2.5 lacs is made as on 31st March 2004. As per the old norms, the asset would have remained in the category of sub-standard as on 31st March 2005. However due to reduction in period from 12 months to 18 months, the asset got migrated to doubtful Category as on 31st March 2005 and, therefore, bank will have to make provision of Rs.5 lacs i.e.20% of Rs.25 lacs. Thus, additional provision of Rs.2.5 lacs. This additional provision of Rs.2.5 lacs can be spread over a period of four years with minimum provision of Rs.50,000/-each year.

(ii) Doubtful assets

a. 100 percent of the extent to which the advance is not covered by the realisable value of the security to which the bank has a valid recourse and the realisable value is estimated on a realistic basis.

b. In regard to the secured portion, provision may be made on the following basis, at the rates ranging from 20 percent to 100 percent of the secured portion depending upon the period for which the asset has remained doubtful:

Period for which the advance has remained in 'doubtful' category	Provision requirement (%)
Up to one year	20
One to three years	30
More than three years i) Outstanding stock of NPAs as on March 31, 2004. ii) advances classified as 'doubtful more than three years' on or after April 1, 2004	§ 60 per cent with effect from March 31, 2005 § 75 per cent with effect from March 31, 2006 § 100 per cent with effect from March31, 2007 100 percent with effect from March 31, 2005

As per the provisioning norms applicable to year ended 31st March 2004, for asset, which were doubtful for more than three years (doubtful 3), 50% provision was required to make secured portion. However, any asset, which gets migrated to doubtful 3 category, 100 % provision is required to be made on the entire balance i.e. secured portion also. However, assets which were already in the Doubtful 3 category, provision as indicated above will be required to be made.

(iii) Loss assets

Loss assets should be written off. If loss assets are permitted to remain in the books for any reason, 100 percent of the outstanding should be provided for.

Valuation of Security for provisioning purposes

With a view to bringing down divergence arising out of difference in assessment of the value of security, in cases of NPAs with balance of Rs. 5 crore and above stock audit at annual intervals by external agencies appointed as per the guidelines approved by the Board of the bank would be mandatory in order to enhance the reliability on stock valuation. Collaterals such as immovable properties charged in favour of the bank should be got valued once in three years by valuers appointed as per the guidelines approved by the Board of Directors.

(iv) Standard assets

A general provision of a minimum of 0.40 percent on standard assets on global loan portfolio basis.

(v) Provisions under Special Circumstances:

a. In respect of additional credit facilities granted to SSI units, which are identified as sick and where rehabilitation packages/ nursing programmes have been drawn by the banks themselves or under consortium arrangements, no provision need be made for a period of one year.

b. Advances against term deposits, NSCs eligible for surrender, IVPs, KVPs, and life policies would attract provisioning requirements as applicable to their asset classification status.

c. Advances against gold ornaments, government securities and all other kinds of securities are not exempted from provisioning requirements.

d. Advances covered by ECGC/CGTSI — In the case of advances classified as doubtful and guaranteed by ECGC/ CGTSI, provision is required to be made only for the balance in excess of the amount guaranteed by the Corporation. Further, while arriving at the provision required to be made for doubtful assets, realisable value of the securities should first be deducted from the outstanding balance in respect of the amount guaranteed by the Corporation and then provision should be made.

e. Provisioning norms for sale of financial assets to Securitization Company (SC) / Reconstruction company (RC) – i) If the sale of financial assets to SC/ RC, is at a price below the net book value (NBV) (i.e. book value less provisions held), the shortfall should be debited to the proft and loss account of that year. ii) If the sale is for a value higher than the NBV, the excess provision will not be reversed but will be utilized to meet the shortfall/loss on account of sale of other financial assets to SC/RC.

Natural Calamities

Our country is plagued by frequent occurrences of natural calamities like foods, cyclones, draughts etc. This causes lot of economic damage to our country and, therefore, needs massive rehabilitation efforts by all agencies including banks. RBI has issued Master Circular dated 1st July 2005 for relief measures by banks in areas affected by natural calamities. RBI has given detailed guidelines in this circular about restructuring of loans and fresh loans in respect of agricultural loans, crop loans, irrigation loans, poultry, fisheries, artisans, self-employed etc.

ANNEX 3: TERMS OF REFERENCE FOR APPOINTMENT OF ACTUARY

1. Background

1.1 The National Capital Region Planning Board was constituted under an Act of Parliament namely the National Capital Region Planning Board Act, 1985. The Board was set up with following two main objectives

- Preparing a Regional Plan along with complementary Fundamental Plans related to key elements of infrastructure; monitoring the implementation of these Plans and facilitating the preparation of Sub-Regional Plans, Development Plans and Project Plans by the constituents of the Region.
- Arrange for and oversee the financing of selected development projects in the National Capital Region through Central and State Plan funds as well as other sources of revenue.

The key rationale for constituting a National Capital Region in 1985 has been to develop the National Capital and its surrounding areas as a region of global excellence with Delhi centric emphasis to disperse/reduce pressure on the National Capital's infrastructure.

Comprehensive information about NCRPB is also available on its website www.ncrpb.nic.in

1.2 The accounts of Board are kept on accrual basis. The existing accounting and reporting system in NCRPB follows the accounting and reporting requirements of C&AG. These guidelines, inter alia, stipulate the following:

- Provisions are to be made for General provident Fund, Gratuity, Pension etc.
- Liability towards gratuity payable on death/retirement of employees is accrued based on actuarial valuation.
- Provision for accumulated leave encashment benefit to the employees is accrued and is computed on the assumption that employees are entitled to receive the benefit as at each year end.

However, in the absence of actuarial valuation, the liability on the above is accounted for in books of the Board on cash basis. Due to non-compliance, the auditors have made observations in their audit Report.

2. Brief Description of Tasks

NCRPB has total of 58 staff position sanctioned. The existing positions includes 3 executive level staff consisting of Member-Secretary, Chief Regional Planner and Director- Finance and Administration, 14 main office-based officers and 33 support staff. Also in NCR cells in participating States in Delhi, Haryana, Rajasthan and UP, total of 86 positions are sanctioned. Retirement Benefits for staff on deputation is sent to their parent department/ministry on monthly basis in the following month. Retirement benefits are not paid or accrued for staff in four NCR Cells in participating states since these staff are on rolls of participating States.

While performing its role as envisaged by NCRPB Act, 1985, it also lends finance to several state level implementing agencies. As such, NCRPB is also acting as a Financial Intermediary. It is prudent and incumbent upon NCRPB that it should follow the accounting standards issued by Institute of Chartered Accountant of India (ICAI). Accounting Standard (AS) 15 revised in 2005 covers the accounting of employee benefits.

According to AS15, the Employee benefits include:

(a) short-term employee benefits, such as wages, salaries and social security contributions (e.g., contribution to an insurance company by an employer to pay for medical care of its employees), paid annual leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;

(b) Post-employment benefits such as gratuity, pension, other retirement benefits, post-employment life insurance and post-employment medical care;

(c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation; and

(d) Termination benefits.

NCRPB has, however, following employee benefits:

- Gratuity
- General Provident Fund
- Pension Scheme for Central Government
- New Pension Scheme for new employees after 1-1-2004
- Leave Travel Assistance (LTA)
- Leave Encashment
- Group Insurance Scheme with LIC

Brief details of these benefits are provided hereunder:

3. Objectives of Assignment

The actuarial assessment of Retirement Benefits (consisting of Gratuity, Pension Funds) for provisioning in the accounts for the year ending March 31st, 2009 should be made for all eligible employees in conformity with the following:-

- Accounting Standard No. 15 and
- Guidance Note 26 (GN 26) issued by Institute of Actuaries in India.

Since the provisioning is intended to be applied consistently in future years as well, though on updated basis, NCRPB is requesting estimate for the actuarial services for the FY 2008-09 and also for each of subsequent four financial years.

4. Outputs and Deliverables

Report	Due Date	No of copies, type & language

Draft Report	April 30, 2009	• 3 hard copies, English • Electronic versions
Final Report	May 15, 2009	• 3 hard copies English • Electronic version

5. Expertise required

The expert /consultant should be a qualified chartered accountant and member of Institute of Actuaries in India with minimum 5 years' post qualifying experience in acurial valuation of retirement benefits.

6. Payment schedule

The payment schedule would be as follows:

On approval of:

1. Draft report 50 %
2. Final Report 50%

7. Contact Person for information on assumptions and other related issues

1. Mr R.K. Karna. Director (Administration & Finance), National Capital Region Planning Board, 1st Floor, Zone –IV B, India Habitat Centre, Lodhi Road, New Delhi 110003 Tel. 011-24642287 Mobile No. 9910152203, Email: karnark@nic.in
2. Mr. P.K. Jain, FAO, Director (Administration & Finance), National Capital Region Planning Board, Tel. 011-24642287 Mobile No. 9999032281 Email: ncrpb-aa02@nic.in
3. Mr. D.K.Verma, Assistant Director (Finance) , National Capital Region Planning Board, Tel. 011-24642287 Ext. 32 Mobile 9899552060 Email: ncrpb-aa03@nic.in

ANNEX 4: SCHEDULE OF DEPRECIATION RATES

Rates of Depreciation as Per IT Act (**Applicable w.e.f. AY 2006-07** (Refer Notification No. 67/2005 dt. 28th February, 2005 w.e.f. 2-4-2005)			
I	**Buildings : (See Note 2)**		
1	Buildings which are used mainly for residential purposes except hotels and Boarding House		5
2	Buildings which are not used mainly for residential purposes and other than mentioned in 1 & 3		10
3	Buildings acquired on or after 1-9-2002 for installing P & M forming part of water supply project or water treatment system and put to use for the purpose of providing infrastructure facilities u/s. 80-IA(4)(i)		100
4	Purely temporary erections such as wooden structures.		100
II	**Furniture and fittings including electrical fittings**		**10**
III	**Machinery and plant : (See Note 3)**		
1	Machinery and plant other than those covered by sub-items 2, 3 and 8 below		15
2	**Motor-cars (other than those used in business of running them on hire) acquired or put to use on or after 1st April, 1990.**		**15**
3	i.	Aeroplane — Aeroengines	40
	ii.	**Motor buses, Motor lorries and Motor taxies used in a business of running them on hire.**	**30**
	iii.	Commercial vehicle acquired on or after 1.10.1998 but before 1.4.1999 and is put to use before 1.4.1999 for the purposes of business or profession.	40
	iv.	New commercial vehicle acquired on or after 1.10.1998 but before 1.4.1999 and is put to use before 1.4.1999 in replacement of condemned vehicle of over 15 years of age for the purpose of business or profession.	60
	v.	New commercial vehicle acquired on or after 1.4.1999 but before 1.4.2000 in replacement of condemned vehicle of over 15 years of age and is put to use before 1.4.2000 for the purpose of business or profession.	60
	vi.	New commercial vehicles acquired on or after 1-4-2001 but before 1-4-2002 and is put to use before 1-4-2002 for the purpose of business or profession.	50
	vii.	Moulds used in rubber and plastic goods factories	30
	viii.	Air pollution control equipments	100
	ix.	Water pollution control equipments	100

	x.	Solid waste control equipments		100
	xi.	P & M used in semi-conductor industry		30
	xi.a)	Life saving medical equipments (For Items refer to Rule 5 App. I)		40
4	Containers made of glass or plastic used as refills			50
5	Computers (including computer software)			60
6	Machinery and plants used in weaving processing, and garment sector of textile industry purchased under TUFS on or after 1-4-2001 but before 1-4-2004 and is put to use before 1-4-2004			50
7&8.	For other items of P & M refer to Rule 5 App. 1			100/80/60
9	i.	Books owned by assessees carrying on a profession		
		a.	Annual publication	100
		b.	Other books	60
	ii.	Books owned by assessees carrying on business in running lending libraries		100
IV	**Ships**			
	Refer to Rule-5 App.-I			20
V	**Intangible Assets**			
	Knowhow, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature acquired on or after 1.4.1998.			25

NOTES :

1. Where an asset is put to use for less than 180 days in a previous year in which it is purchased, depreciation thereon shall be allowed at 50% of the depreciation allowable in respect of the block of asset comprising such asset.
2. Buildings include roads, bridges, culverts, wells and tubewells
3. Plant has been held to include:
    - movable partitions *[Jarrold vs. John Good & Sons Ltd., 40 TC 681 (CA)]*
    - sanitary & pipeline fitting *[CIT vs. Taj Mahal Hotel, 82 ITR 44 (SC)]*
    - ceiling and pedestal fans *[CIT vs. Jagadees Chandran & Co., 75 ITR 697 (Mad); Sundaram Motors Pvt. Ltd. vs. CIT, 71 ITR 587 (Mad); CIT vs. Tarun Commercial Ltd., 151 ITR 75 (Guj)].*
    - wells *[CIT vs. Warner Hindustan Ltd., 117 ITR 15 (AP)].*
    - hospital *[CIT vs. Dr. B. Venkata Rao 111 Taxman 635 (SC)].* However, w.e.f. A.Y. 2004-05, it shall not include buildings, furniture and fittings.
4. Depreciation on assets acquired on hire purchase basis should be allowed to the hirer where the terms of the agreement provide that the equipment shall

eventually become the property of the hirer or confer on the hirer an option to purchase the equipment [Circular No. 9 (R. Dis. No. 27(4) - IT/43), dated 23-3-1943].

5. Depreciation in respect of motor car manufactured outside India acquired on or after 28-2-1975 or before 1-4-2001 shall be allowed.
6. The claim of depreciation is mandatory w.e.f. A. Y. 2002-03 overriding Supreme Court's decision in *CIT vs. Mahendra Mills 109 Taxman 225* which held that the depreciation claim is optional.
7. Total depreciation allowable in the year of succession/ amalgamation/ demerger, to predecessor/amalgamating/ demerged co. and successor/ amalgamated/ resulting co. is to be restricted to depreciation allowable as if succession/ amalgamation/demerger had not taken place, and such depreciation is to be apportioned on the basis of number of day's usage by each of them.
8. Depreciation is allowable even on jointly owned assets.
9. No amortisation benefits u/ss. 35A and 35AB can be claimed in respect of intangible assets.
10. In respect of depreciable assets employed in power projects, depreciation may be computed under the Straight Line Method on individual assets [Rule 5(1A)] — [Appendix IA]. Alternatively, the undertaking, may at its option, also claim depreciation at the normal rates (Rule 5(1) — Appendix I), subject to the option being exercised prior to the due date of filing the return of income. In the event of sale or disposal of such assets, if the sale consideration
    i. is less than WDV of such assets — Balance (i.e., WDV - sale consideration) can be claimed as depreciation, provided that such a deficiency is written off in the books.
    ii. is in excess of the WDV — Excess (to the extent of the difference between actual cost and WDV will be taxable as Business profit and the balance as Capital Gains)
11. Additional Depreciation @ 20% of actual cost of new machinery or plant (other than ships and aircrafts) acquired and installed after 31st March, 2005 by an assessee engaged in the business of manufacture or production of an article or thing shall be allowed on satisfying certain conditions.

ANNEX 5: AUDITED FINANCIAL STATEMENTS OF IILFC LTD, INDIA

INDIA INFRASTRUCTURE FINANCE COMPANY LTD.
(A GOVERNMENT OF INDIA ENTERPRISES)
1201-1207, NAURANG HOUSE, K.G. MARG, N.DELHI - 110 001

BALANCE SHEET AS ON 31ST MARCH,2008

DESCRIPTION		Schedule No.	As on 31st March,2008 (Audited)	(Rs.) As on 31st March, 2007 (Audited)
SOURCES OF FUNDS				
(1)	**Shareholder's Funds**			
(a)	Share Capital	I	3,000,000,000.00	1,000,000,000.00
(b)	Reserve and Surplus	II	321,809,437.74	74,179,954.94
(c)	Share Application Money (Pending Allotment)		5,000,000,000.00	-
(2)	**Loan Funds**			
(a)	Secured Loans	III	-	696,109,997.30
(b)	Unsecured Loans	IV	34,976,210,186.00	6,073,481,683.00
(3)	**Deferred tax liability (Net of Asset)**	V	33,877,282.68	5,721,583.01
TOTAL			**43,331,896,906.42**	**7,849,493,218.25**
APPLICATIONS OF FUNDS				

DESCRIPTION		Schedule No.	As on 31st March,2008 (Audited)	(Rs.) As on 31st March, 2007 (Audited)
(1)	**Fixed Assets**	**VI**		
(a)	Gross Block		4,531,106.98	3,778,549.98
	Less : Depreciation		1,854,767.26	997,197.19
	Net Block		**2,676,339.72**	**2,781,352.79**
(b)	Capital Work -in-Progress		**370,825.00**	**-**
(2)	**Investments**	**VII**	11,441,317,120.58	1,045,241,710.15
(3)	**Infrastructure Loans**	**VIII**	16,906,379,442.57	1,424,603,571.54
(4)	**Current Assets, Loans & Advances**	**IX**		
(a)	Cash & Bank Balance		15,170,383,953.23	5,462,112,493.65
(b)	Other Current Assets		155,066,580.49	141,445,712.05
(c)	Loans & Advance		170,899,191.97	55,277,638.22
			15,496,349,725.69	5,658,835,843.92
	Less: Current Liabilities and Provisions	**X**		
(a)	Current Liabilities		468,834,696.82	273,104,411.81
(b)	Provisions		74,261,654.25	26,305,533.27
			543,096,351.07	299,409,945.08

DESCRIPTION		Schedule No.	As on 31st March,2008 (Audited)	(Rs.) As on 31st March, 2007 (Audited)
(5)	**Net Current Assets**		**14,953,253,374.62**	**5,359,425,898.84**
(6)	**Miscellaneous Expenditure to the extent**	**XI**	27,899,803.93	17,440,684.93
	not written off or adjusted			
Significant Accounting Policies and Notes to the		**XIX**		
Accounts				
TOTAL			**43,331,896,906.42**	**7,849,493,218.25**

Signed in terms of our report of even date

For Gupta Nanda & Co. **For India Infrastructure Finance Company Ltd.**

Chartered Accountants

Sanjive Nanda **S.S. Kohli** **Dr. Subas Pani**

(Partner) **(Chairman and Managing Director)** **(Director)**

Membership No.87108

Place: New Delhi

Dated: 02.05.2008

INDIA INFRASTRUCTURE FINANCE COMPANY LTD.

(A GOVERNMENT OF INDIA ENTERPRISES)

1201-1207, NAURANG HOUSE, K.G. MARG, N.DELHI - 110 001

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED ON 31ST MARCH,2008

DESCRIPTION	Schedule No.	For the year ended 31st March, 2008 (Audited)	(Rs.) For the year ended 31st March, 2007 (Audited)
INCOME			
Income from Operations	**XII**	1,118,921,299.77	363,014,709.60
Other Income	**XIII**	82,469,107.85	38,606,987.12
Add: Deferred income on account of Depreciation Charged on Fixed assets acquired out of Government Grant		499,601.64	638,737.44
TOTAL INCOME (A)		**1,201,890,009.26**	**402,260,434.16**
EXPENDITURE			
Cost of Borrowings	**XIV**	806,720,822.85	286,582,397.60
Payments to and provisions for employees	**XV**	11,852,464.92	7,564,624.76
Establishment and other Expenses	**XVI**	19,549,047.59	13,167,625.68

Provision for contingencies		5,008,129.00	-
Provision for decline in value of investments		22,745,000.00	200,000.00
Depreciation	**VI**	857,570.07	994,384.73
TOTAL EXPENDITURE (B)		**866,733,034.43**	**308,509,032.77**
PROFIT FOR THE YEAR		**335,156,974.83**	**93,751,401.39**
ADD : PRIOR PERIOD ADJUSTMENTS	**XVII**	2,431,918.73	**-**
PROFIT BEFORE TAX		**337,588,893.56**	**93,751,401.39**
Less(-)/Add(+) : Provision for taxes			
- Current Year :-			
Tax		(61,473,571.00)	(15,807,850.00)
Interest		(254,450.00)	-
-Earlier Year :-			
Tax		862,000.00	(128,759.00)
Less(-)/Add(+) : Deferred Tax Liability(-)/Asset(+)		(28,155,699.67)	(5,886,504.01)
Less(-)/Add(+) : Provision for Fringe benefit tax		(438,088.45)	(230,979.00)
Profit After Tax Available For Appropriations	**XVIII**	**248,129,084.44**	**71,697,309.38**
Basic & Diluted Earnings per Share of Rs.10/- each		**0.65**	**0.51**
Amount in Rs. (Refer note no. B(8) of schedule -XIX)			

Significant Accounting Policies and Notes to the Accounts	**XIX**

Signed in terms of our report of even date

For Gupta Nanda & Co.	**For India Infrastructure Finance company Ltd.**	
Chartered Accountants		
Sanjive Nanda	**S.S. Kohli**	**Dr. Subas Pani**
(Partner)	**(Chairman and Managing Director)**	**(Director)**
Membership No.87108		

Place: New Delhi
Dated: 02.05.2008

AUDITOR'S REPORT

TO THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

1. We have audited the attached Balance sheet of India Infrastructure Finance Company Limited as at 31st March, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further, to our comments in the 'Annexure' referred to above, we report that:

   (a) Some of the balances shown under loans, advances and other debits/ credits in so far as these have since not been confirmed, realized, discharged or adjusted are subject to reconciliation. (Refer Item No. B(26) relating to Notes to the accounts of Schedule XIX). The effect of item no (a) above on the Company's accounts is not ascertainable for the reasons explained in the respective notes.

5. Further to`above, 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 appears from our examination of those books.

   (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.

(d) In our opinion, the Balance sheet, the profit and loss account and the cash flow statement dealt with by this report *subject to item No. A(10) of schedule XIX relating to accounting policies and item No. B(15) of schedule XIX relating to notes to the account*, comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

The effect of item no. A(10) & B(15) refer above on the Company's accounts is not ascertainable for the reasons explained in the respective notes.

(e) The requirements of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 relating to disqualification of directors are not applicable to the Company, being a Government company, in terms of Notification No. G.S.R.829(E), dated 21.10.2003 issued by Ministry of Finance, Department of Company Affairs.

(f) The Company is not required to make any payment of Cess, as no notification has been issued by the Central Government specifying the rate for levying of cess under Section 441A of the Companies Act, 1956 till 31st of March, 2008.

6. *Subject to our observations as stated in para 4(a) & 5(d) above,* In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with the Accounting Policies and Notes thereon in Schedule No. XIX, give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of Balance Sheet of the state of affairs of the Company as at March 31st , 2008.

(b) in the case of the Profit and Loss account, 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.

Place: N. Delhi For Gupta Nanda & Co.

Dated: 02.05.08 Chartered Accountants

Sanjive Nanda(Partner)

M.No.: 87108

ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBERS OF INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

Referred to in paragraph 3 of our audit report of even date :

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.

(c) The Company did not dispose off a substantial part of fixed assets during the year.

(ii) The nature of the Company does not require it to hold inventories and as such clause 4(ii) of the Companies (Auditor's Report) Order, 2003('Order') is not applicable.

(iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under Section 301 of the Companies Act, 1956, the provision of clause 4(iii) (b), (c) and (d) of the Order are not applicable to the company.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the registers maintained under Section 301 of the Companies Act, 1956, the provision of clause 4(iii) (f) and (g) of the Order are not applicable to the company.

(iv) In our opinion, and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sale of services. Further, during the course of our audit we have neither come across nor have we been informed of any significant continuing failure to correct major weaknesses in the internal control system.

(v) To the best of our knowledge and belief and according to the information and explanation given to us, there are no contracts or arrangements the particulars of which need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956 and paragraph (v) (b) of the order is not applicable.

(vi) The Company has not accepted any deposits from the public within the meaning of the Rule 2(b) of the Companies (Acceptance of Deposits) Rules 1975.

(vii) In our opinion, the internal audit functions carried out during the year by an external agency 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 explanation given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.

(ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Fringe Benefit Tax, Income-tax, Service-Tax, Cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to information and explanation given to us, no undisputed material amounts in respect of Provident fund, Income Tax, Fringe Benefit Tax, Cess and other material statutory dues applicable to the company was in arrears as of March 31, 2008 for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues outstanding on account of Income Tax/ Fringe Benefit Tax / Service Tax / Cess that have not been deposited on account of disputes:

(x) The company has not any accumulated losses as on 31st March, 2008. The Company has not incurred cash losses for the financial year ended 31st of March, 2008 and in the immediately preceding financial year.

(xi) According to the information and explanation given to us, and on the basis of our examination of the books of account, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders

(xii) According to the information and explanation given to us, and on the basis of our examination of the books of account, the company has not granted loans and advances on the basis of prime security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.

(xiii) The company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, clause 4(xiii) of the Order is not applicable.

(xiv) (a) According to the information and explanation given to us and on the basis of our examination of the books of account generally, proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of the securities, debentures and other investments dealt with or traded by the company.

(b) The securities, debentures and other securities have been held by the Company, in its own name except to the extent of the exemption, if any, granted under Section 49 of the Act.

(xv) In our opinion and according to information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institutions.

(xvi) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained, other than temporary deployment pending application.

(xvii) According to information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis have, prima facia, not been used for long-term investment.

(xviii) 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 during the year.

(xix) As all debentures and bonds issued are guaranteed by Govt. of India but are unsecured, creation of security or charge does not arise.

(xx) The company has not raised any money by public issues during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

Place: N. Delhi **For Gupta Nanda & Co.**

Dated: 02.05.08 **(Chartered Accountants)**

(Sanjive Nanda) **Partner**

M.No.: 87108

ANNEX 6: AAS 6-RISK ASSESSMENTS AND INTERNAL CONTROL

The following is the text of the Auditing and Assurance Standard (AAS) 6[*], "Risk Assessments and Internal Control", issued by the Council of the Institute of Chartered Accountants of India. This Standard should be read in conjunction with the "Preface to the Statements on Standard Auditing Practices", issued by the Institute.

Introduction

1. The purpose of this Auditing and Assurance Standard (AAS) is to establish standards on the procedures to be followed to obtain an understanding of the accounting and internal control systems and on audit risk and its components: inherent risk, control risk and detection risk. The principles laid down in the other AASs, issued by the Institute of Chartered Accountants of India, would be applicable, to the extent practicable, to this AAS also. In this Standard, the term 'financial information' encompasses 'financial statements'. In some circumstances, specific legislations and regulations may require the auditor to undertake procedures additional to those set out in this AAS.

2. The auditor should obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. The auditor should use professional judgement to assess audit risk and to design audit procedures to ensure that it is reduced to an acceptably low level.

3. "Audit risk" means the risk that the auditor gives an inappropriate audit opinion when the financial statements are materially misstated. Audit risk has three components: inherent risk, control risk and detection risk.

4. "Inherent risk" is the susceptibility of an account balance or class of transactions to misstatement that could be material, either individually or when aggregated with misstatements in other balances or classes, assuming that there were no related internal controls.

5. "Control risk" is the risk that a misstatement, that could occur in an account balance or class of transactions and that could be material, either individually or when aggregated with misstatements in other balances or classes, will not be prevented or detected and corrected on a timely basis by the accounting and internal control systems.

6. "Detection risk" is the risk that an auditor's substantive procedures will not detect a misstatement that exists in an account balance or class of transactions that could be material, either individually or when aggregated with misstatements in other balances or classes.

7. "Accounting System" means the series of tasks and records of an entity by which transactions are processed as a means of maintaining financial records. Such systems identify, assemble, analyse, calculate, classify, record, summarise and report transactions and other events.

8. "Internal Control System" means all the policies and procedures (internal controls) adopted by the management of an entity to assist in achieving management's objective of ensuring, as far as practicable, the orderly and efficient conduct of its business, including adherence to management policies, the safeguarding of assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records,

and the timely preparation of reliable financial information. The internal audit function constitutes a separate component of internal control with the objective of determining whether other internal controls are well designed and properly operated.

9. The system of internal control must be under continuing supervision by management to determine that it is functioning as prescribed and is modified, as appropriate, for changes in conditions. The internal control system extends beyond those matters which relate directly to the functions of the accounting system and comprises:

(a) "the control environment" which means the overall attitude, awareness and actions of directors and management regarding the internal control system and its importance in the entity. The control environment has an effect on the effectiveness of the specific control procedures and provides the background against which other controls are operated. A strong control environment, for example, one with tight budgetary controls and an effective internal audit function, can significantly complement specific control procedures. However, a strong control environment does not, by itself, ensure the effectiveness of the internal control system. Factors reflected in the control environment include:

- The entity's organisational structure and methods of assigning authority and responsibility (including segregation of duties and supervisory functions).
- The function of the board of directors and its committees in the case of a company or the corresponding governing body in case of any other entity.
- Management's philosophy and operating style.
- Management's control system including the internal audit function, personnel policies and procedures.

(b) "control procedures" which means those policies and procedures in addition to the control environment which management has established to achieve the entity's specific objectives. Specific control procedures include:

- Reporting and reviewing reconciliations.
- Checking the arithmetical accuracy of the records.
- Controlling applications and environment of computer information systems, for example, by establishing controls over:
  - Changes to computer programs
  - Access to data files.
- Maintaining and reviewing control accounts and related subsidiary ledgers.
- Approving and controlling of documents.
- Comparing internal data with external sources of information.
- Comparing the results of physical verification of cash, fixed assets, investments and inventory with corresponding accounting records.
- Restricting direct access to assets, records and information.
- Comparing and analysing the financial results with corresponding budgeted figures.

10. In the audit of financial statements, the auditor is concerned only with those policies and procedures within the accounting and internal control systems that are relevant to the assertions made in the financial statements. The understanding of relevant aspects of the accounting and internal control systems, together with the inherent and control risk assessments and other considerations, will enable the auditor to:

(a) Assess the adequacy of the accounting system as a basis for preparing the financial statements;

(b) Identify the types of potential material misstatements that could occur in the financial statements;

(c) Consider factors that affect the risk of material misstatements; and

(d) Develop an appropriate audit plan and determine the nature, timing and extent of his audit procedures.

11. When developing the audit approach, the auditor considers the preliminary assessment of control risk (in conjunction with the assessment of inherent risk) to determine the appropriate detection risk that may be accepted by the auditor for the assertions made in the financial statements and to determine the nature, timing and extent of substantive procedures for such assertions.

Inherent Risk

12. In developing the overall audit plan, the auditor should assess inherent risk at the level of financial statements. In developing the audit programme, the auditor should relate such assessment to material account balances and classes of transactions at the level of assertions made in the financial statements, or assume that inherent risk is high for the assertion, taking into account factors relevant both to the financial statements as a whole and to the specific assertions. When the auditor makes an assessment that the inherent risk is not high, he should document the reasons for such assessment.

13. To assess inherent risk, the auditor would use professional judgement to evaluate numerous factors, having regard to his experience of the entity from previous audit engagements of the entity, any controls established by management to compensate for a high level of inherent risk, and his knowledge of any significant changes which might have taken place since his last assessment. Examples of such factors are:

At the Level of Financial Statements

- The integrity of the management.
- Management's experience and knowledge and changes in management during the period, for example, the inexperience of management may affect the preparation of the financial statements of the entity.
- Unusual pressures on management, for example, circumstances that might predispose management to misstate the financial statements, such as the industry experiencing a large number of business failures or an entity that lacks sufficient capital to continue operations.
- The nature of the entity's business, for example, the potential for technological obsolescence of its products and services, the complexity of its capital

structure, the significance of related parties and the number of locations and geographical spread of its production facilities.

- Factors affecting the industry in which the entity operates, for example, economic and competitive conditions as indicated by financial trends and ratios, and changes in technology, consumer demand and accounting practices common to the industry.

At the Level of Account Balance and Class of Transactions

- Quality of the accounting system.
- Financial statements are likely to be susceptible to misstatement, for example, accounts which required adjustment in the prior period or which involve a high degree of estimation.
- The complexity of underlying transactions and other events which might require using the work of an expert.
- The degree of judgement involved in determining account balances.
- Susceptibility of assets to loss or misappropriation, for example, assets which are highly desirable and movable such as cash.
- The completion of unusual and complex transactions, particularly, at or near period end.
- Transactions not subjected to ordinary processing.

Accounting and Internal Control Systems

14. Internal controls relating to the accounting system are concerned with achieving the following objectives:

- Transactions are executed in accordance with management's general or specific authorisation.
- All transactions and other events are promptly recorded in the correct amount, in the appropriate accounts and in the proper accounting period so as to permit preparation of financial statements in accordance with the applicable accounting standards, other recognised accounting policies and practices and relevant statutory requirements, if any, and to maintain accountability for assets. .
- Assets and records are safeguarded from unauthorised access, use or disposition.
- Recorded assets are compared with the existing assets at reasonable intervals and appropriate action is taken with regard to any differences.

Inherent Limitations of Internal Controls

15. Accounting and internal control systems can provide only reasonable, but not absolute, assurance that the objectives stated above are achieved. This is because the internal control systems are subject to some inherent limitations, such as:

- Management's consideration that the cost of an internal control does not exceed the expected benefits to be derived.

- The fact that most internal controls do not tend to be directed at transactions of unusual nature.
- The potential for human error, such as, due to carelessness, distraction, mistakes of judgement and the misunderstanding of instructions.
- The possibility of circumvention of internal controls through the collusion with employees or with parties outside the entity.
- The possibility that a person responsible for exercising an internal control could abuse that responsibility, for example, a member of management overriding an internal control.
- The possibility that procedures may become inadequate due to changes in conditions and compliance with procedures may deteriorate.
- Manipulations by management with respect to transactions or estimates and judgements required in the preparation of financial statements.

Understanding the Accounting and Internal Control Systems

16. When obtaining an understanding of the accounting and internal control systems to plan the audit, the auditor obtains a knowledge of the design of the accounting and internal control systems, and their operation. For example, an auditor may perform a "walk-through" test, that is, tracing a few transactions through the accounting system. When the transactions selected are typical of those transactions that pass through the system, this procedure may be treated as part of the tests of control. The nature and extent of walk-through tests performed by the auditor are such that they alone would not provide sufficient appropriate audit evidence to support a control risk assessment which is less than high.

17. The nature, timing and extent of the procedures performed by the auditor to obtain an understanding of the accounting and internal control systems will vary with, among other things:

- The size and complexity of the entity and of its information system.
- Materiality considerations.
- The type of internal controls involved.
- The nature of the entity's documentation of specific internal controls.
- The auditor's assessment of inherent risk.

18. Ordinarily, the auditor's understanding of the accounting and internal control systems significant to the audit is obtained through previous experience with the entity and is supplemented by:

(a) inquiries of appropriate management, supervisory and other personnel at various organisational levels within the entity, together with reference to documentation, such as procedures manuals, job descriptions, systems descriptions and flow charts;

(b) inspection of documents and records produced by the accounting and internal control systems; and

(c) observation of the entity's activities and operations, including observation of the organisation of computer operations, personnel performing control procedures and the nature of transaction processing.

Accounting System

19. The auditor should obtain an understanding of the accounting system sufficient to identify and understand:

(a) Major classes of transactions in the entity's operations;
(b) How such transactions are initiated;
(c) Significant accounting records, supporting documents and specific accounts in the financial statements; and
(d) The accounting and financial reporting process, from the initiation of significant transactions and other events to their inclusion in the financial statements.

Control Environment

20. The auditor should obtain an understanding of the control environment sufficient to assess management's attitudes, awareness and actions regarding internal controls and their importance in the entity. Such an understanding would also help the auditor to make a preliminary assessment of the adequacy of the accounting and internal control systems as a basis for the preparation of the financial statements, and of the likely nature, timing and extent of audit procedures.

21. The auditor should obtain an understanding of the control procedures sufficient to develop the audit plan. In obtaining this understanding, the auditor would consider knowledge about the presence or absence of control procedures obtained from the understanding of the control environment and accounting system in determining whether any additional understanding of control procedures is necessary. Because control procedures are integrated with the control environment and the accounting system, as the auditor obtains an understanding of the control environment and the accounting system, some knowledge about control procedures is also likely to be obtained, for example, in obtaining an understanding of the accounting system pertaining to cash, the auditor ordinarily becomes aware of whether bank accounts are reconciled regularly. Ordinarily, development of the overall audit plan does not require an understanding of control procedures for every financial statement assertion in each account balance and transaction class.

Control Risk

22. After obtaining an understanding of the accounting system and internal control system, the auditor should make a preliminary assessment of control risk, at the assertion level, for each material account balance or class of transactions.

Preliminary Assessment of Control Risk

23. The preliminary assessment of control risk is the process of evaluating the likely effectiveness of an entity's accounting and internal control systems in preventing or detecting and correcting material misstatements. The preliminary assessment of control risk is based on the assumption that the controls operate generally as described and that they operate effectively throughout the period of intended reliance. There will always be some control risk because of the inherent limitations of any accounting and internal control system.

24. The auditor ordinarily assesses control risk at a high level for some or all assertions when:

(a) the entity's accounting and internal control systems are not effective; or
(b) evaluating the effectiveness of the entity's accounting and internal control systems would not be efficient.

In the above circumstances, the auditor would obtain sufficient appropriate audit evidence from substantive procedures and from any audit work carried out in the preparation of financial statements.

25. The preliminary assessment of control risk for a financial statement assertion should be high unless the auditor:

(a) is able to identify internal controls relevant to the assertion which are likely to prevent or detect and correct a material misstatement; and
(b) Plans to perform tests of control to support the assessment.

Documentation of Understanding and Assessment of Control Risk

26. The auditor should document in the audit working papers:

(a) The understanding obtained of the entity's accounting and internal control systems; and
(b) The assessment of control risk.

When control risk is assessed at less than high, the auditor would also document the basis for the conclusions.

27. Different techniques may be used to document information relating to accounting and internal control systems. Selection of a particular technique is a matter for the auditor's judgement. Common techniques, used alone or in combination, are narrative descriptions, questionnaires, check lists and flow charts. The form and extent of this documentation is influenced by the size and complexity of the entity and the nature of the entity's accounting and internal control systems. Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the more extensive the auditor's documentation will need to be.

Tests of Control

28. Tests of control are performed to obtain audit evidence about the effectiveness of the:

(a) Design of the accounting and internal control systems, that is, whether they are suitably designed to prevent or detect and correct material misstatements; and
(b) Operation of the internal controls throughout the period.

Tests of control include tests of elements of the control environment where strengths in the control environment are used by auditors to reduce control risk.

29. Some of the procedures performed to obtain the understanding of the accounting and internal control systems may not have been specifically planned as tests of control but may provide audit evidence about the effectiveness of the design and operation of internal controls relevant to certain assertions and, consequently, serve as tests of control. For example, in obtaining the understanding of the accounting and internal control systems pertaining to cash, the auditor may have obtained audit evidence about the effectiveness of the bank reconciliation process through inquiry and observation.

30. When the auditor concludes that procedures performed to obtain the understanding of the accounting and internal control systems also provide audit evidence about the suitability of design and operating effectiveness of policies and procedures relevant to a particular financial statement assertion, the auditor may use that audit evidence, provided it is sufficient to support a control risk assessment at less than a high level.

31. Tests of control may include:

- Inspection of documents supporting transactions and other events to gain audit evidence that internal controls have operated properly, for example, verifying that a transaction has been authorised.
- Inquiries about, and observation of, internal controls which leave no audit trail, for example, determining who actually performs each function and not merely who is supposed to perform it.
- Re-performance of internal controls, for example, reconciliation of bank accounts, to ensure they were correctly performed by the entity.
- Testing of internal control operating on specific computerised applications or over the overall information technology function, for example, access or program change controls.

32. The auditor should obtain audit evidence through tests of control to support any assessment of control risk which is less than high. The lower the assessment of control risk, the more evidence the auditor should obtain that accounting and internal control systems are suitably designed and operating effectively.

33. When obtaining audit evidence about the effective operation of internal controls, the auditor considers how they were applied, the consistency with which they were applied during the period and by whom they were applied. The concept of effective operation recognises that some deviations may have occurred. Deviations from prescribed controls may be caused by such factors as changes in key personnel, significant seasonal fluctuations in volume of transactions and human error. When deviations are detected the auditor makes specific inquiries regarding these matters, particularly, the timing of staff changes in key internal control functions. The auditor then ensures that the tests of control appropriately cover such a period of change or fluctuation.

34. In a computer information systems environment, the objectives of tests of control do not change from those in a manual environment; however, some audit procedures may change. The auditor may find it necessary, or may prefer, to use computer-assisted audit techniques. The use of such techniques, for example, file interrogation tools or audit test data, may be appropriate when the accounting and internal control systems provide no visible evidence documenting the performance of internal controls which are programmed into a computerised accounting system.

35. Based on the results of the tests of control, the auditor should evaluate whether the internal controls are designed and operating as contemplated in the preliminary assessment of control risk. The evaluation of deviations may result in the auditor concluding that the assessed level of control risk needs to be revised. In such cases, the auditor would modify the nature, timing and extent of planned substantive procedures.

Quality and Timeliness of Audit Evidence

36. Certain types of audit evidence obtained by the auditor are more reliable than others. Ordinarily, the auditor's observation provides more reliable audit evidence than merely making inquiries, for example, the auditor might obtain audit evidence about the proper segregation of duties by observing the individual who applies a control procedure

or by making inquiries of appropriate personnel. However, audit evidence obtained by some tests of control, such as observation, pertains only to the point in time at which the procedure was applied. The auditor may decide, therefore, to supplement these procedures with other tests of control capable of providing audit evidence about other periods of time.

37. In determining the appropriate audit evidence to support a conclusion about control risk, the auditor may consider the audit evidence obtained in prior audits. In a continuing engagement, the auditor will be aware of the accounting and internal control systems through work carried out previously but will need to update the knowledge gained and consider the need to obtain further audit evidence of any changes in control. **Before relying on procedures performed in prior audits, the auditor should obtain audit evidence which supports this reliance.** The auditor would obtain audit evidence as to the nature, timing and extent of any changes in the entity's accounting and internal control systems since such procedures were performed and assess their impact on the auditor's intended reliance. The longer the time elapsed since the performance of such procedures the less assurance that may result.

38. **The auditor should consider whether the internal controls were in use throughout the period.** If substantially different controls were used at different times during the period, the auditor would consider each separately. A breakdown in internal controls for a specific portion of the period requires separate consideration of the nature, timing and extent of the audit procedures to be applied to the transactions and other events of that period.

39. The auditor may decide to perform some tests of control during an interim visit in advance of the period end. However, the auditor cannot rely on the results of such tests without considering the need to obtain further audit evidence relating to the remainder of the period. Factors to be considered include:

- The results of the interim tests.
- The length of the remaining period.
- Whether any changes have occurred in the accounting and internal control systems during the remaining period.
- The nature and amount of the transactions and other events and the balances involved.
- The control environment, especially supervisory controls.
- The nature, timing and extent of substantive procedures which the auditor plans to carry out.

Final Assessment of Control Risk

40. Before the conclusion of the audit, based on the results of substantive procedures and other audit evidence obtained by the auditor, the auditor should consider whether the assessment of control risk is confirmed. In case of deviations from the prescribed accounting and internal control systems, the auditor would make specific inquiries to consider their implications. Where, on the basis of such inquiries, the auditor concludes that the deviations are such that the preliminary assessment of control risk is not supported, he would amend the same unless the audit evidence obtained from other tests of control supports that assessment. Where the auditor concludes that the assessed level of control risk needs to be revised, he would modify the nature, timing and extent of his planned substantive procedures.

Relationship between the Assessments of Inherent and Control Risks

41. Management often reacts to inherent risk situations by designing accounting and internal control systems to prevent or detect and correct misstatements and therefore, in many cases, inherent risk and control risk are highly interrelated. In such situations, if the auditor attempts to assess inherent and control risks separately, there is a possibility of inappropriate risk assessment. As a result, audit risk may be more appropriately determined in such situations by making a combined assessment.

Detection Risk

42. The level of detection risk relates directly to the auditor's substantive procedures. The auditor's control risk assessment, together with the inherent risk assessment, influences the nature, timing and extent of substantive procedures to be performed to reduce detection risk, and therefore audit risk, to an acceptably low level. Some detection risk would always be present even if an auditor were to examine 100 percent of the account balances or class of transactions because, for example, most audit evidence is persuasive rather than conclusive.

43. The auditor should consider the assessed levels of inherent and control risks in determining the nature, timing and extent of substantive procedures required to reduce audit risk to an acceptably low level. In this regard the auditor would consider:

(a) the nature of substantive procedures, for example, using tests directed toward independent parties outside the entity rather than tests directed toward parties or documentation within the entity, or using tests of details for a particular audit objective in addition to analytical procedures;

(b) the timing of substantive procedures, for example, performing them at period end rather than at an earlier date; and

(c) the extent of substantive procedures, for example, using a larger sample size.

44. There is an inverse relationship between detection risk and the combined level of inherent and control risks. For example, when inherent and control risks are high, acceptable detection risk needs to be low to reduce audit risk to an acceptably low level. On the other hand, when inherent and control risks are low, an auditor can accept a higher detection risk and still reduce audit risk to an acceptably low level. Refer to the Appendix to this SAP for an illustration of the interrelationship of the components of audit risk.

45. While tests of control and substantive procedures are distinguishable as to their purpose, the results of either type of procedure may contribute to the purpose of the other. Misstatements discovered in conducting substantive procedures may cause the auditor to modify the previous assessment of control risk. Refer to the Appendix to this SAP for an illustration of the interrelationship of the components of audit risk.

46. The assessed levels of inherent and control risks cannot be sufficiently low to eliminate the need for the auditor to perform any substantive procedures. **Regardless of the assessed levels of inherent and control risks, the auditor should perform some substantive procedures for material account balances and classes of transactions.**

47. The auditor's assessment of the components of audit risk may change during the course of an audit, for example, information may come to the auditor's attention when performing substantive procedures that differs significantly from the information on which the auditor originally assessed inherent and control risks. In such cases, the auditor would modify the planned substantive procedures based on a revision of the assessed levels of inherent and control risks.

48. The higher the assessment of inherent and control risks, the more audit evidence the auditor should obtain from the performance of substantive procedures. When both inherent and control risks are assessed as high, the auditor needs to consider whether substantive procedures can provide sufficient appropriate audit evidence to reduce detection risk, and therefore audit risk, to an acceptably low level. When the auditor determines that detection risk regarding a financial statement assertion for a material account balance or class of transactions cannot be reduced to an acceptable level, the auditor should express a qualified opinion or a disclaimer of opinion as may be appropriate.

Audit Risk in the Small Business

49. The auditor needs to obtain the same level of assurance in order to express an unqualified opinion on the financial statements of both small and large entities. However, many internal controls which would be relevant to large entities are not practical in the small business. For example, in small businesses, accounting procedures may be performed by a few persons who may have both operating and custodial responsibilities, and therefore segregation of duties may be missing or severely limited. Inadequate segregation of duties may, in some cases, be offset by a strong management control system in which owner/manager supervisory controls exist because of direct personal knowledge of the entity and involvement in transactions. In circumstances where segregation of duties is limited and audit evidence of supervisory controls is lacking, the audit evidence necessary to support the auditor's opinion on the financial statements may have to be obtained entirely through the performance of substantive procedures.

Communication of Weaknesses

50. As a result of obtaining an understanding of the accounting and internal control systems and tests of control, the auditor may become aware of weaknesses in the systems. **The auditor should make management aware, as soon as practical and at an appropriate level of responsibility, of material weaknesses in the design or operation of the accounting and internal control systems, which have come to the auditor's attention.** The communication to management of material weaknesses would ordinarily be in writing. However, if the auditor judges that oral communication is appropriate, such communication would be documented in the audit working papers. It is important to indicate in the communication that only weaknesses which have come to the auditor's attention as a result of the audit have been reported and that the examination has not been designed to determine the adequacy of internal control for management purposes.

Effective Date

51. This Auditing and Assurance Standard becomes operative for all audits related to accounting periods beginning on or after 1st April, 2002.

Appendix

Illustration of the Interrelationship of the Components of Audit Risk

The following table shows how the acceptable level of detection risk may vary based on assessments of inherent and control risks.

		Auditor's assessment of control risk		
		High	Medium	Low
Auditor's assessment of inherent risk	High	Lowest	Lower	Medium
	Medium	Lower	Medium	Higher
	Low	Medium	Higher	Highest

The shaded areas in this table relate to detection risk.

There is an inverse relationship between detection risk and the combined level of inherent and control risks. For example, when inherent and control risks are high, acceptable levels of detection risk need to be low to reduce audit risk to an acceptably low level. On the other hand, when inherent and control risks are low, an auditor can accept a higher detection risk and still reduce audit risk to an acceptably low level.

ANNEX 7: LIST OF INTERNAL AUDIT STANDARDS

SIA No. 1- Planning an Internal Audit

The basic objective of the SIA is to establish standards and provide guidance in respect of planning an Internal and helping in achieving the objectives of an Internal Audit function. Adequate planning ensures that appropriate attention is devoted to significant areas of audit, potential problems are identified, and that the skills and time of the staff are appropriately utilised. Planning also ensures that the work is carried out in accordance with the applicable pronouncements of the Institute ofChartered Accountants of India. Planning should also be based on theknowledge of the entity's business.

SIA No. 2- Basic Principles governing Internal Audit

The purpose of this Standard on Internal Audit (SIA) is to establish standards and provide guidance on the general principles governing internal audit. This Standard explains the principles, namely, Integrity,

objectivity and independence, Confidentiality, Due professional care, skills and competence, Work performed by others, Documentation, Planning, Evidence and Reporting which governs the internal auditor's professional responsibilities.

SIA No. 3- Documentation

The purpose of this Standard on Internal Audit is to establish Standards and provide guidance on the documentation requirements in an internal audit. Adequate documents act as basis for the planning and performing the internal audit. Documents provide the evidence of the work of the internal auditor. This Standard provides guidance regarding the form and content of the internal audit documentation, detention and retention of the same and identification of the preparer and reviewer.

SIA No. 4- Reporting

The purpose of the Standard on Internal Audit (SIA) 4, Reporting is to establish standards on the form and content of the internal auditor's report issued as a result of the internal audit performed by an internal auditor of the systems, processes, controls including the items of financial statements of an entity. This SIA describes the basic elements of an internal audit report such as opening, objectives, scope paragraphs, and executive summary. This SIA also deals with the different stages of communication and discussion of the report and describes the reporting responsibilities of the internal auditor when there is a limitation on the scope. The Standard also lays down the reporting responsibilities of the internal auditor when there is restriction on usage and circulation of the report.

SIA No. 5- Sampling

The Standard on Internal Audit (SIA) 5, Sampling provides the guidance regarding the design and selection of an audit sample and also on the use of the audit sampling in the internal audit engagements. This SIA also deals with the evaluation of the sample results. This Standard also provide guidance on the use of sampling in risk assessment procedures and tests of controls performed by the internal auditor to obtain an understanding of the entity, business and its environment, including mechanism of its internal control. The areas covered by the SIA include design of sample, tolerable and expected error, selection of sample, evaluation of sample results, analysis of errors in the sample, projection of errors, reassessing sampling risk. This also describes the internal auditor's documentation requirements in the context of the sampling.

SIA No. 6- Analytical Procedures

The Standard on Internal Audit (SIA) 6, Analytical Procedures provides the guidance regarding the application of analytical procedures during internal audit. The SIA deals with the aspects such as, the nature and purpose of analytical procedures, analytical procedures as risk assessment procedures and in planning the internal audit, analytical procedures as substantive procedures, analytical procedures in the overall review at the end of the internal audit, extent of reliance on analytical procedures and investigating unusual items or trends.

SIA No. 7- Quality Assurance in Internal Audit

The Standard on Internal Audit (SIA) 7, Quality Assurance in Internal Audit establishes standards and provide guidance regarding quality assurance in internal audit. A system for assuring the quality in internal audit should provide reasonable assurance that the internal auditors comply with professional standards, regulatory and legal requirements so that the reports issued by them are appropriate in the circumstances. This Standard provide the guidance to the person entrusted with the responsibility for the quality of the internal audit whether in-house internal audit or a firm carrying out internal audit. This Standard also provide the extensive knowledge about the internal quality reviews, external quality reviews and communicating the results thereof.

SIA No. 8- Terms of Internal Audit Engagement

The Terms of engagement defines the scope, authority, responsibilities, confidentiality, limitation and compensation of the internal auditors. Terms of Internal Audit Engagement lay down clarity between the internal auditors and the users of their services for inculcating professionalism and avoiding misunderstanding as to any aspect of the engagement. This Standard on Internal Audit (SIA) 8, Terms of Internal Audit Engagement provides guidance in respect of terms of engagement of the internal audit activity whether carried out in house or by an external agency. This SIA describes the elements of the terms of engagement viz, scope, responsibility, authority, confidential, limitations, reporting, compensation and compliance with Standards.

ANNEX 8: STANDARD MIS REPORTS USED BY NCRPB

Details of monthly MIS/ Reports & Returns of Finance Wing, NCRPB

Sl. No.	Reference Standing Order/ letter of Ministry.	Subject	Frequency	Format of Report
1	Standing Order No.3/F&A/2007 dated 20.4.07 of MS, NCRPB	Monthly Fund Flow Statement	Monthly	A
2	Standing Order No. 4/F&A/2007 dated 2.7.2007 OF Member Secretary, NCRPB	Monitoring of recovery of Interest and repayment of instalment of principal	Monthly	B
3	Standing Order No. 1/F&A/2007 dated 18.1.07 of MS, NCRPB.	Monitoring of recovery of Penal Interest on loans.	Monthly	C
4	Standing Order No. 2/F&A/2007 dated 22.1.07 of MS, NCRPB	Recording & Custody of FDR's/ FDR Register	Monthly	D
5	DO. No.60(3)PF.II/97 dated 18.9.1997 of Min of Finance	Statement of Expenditure against Central Plan Outlayupto the Month of ______ .	Monthly	E
6	DO. No.60(3)PF.II/97 dated 16.6.1997 of Min of Finance	Progress of Internal & Extra Budgetary Resources.	Qly.	F
7	O.M. No. O-16014/4/2000-Bt. Dated 9.11.2000.	Quarterly return of Review of Central Govt. Guarantee.	Qly.	G

ANNEX 9: SAMPLE IDFC AND HDFC FINANCIAL REPORT FORMATS

Infrastructure Development Finance Company Ltd

Financial Ratio

Name	Mar-2008	Mar-2007	Mar-2006	Mar-2005	Mar-2004
Key Ratios					
Turnover Ratios					
Advance / Loans Funds (%)	0	0	0	0	0
APATM (%)	26.17	30.04	37.12	41.78	40.68
Cash / Deposit (%)	0	0	0	0	0
CPM (%)	26.35	30.3	37.46	42.28	41.33
Current Ratio	6.16	6.61	8.3	7.36	5.17
Credit-Deposit (%)	0	0	0	0	0
Debtors	160.42	135.04	149.03	59.96	61.41
Debt-Equity Ratio	4.46	4.47	3.59	2.93	1.89
Fixed Assets	33.27	20.31	13.72	9.86	8.45
Interest Expended / Capital Employed (%)	0	0	0	0	0
Interest Expended / Interest Earned (%)	0	0	0	0	0
Interest Expended / Total Funds (%)	0	0	0	0	0
Interest Income / Total Funds (%)	0	0	0	0	0
Interest Cover Ratio	1.59	1.67	1.84	2.04	2.2
Investment / Deposit (%)	0	0	0	0	0
Inventory	0	0	0	0	0
Loans Turnover	0	0	0	0	0
Long Term Debt-Equity Ratio	3.88	3.88	3.22	2.61	1.58
Net Interest Income / Total Funds (%)	0	0	0	0	0
Non Interest Income / Total Funds (%)	0	0	0	0	0
Net Profit / Total funds (%)	0	0	0	0	0
Operating Expenses / Total Funds (%)	0	0	0	0	0
Operating Expenses / Total Income (%)	0	0	0	0	0

Name	Mar-2008	Mar-2007	Mar-2006	Mar-2005	Mar-2004
Other Income / Total Income (%)	0	0	0	0	0
PBDTM (%)	34.33	37.36	41.78	44.88	43.34
PBIDTM (%)	92.21	92.87	91.27	87.75	78.81
Profit before Provisions / Total Funds (%)	0	0	0	0	0
ROCE (%)	10.34	9.62	9.05	9	10.59
RONW (%)	16.05	17.06	16.95	16.95	15.94
Tot. Income / Capital Employed (%)	0	0	0	0	0
Year End	200803	200703	200603	200503	200403

IDFC Ltd Profit and Loss account

Name	Mar-2008	Mar-2007	Mar-2006	Mar-2005	Mar-2004
INCOME :					
Operating Income +	2523.66	1500.55	1002.54	727.24	621.98
Other Income +	33.49	40.31	9.36	0.4	15.1
Stock Adjustment	0	0	0	0	0
Total Income	2557.15	1540.86	1011.9	727.64	637.08
EXPENDITURE :					
Interest & Financial Charges +	1480.25	855.46	500.84	311.91	225.99
Operating & Administrative Expenses +	199.14	109.79	88.33	89.14	135
Less: Preoperative Expenditure Capitalised	0	0	0	0	0
Profit before Depreciation & Tax	877.76	575.61	422.73	326.59	276.09
Depreciation	4.71	4.08	3.44	3.62	4.14
Profit Before Tax	873.05	571.53	419.29	322.97	271.95
Tax	203.88	108.66	43.65	18.95	12.8
Profit After Tax	669.17	462.87	375.64	304.02	259.15
Adjustment below net profit +	0	0	0	0	0
P & L Balance brought forward	520.5	442.69	376.32	302.08	265.24
Appropriations +	482.74	385.06	309.27	229.78	222.31
P & L Balance carried down	706.93	520.5	442.69	376.32	302.08
Equity Dividend	155.57	112.89	112.49	100	100
Preference Dividend	0	0	0	0	0
Corporate Dividend Tax	26.44	19.17	15.78	14.28	12.81
Equity Dividend (%)	12	10	10	10	10
Earnings Per Share (Rs.)	4.97	3.94	3.21	2.9	2.46
Book Value	42.14	25.6	22.67	18.89	16.99
Extraordinary Items +	1.17	-0.03	0.1	0	0.03

Balance Sheet

Name	Mar-2008	Mar-2007	Mar-2006	Mar-2005	Mar-2004
SOURCES OF FUNDS :					
Share Capital +	1294.3	1125.93	1122.45	1000	1000
Reserves & Surplus +	4160.08	1756.1	1421.74	888.87	699.13
Total Shareholders Funds	5454.38	2882.03	2544.19	1888.87	1699.13
Secured Loans +	164.92	498.03	0	0	0
Unsecured Loans +	22123.6	14391	9366.55	6545.14	3975
Total Debt	22288.5	14889	9366.55	6545.14	3975
Total Liabilities	27742.9	17771	11910.7	8434.01	5674.13
APPLICATION OF FUNDS :					
Fixed Assets					
Gross Block +	76.94	76.8			
Less: Accumulated Depreciation	32.38	29.03	25.13	22.12	19.83
Net Block	44.56	47.77			
Capital Work in Progress	291.36	0	0	0	0
Investments +	5517.51	2497.61	1294.87	768.79	1163.97
Current Assets, Loans & Advances					
Current Assets +	1621.78	986.81	342.64	432.81	22.72
Loans & Advances +	21160.4	14745.3	10567.2	7481.41	4685.78
Less: Current Liabilities & Provisions+	892.76	506.46	343.71	299.46	253.45
Net Current Assets	21889.4	15225.6	10566.1	7614.76	4455.05
Miscellaneous Expenses not w/o +	0	0	0	0	0
Total Assets	27742.9	17771			
Contingent Liabilities +	1406.69	1024.44	876.11	662.96	583.83

Housing Development Finance Corporation Ltd

Financial Ratio

Name	Mar-2008	Mar-2007	Mar-2006	Mar-2005	Mar-2004
Key Ratios					
Turnover Ratios					
Advance / Loans Funds (%)	102.51	97.68	97.17	97.95	95.75
APATM (%)	22.27	26.6	29.33	30.36	27.67
Cash / Deposit (%)	0	0	0	0	0
CPM (%)	22.46	26.9	29.76	30.9	28.43
Current Ratio	13.18	13.11	12.37	9.91	10.13
Credit-Deposit(%)	0	0	0	0	0
Debtors	0	0	0	0	0
Debt-Equity Ratio	7.22	10.37	9.98	8.98	8.07
Fixed Assets	0	0	0	0	0
Interest Expended / Capital Employed (%)	7.21	6.45	5.45	5.4	6.42
Interest Expended / Interest Earned (%)	0	0	0	0	0
Interest Expended / Total Funds (%)	0	0	0	0	0
Interest Income / Total Funds (%)	0	0	0	0	0
Interest Cover Ratio	0	0	0	0	0
Investment / Deposit (%)	0	0	0	0	0
Inventory	0	0	0	0	0
Loans Turnover	0.14	0.12	0.11	0.11	0.12
Long Term Debt-Equity Ratio	6.97	10.04	9.64	8.54	7.77
Net Interest Income / Total Funds (%)	0	0	0	0	0
Non Interest Income / Total Funds (%)	0	0	0	0	0

Net Profit / Total funds (%)	0	0	0	0	0
Operating Expenses / Total Funds (%)	0	0	0	0	0
Operating Expenses / Total Income (%)	0	0	0	0	0
Other Income / Total Income (%)	0	0	0	0	0
PBDTM (%)	31.03	33.63	36.76	37.35	34.12
PBIDTM (%)	89.46	95.86	95.02	94.81	95.01
PBITM (%)	89.27	95.57	94.59	94.27	94.24
Profit before Provisions / Total Funds (%)	0	0	0	0	0
ROCE (%)	11.01	9.9	8.84	8.87	9.94
RONW (%)	22.59	31.35	30.11	28.49	26.46
Tot. Income / Capital Employed (%)	12.34	10.36	9.35	9.41	10.55

Profit and Loss account

Name	Mar-2008	Mar-2007	Mar-2006	Mar-2005	Mar-2004
INCOME :					
Operating Income +	8176.35	5831.68	4210.39	3332.46	3068.93
Other Income +	697.68	70.96	76.5	82.12	9.68
Stock Adjustment	0	0	0	0	0
Total Income	8874.03	5902.64	4286.89	3414.58	3078.61
EXPENDITURE :					
Interest & Financial Charges +	5184.59	3673.23	2497.52	1962	1874.36
Operating & Administrative Expenses +	299.34	244.17	213.38	177.11	153.69
Less: Preoperative Expenditure Capitalised	0	0	0	0	0
Profit before Depreciation & Tax	3390.1	1985.24	1575.99	1275.47	1050.56
Depreciation	16.6	17.46	18.69	18.69	23.58
Profit Before Tax	3373.5	1967.78	1557.3	1256.78	1026.98
Tax	937.25	397.4	300	220.2	175.2

Profit After Tax	2436.25	1570.38	1257.3	1036.58	851.78
Adjustment below net profit +	0	0	0	0	0
P & L Balance brought forward	0	0	0	0	0
Appropriations +	2436.25	1570.38	1257.3	1036.58	851.78
P & L Balance carried down	0	0	0	0	0
Equity Dividend	710.1	556.61	499.13	423.5	332.93
Preference Dividend	0	0	0	0	0
Corporate Dividend Tax	120.68	94.6	70	60.25	42.66
Equity Dividend (%)	250	220	200	170	135
Earning Per Share (Rs.)	81.53	58.33	47.58	39.19	32.81
Book Value	420.64	219.42	179.05	155.87	137.62
Extraordinary Items +	459.91	34.58	46.01	56.2	0

Balance Sheet

Name	**Mar-2008**	**Mar-2007**	**Mar-2006**	**Mar-2005**	**Mar-2004**
SOURCES OF FUNDS :					
Share Capital +	284.03	253	249.56	249.12	246.61
Reserves & Surplus +	11663.3	5298.39	4218.77	3633.98	3147.18
Total Shareholders Funds	11947.3	5551.39	4468.33	3883.1	3393.79
Secured Loans +	51736.7	39668.7	31344	25609.1	17460.1
Unsecured Loans +	17414.5	17524.3	15377.3	11038.3	11223.9
Total Debt	69151.2	57193	46721.3	36647.4	28684

Total Liabilities	81098.6	62744.4	51189.7	40530.5	32077.8
APPLICATION OF FUNDS :					
Fixed Assets					
Gross Block +	488.57	493.11		567.86	
Less: Accumulated Depreciation	280.08	280.04	268.06	273.01	296.49
Net Block	208.49	213.07		294.85	
Capital Work in Progress	0	0	0	0	0
Investments +	6915.01	3666.23	3876.34	3130.04	2973.37
Current Assets, Loans & Advances					
Current Assets +	779.74	1378.37	1203.81	728.39	765.03
Loans & Advances +	76570.9	60368.4	48130.8	38391.2	29707.8
Less: Current Liabilities & Provisions	3375.61	2881.63	2268.59	2014.01	1806.03
Net Current Assets	73975.1	58865.1	47066	37105.6	28666.8
Miscellaneous Expenses not w/o +	0	0	0	0	0
Total Assets	81098.6	62744.4		40530.5	
Contingent Liabilities +	615.8	425.04	506.71	255.8	207.19

ANNEX 10: RATIO ANALYSIS: LAST FIVE YEARS BASED ON CAMEL FRAMEWORK

					Rs. in Crore	
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Borrowings						
Capital Adequacy Ratio (%)	108.48	126.92	133.18	128.16	119.01	98.54
Debt/Equity Ratio	0.91	0.53	0.31	0.28	0.00	0.11
Interest Coverage Ratio	0.73	1.02	1.71	1.90	6.12	48.32
Earnings						
Return on Equity (%)		4.79	3.42	3.53	4.12	6.25
Return on Assets (After Tax) (%)		2.80	2.41	2.73	3.64	5.90
Return on Assets (Before Tax) (%)		4.32	4.41	4.18	5.55	5.90
Interest Spread Ratio (%)		0.80	0.54	-3.34	-1.74	2.39
Earnings Spread Ratio (%)		4.47	4.65	4.50	5.89	6.37
Intermediation Cost Ratio (%)		0.15	0.22	0.18	0.20	0.24
Cost per Unit of Money Lent (%)	2.46	0.96	1.32	0.83	0.73	0.59
Returns on loans net of borrowing cost (%)	0.48	2.39	3.52	2.93	5.49	7.15
Return on Loans (excl. cost of debt) (%)	11.71	11.33	8.06	7.30	6.97	7.45
Return on Liquid funds (%)		5.95	4.56	6.79	5.38	7.65
Total Cost of Borrowed funds (%)	11.58	13.07	10.69	10.11		1.93
Interest on Borrowed funds (%)	11.54	13.01	10.65	10.06		1.16
Liquidity						
Surplus Funds as % Loans	53.0	62.5	48.1	29.1	19.6	9.8
Bond Reserve & Surplus Funds as % Loans	111.7	91.4	78.1	65.4	19.6	9.8
Loans to States/agencies as % of Total Funds	46.41	53.22	54.65	59.44	81.36	87.56
Market Borrowings as % of Owned funds	91.32	53.47	30.93	27.65	0.00	10.97
Growth						

					Rs. in Crore	
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Owned Funds (%)	12.05	13.64	11.99	11.87	11.78	16.47
Loans (%)		147.22	0.60	32.36	14.11	69.37
Repayment of Principal (%)		42.92	24.90	-32.39	3.60	1.12
Liquid Funds (%)		-14.42	-16.27	-0.61	-64.01	-30.83
Interest on Loans (%)		-7.50	-19.40	-18.21	12.59	27.41
Interest on Liquid Funds (%)		-18.34	-34.36	24.62	-21.19	-48.86
Borrowing Cost (%)		-24.95	-47.01	-5.48	-59.83	-75.50
Project Development expenses (%)		-29.15	78.03	-33.13	9.22	89.19
Administrative Costs (%)		17.70	18.94	-4.57	-3.17	2.90
Loans (amount)		163.21	1.64	89.23	51.51	288.92
Repayment (amount)		70.48	58.44	-94.96	7.13	2.31
Subsidy Dependence Index						
				Proportion %		
Sources of Funds						
Owned Funds	52.27	65.16	76.38	78.34	100.00	90.11
Market Borrowings	47.73	34.84	23.62	21.66	0.00	9.89
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Deployment of Funds						
Loans to States/agencies	46.41	53.22	54.65	59.44	81.36	87.56
Bond redemption reserve investment	27.22	15.42	16.36	21.58	0.00	0.00
Surplus funds in Bank deposits	24.59	33.24	26.30	17.30	15.97	8.55
Other assests/liabilities	1.76	-1.89	2.68	1.68	2.65	3.89
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

						Rs. in Lakh
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Sources of Funds						
NCRPB Fund						
Balance brought forward	**878.12**	**983.68**	**1117.62**	**1251.53**	**1400.13**	**1565.10**
Plan and Non Plan balance last year	872.01	977.69	1111.83	1245.84	1400.13	1565.10
Assets Fund	2.01	1.89	1.69	1.59	0.00	0.00
Project development fund	4.10	4.10	4.10	4.10	0.00	0.00
Additions during the year	**105.81**	**134.14**	**134.01**	**148.61**	**164.97**	**257.80**
Grants (Plan) from MoUD	55.00	52.00	61.70	70.00	75.00	100.00
Grants from Delhi Govt.	0.00	30.00	30.00	30.00	27.00	50.00
Surplus (Non Plan)	0.08	0.14	0.01	0.01	0.10	0.08
Surplus (Plan)	50.73	52.00	42.29	48.60	62.87	107.72
Closing balance	**983.93**	**1117.82**	**1251.63**	**1400.13**	**1565.10**	**1822.90**
Market Borrowings	898.55	597.70	387.15	387.15	0.00	200.00
Total	**1882.48**	**1715.52**	**1638.78**	**1787.28**	**1565.10**	**2022.90**
Application of Funds						
-						
Fixed Assets (Net)	2.08	1.93	1.71	1.60	1.39	1.27
Bond Redemption Reserve Deposit	512.50	264.57	268.03	385.64	0.00	0.00
Loans to States/agencies	**873.57**	**912.94**	**895.51**	**1062.27**	**1273.42**	**1771.17**
Opening balance	926.93	873.57	912.94	895.51	1062.28	1273.42
Disbursements during the year	110.86	274.08	275.72	364.95	416.46	705.37
Repayments during the year	164.22	234.71	293.14	198.18	205.31	207.62
Loans to Staff	0.24	0.23	0.27	0.19	0.16	0.14
Current Assets	**534.22**	**618.15**	**500.98**	**376.67**	**348.84**	**255.84**
Interest receivables - State/Agencies	49.73	35.76	27.59	17.70	18.60	25.17
Interest receivables - Investments	21.22	11.75	4.40	6.43	2.19	1.12
Interest receivables - Staff	0.06	0.08	0.11	0.09	0.11	0.12
Grants Receivable	0.00	0.00	30.00	0.00	0.00	0.00
Advance Tax/TDS	0.00	0.00	7.74	43.25	77.86	56.44
Other Current Assets	0.23	0.32	0.16	0.07	0.07	0.06
Cash and Bank Balance	462.97	570.25	430.98	309.14	250.02	172.93
Fixed Deposits	403.53	466.16	400.80	301.75	195.00	100.00
Savings	59.44	104.09	30.18	7.38	55.02	72.93
Cash	0.00	0.00	0.00	0.00	0.00	0.00
Current Liabilities	**40.13**	**82.23**	**27.61**	**39.03**	**58.70**	**5.50**
Provision for Income Tax	22.96	24.79	0.00	24.69	56.60	0.00
Excess receipt against loans to borrowers	0.00	0.01	0.23	0.71	0.05	0.10
Expenses Payable(incl int. on bonds)	14.21	57.36	26.36	12.34	1.87	5.22
Other Liabilities (incl. TDS)	2.95	0.06	1.01	1.29	0.17	0.17
Net Current Assets	**494.10**	**535.92**	**473.37**	**337.64**	**290.14**	**250.34**

Less: PF and NPS	**0.00**	**0.06**	**0.11**	**0.06**	**0.01**	**0.02**
PF, NPS Fund	0.81	0.97	1.17	1.21	1.19	1.26
PF, NPS Fund Investment	0.81	0.91	1.06	1.15	1.18	1.24
Total	**1882.48**	**1715.52**	**1638.78**	**1787.28**	**1565.10**	**2022.90**

					Rs. in Lakh	
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Sources of Funds						
NCRPB Fund						
Balance brought forward	**878.12**	**983.68**	**1117.62**	**1251.53**	**1400.13**	**1565.10**
Additions during the year	**105.81**	**134.14**	**134.01**	**148.61**	**164.97**	**257.80**
Grants (Plan) from MoUD	55.00	52.00	61.70	70.00	75.00	100.00
Grants from Delhi Govt.	0.00	30.00	30.00	30.00	27.00	50.00
Surplus (Non Plan)	0.08	0.14	0.01	0.01	0.10	0.08
Surplus (Plan)	50.73	52.00	42.29	48.60	62.87	107.72
Closing balance	**983.93**	**1117.82**	**1251.63**	**1400.13**	**1565.10**	**1822.90**
Market Borrowings	898.55	597.70	387.15	387.15	0.00	200.00
Total	**1882.48**	**1715.52**	**1638.78**	**1787.28**	**1565.10**	**2022.90**
Application of Funds						
-						
Fixed Assets (Net)	2.08	1.93	1.71	1.60	1.39	1.27
Bond Redemption Reserve Deposit	512.50	264.57	268.03	385.64	0.00	0.00
Loans to States/agencies	**873.57**	**912.94**	**895.51**	**1062.27**	**1273.42**	**1771.17**
Opening balance	926.93	873.57	912.94	895.51	1062.28	1273.42
Disbursements during the year	110.86	274.08	275.72	364.95	416.46	705.37
Repayments during the year	164.22	234.71	293.14	198.18	205.31	207.62
Loans to Staff	0.24	0.23	0.27	0.19	0.16	0.14
Current Assets	**534.22**	**618.15**	**500.98**	**376.67**	**348.84**	**255.84**
Cash and Bank Balance	462.97	570.25	430.98	309.14	250.02	172.93
Other Current Assets	71.25	47.90	70.00	67.53	98.82	82.91
Current Liabilities & Provisions	**40.13**	**82.29**	**27.72**	**39.09**	**58.71**	**5.52**
Net Current Assets	**494.10**	**535.86**	**473.26**	**337.58**	**290.13**	**250.32**
Total	**1882.48**	**1715.52**	**1638.77**	**1787.28**	**1565.10**	**2022.90**

Income & Expenditure A/c (Plan & Non-Plan)					Rs. In Crore	
	FY03	FY04	FY05	FY06	FY07	FY08
Income						
Interest & charges from Borrowers	**108.55**	**100.41**	**80.93**	**66.19**	**74.53**	**94.95**
Interest on Loans to States/Agencies	108.54	98.99	73.56	65.37	74.08	94.92
Interest-Penal	0.01	1.42	0.87	0.71	0.00	0.03
Interest-Prepayment			5.29	0.10	0.20	0.00
Upfront Charges for resetting interest rate			1.21	0.00	0.24	0.00
Interst from Banks	**71.04**	**58.01**	**38.08**	**47.46**	**37.40**	**19.13**
Interest on Term deposits	69.47	57.93	37.98	47.39	34.04	13.62
Interest on Savings & Auto sweep	1.58	0.08	0.10	0.07	3.36	5.51
Other income	**0.03**	**0.03**	**0.03**	**0.03**	**0.05**	**0.02**
Interest on Loans to employees	0.02	0.03	0.03	0.03	0.02	0.02
Sale of publications & imageries	0.01	0.00	0.01	0.01	0.01	0.00
Misc. receipts (Plan)	0.00	0.00	0.00	0.00	0.02	0.00
Net Revenue Grants	**1.50**	**1.73**	**1.83**	**1.77**	**1.90**	**1.87**
Grant from MoUD	1.50	1.90	1.90	1.90	1.90	1.87
Less: Used for fixed Assets		0.17	0.07	0.13		
Total Income	**181.11**	**160.17**	**120.88**	**115.45**	**113.87**	**115.98**
Expenditure						
Borrowing Cost	**104.08**	**78.12**	**41.39**	**39.13**	**15.72**	**3.85**
Interest on Market borrowings	103.66	77.76	41.21	38.95	15.66	2.31
Expenses on Market borrowings	0.43	0.36	0.18	0.17	0.06	1.54
Project development cost	**1.27**	**0.90**	**1.60**	**1.07**	**1.17**	**2.21**
NCR cell expenses	0.95	0.87	1.14	0.81	1.03	1.08
Project appraisal	0.00	0.00	0.00	0.00	0.00	0.54
Study, Surveys & Seminar	0.32	0.02	0.26	0.25	0.13	0.58
Publications	0.00	0.01	0.20	0.01	0.01	0.00
NCRPB Administrative Costs	**1.46**	**1.72**	**2.05**	**1.96**	**1.89**	**1.95**
Salaries	0.00	0.00	0.16	0.09	0.08	0.11
Board meeting expenses	0.03	0.00	0.00	0.03	0.02	0.04
Other adm expenses	0.01	0.01	0.06	0.07	0.00	0.00
Establishment & Admin Exp(Non-Plan)	1.51	1.79	1.90	1.83	1.92	1.88
Less:						
Income from GPF,CPF Investments	-0.08	-0.07	-0.06	-0.06	-0.08	-0.08
Other Income (Non-Plan	-0.01	-0.01	-0.01	0.00	-0.04	-0.01
Depreciation	0.03	0.03	0.01	0.01	0.21	0.17
Penal interest written off	0.13	0.00	0.00	0.00	0.00	0.00
Total expenses	**106.98**	**80.76**	**45.05**	**42.16**	**18.99**	**8.18**

Profit before Tax	**74.14**	**79.41**	**75.82**	**73.29**	**94.88**	**107.80**
Income tax provision	23.33	27.40	33.52	24.69	31.91	
Profit after Tax (PAT)	**50.81**	**52.01**	**42.31**	**48.61**	**62.97**	**107.80**
Suplus - Plan	50.73	52.00	42.29	48.60	62.87	107.72
Surplus - Non Plan	0.08	0.01	0.01	0.01	0.10	0.08
Total	**50.81**	**52.01**	**42.31**	**48.61**	**62.97**	**107.80**

	FY03	FY04	FY05	FY06	FY07	FY08
					Rs. in Lakh	
<u>Sources of Funds</u>						
NCRPB Fund						
Balance brought forward	**878.12**	**983.68**	**1117.62**	**1251.53**	**1400.13**	**1565.10**
Additions during the year	**105.81**	**134.14**	**134.01**	**148.61**	**164.97**	**257.80**
Grants (Plan) from MoUD	55.00	52.00	61.70	70.00	75.00	100.00
Grants from Delhi Govt.	0.00	30.00	30.00	30.00	27.00	50.00
Surplus (Non Plan)	0.08	0.14	0.01	0.01	0.10	0.08
Surplus (Plan)	50.73	52.00	42.29	48.60	62.87	107.72
Closing balance	**983.93**	**1117.82**	**1251.63**	**1400.13**	**1565.10**	**1822.90**
Market Borrowings	898.55	597.70	387.15	387.15	0.00	200.00
Total	**1882.48**	**1715.52**	**1638.78**	**1787.28**	**1565.10**	**2022.90**
<u>Application of Funds</u>						
Fixed Assets (Net)	2.08	1.93	1.71	1.60	1.39	1.27
Bond Redemption Reserve Deposit	512.50	264.57	268.03	385.64	0.00	0.00
Loans to States/agencies	**873.57**	**912.94**	**895.51**	**1062.27**	**1273.42**	**1771.17**
Opening balance	926.93	873.57	912.94	895.51	1062.28	1273.42
Disbursements during the year	110.86	274.08	275.72	364.95	416.46	705.37
Repayments during the year	164.22	234.71	293.14	198.18	205.31	207.62
Loans to Staff	0.24	0.23	0.27	0.19	0.16	0.14
Current Assets	**534.22**	**618.15**	**500.98**	**376.67**	**348.84**	**255.84**
Cash and Bank Balance	462.97	570.25	430.98	309.14	250.02	172.93
Other Current Assets	71.25	47.90	70.00	67.53	98.82	82.91
Current Liabilities & Provisions	**40.13**	**82.29**	**27.72**	**39.09**	**58.71**	**5.52**
Net Current Assets	**494.10**	**535.86**	**473.26**	**337.58**	**290.13**	**250.32**
Total	**1882.48**	**1715.52**	**1638.77**	**1787.28**	**1565.10**	**2022.90**

	FY03	FY04	FY05	FY06	FY07	FY08
					Rs. in Crore	
<u>Returns</u>						
Including abnormal items						
Net Interest earned on loans as % of Loans		2.55	4.33	3.02	5.54	7.15
Net Interest earned as % of Total funds		4.27	4.52	4.55	5.38	7.04
Net Interest earned (excluding bank interest)as % of Total Funds		1.18	2.30	1.65	3.29	5.82
Interest spread (Retun on loan-Debt cost)		1.74	2.63	2.81		
Interest Spread Ratio - OB	0.13	2.80	1.94	-2.71	2.96	
Intemediation Cost - Loans (%)		0.12	0.15	0.12	0.11	0.11

						Crore Rs.	Total
	FY03	FY04	FY05	FY06	FY07	FY08	FY 03-08
Grants							
Govt of NCT Delhi	300.75	26.7	16.50				
MoUD	824.62	73.3	45.24				
	1125.37	**100.0**					
Internal Accruals	697.53		38.26				
	1822.90		**100.0**				
							Total
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**	**FY 03-08**
Grant from MoUD-Plan	55.00	52.00	61.70	70.00	75.00	100.00	358.70
Grant from Delhi	0.00	30.00	30.00	30.00	27.00	50.00	167.00
Total	**55.00**	**82.00**	**91.70**	**100.00**	**102.00**	**150.00**	**525.70**
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**	**FY 03-08**
Grant from MoUD-Plan	55.00	52.00	61.70	70.00	75.00	100.00	358.70
Grant from MoUD-Non Plan	1.50	1.90	1.90	1.90	1.90	1.87	9.47
Grant from Delhi	0.00	30.00	30.00	30.00	27.00	50.00	167.00
Total	**56.50**	**83.90**	**93.60**	**101.90**	**103.90**	**151.87**	**535.17**
Internal Accruals							
Net Internal Accrual before Tax		79.40	75.81	73.28	94.78	107.72	**430.99**
Net Internal Accrual after Tax		52.00	42.29	48.60	62.87	107.72	**313.48**
Govt Grants		82.00	91.70	100.00	102.00	150.00	**525.70**
Int accruals as % of Grants		**96.83**	**82.67**	**73.28**	**92.92**	**71.81**	**81.98**
Growth of Owned funds							
Total Owned Funds	983.93	1117.82	1251.63	1400.13	1565.10	1822.90	
Increase during the year		133.89	133.81	148.51	164.97	257.80	838.97
Increase %		13.61	11.97	11.87	11.78	16.47	85.27
							65.70
NCRPB Administrative expenses and grants received							
Net Non-Plan Grants from MoUD	1.50	1.73	1.83	1.77	1.90	1.87	
Administrative expenses(Net)	1.46	1.72	2.05	1.96	1.89	1.95	
Surplus/Deficit	**0.04**	**0.01**	**-0.22**	**-0.19**	**0.01**	**-0.08**	
Sources of Funds							
Owned Funds	983.93	1117.82	1251.63	1400.13	1565.10	1822.90	
Market Borrowings	898.55	597.70	387.15	387.15	0.00	200.00	
Total	**1882.48**	**1715.52**	**1638.78**	**1787.28**	**1565.10**	**2022.90**	
Deployment of Funds							
Loans to States/agencies	873.57	912.94	895.51	1062.27	1273.42	1771.17	
Bond redemption reserve investm	512.50	264.57	268.03	385.64			
Surplus funds in Bank deposits	462.97	570.25	430.98	309.14	250.02	172.93	
Other assests/liabilities	33.44	-32.23	44.26	30.23	41.67	78.80	
Total	**1882.48**	**1715.52**	**1638.78**	**1787.28**	**1565.10**	**2022.90**	
Deployment of Funds (%)							
Loans to States/agencies	46.41	53.22	54.65	59.44	81.36	87.56	
Bond redemption reserve investm	27.22	15.42	16.36	21.58	0.00	0.00	
Surplus funds in Bank deposits	24.59	33.24	26.30	17.30	15.97	8.55	
Other assests/liabilities	1.78	-1.88	2.70	1.69	2.66	3.90	
	100.0	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	
Interest							
Interest & charges from Borrowe	108.55	100.41	80.93	66.19	74.53	94.95	
Borrowing Cost	104.08	78.12	41.39	39.13	15.72	3.85	
Interest earned on loans net of borrowing cost	**4.46**	**22.29**	**39.54**	**27.06**	**58.81**	**91.10**	
Interst from Banks	71.04	58.01	38.08	47.46	37.40	19.13	
Net Interest earnings	**75.51**	**80.30**	**77.62**	**74.52**	**96.21**	**110.23**	

Liquid Funds	975.47						**975.47**
Additions to Owned funds	105.81	134.14	134.01	148.61	164.97	257.80	945.33
Repayment of Loans	164.22	234.71	293.14	198.18	205.31	207.62	1303.19
	270.03	**368.85**	**427.15**	**346.79**	**370.29**	**465.42**	**2248.53**
Debt repaid		300.85	210.55	0	387.15		898.55
Fresh Loans	110.86	274.08	275.72	364.95	416.46	705.37	2147.44
	110.8632	**574.9266**	**486.2696**	**364.9461**	**803.6075**	**705.3725**	**3045.99**
Liquid Funds							172.93

					Crore Rs.	
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Fresh Loans to States/Agencies	110.86	274.08	275.72	364.95	416.46	705.37
Repayment of Loans by States/A	164.22	234.71	293.14	198.18	205.31	207.62
Net increase in Loan portfolio	-53.36	39.37	-17.42	166.76	211.14	497.75
Growth in Loan (%)		147.22	0.60	32.36	14.11	69.37
Growth in Repayments (%)		42.92	24.90	-32.39	3.60	1.12

			Lakh Rs.			
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Assets Fund	**200.94**	**188.54**	**168.76**	**158.76**	0.00	0.00
Opening balance	200.94	200.94	168.76	168.76		
Addition during the year		17.37		12.70		
Less: Depreciation		29.77		22.70		

NCRPB interest rates	Dec-03	Aug-04	Jul-06	Nov-08
Priority infrastructure	7.00%	7.00%	5.50%	7.25%
Other infrastructure	7.50%	7.00%	5.50%	7.25%
Residential/Industrial	8.50%	7.00%	5.50%	7.25%
Commercial	9.00%	8.00%	6.50%	8.50%

	FY03	FY04	FY05	FY06	FY07	FY08
BPLR %						13
G-Sec 10yr Bond %				7.25	8.18	8.05
NCRPB interest rates %		7	7	7	5.5	5.5
Return on Loans (CB)	12.42	10.84	8.21	6.15	5.82	5.36
Return on Loans (OB)		**11.33**	**8.06**	**7.30**	**6.97**	**7.45**
Return on Loans (Avg)		7.44	5.41	4.58	4.36	4.40
Return on Investments (CB)	7.28	6.95	5.45	6.83	14.96	11.06
Return on Investments (OB)		**5.95**	**4.56**	**6.79**	**5.38**	**7.65**
Return on Investments (Avg)		3.20	2.48	3.40	3.96	4.52
Interest on Bonds(CB)	11.54	13.01	10.65	10.06		1.16
Interest on Bonds(OB)		8.65	6.90	10.06	4.04	
Interest on Bonds(Avg)		5.20	4.18	5.03	4.04	1.16
FDs	97547.18	83480.95	69900.57	69477.47	25002.09	17293.32
Interest	7104.25	5801.19	3808.06	4745.56	3739.84	1912.71
	7.28	6.95	5.45	6.83	14.96	11.06
Loans to States/agencies	87356.73	91293.61	89551.16	106227.35	127341.69	177116.99
Market Borrowings	89855.00	59770.00	38715.00	38715.00	0.00	20000.00
Bond Reserve Deposit	51250.00	26456.57	26802.89	38564.02	0.00	0.00
Cash and Bank Balance						
Fixed Deposits	40353.25	46615.56	40079.66	30175.40	19500.00	10000.00
Savings	5943.93	10408.82	3018.02	738.05	5502.09	7293.32

Income and Expenditure				Rs. In lacs		
Plan Income and Expenditure	**FY03**	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Income						
Interest on Loans to States/Agencies	10853.57	9899.06	7355.99	6537.29	7408.14	9492.18
Interest-Penal,prepayment,upfront chg	1.02	141.61	737.07	81.70	44.41	3.15
Interest on Investments	6946.65	5793.50	3798.47	4738.62	3403.56	1362.19
Interest on Cash balances	157.60	7.69	9.59	6.94	336.28	550.52
Interest on Loans to employees	1.94	2.51	2.72	2.56	1.81	1.80
Other income	0.71	0.31	0.65	0.60	2.77	0.46
Total income	**17961.49**	**15844.68**	**11904.49**	**11367.71**	**11196.97**	**11410.30**
Expenditure						
Interest on Market borrowings	10365.59	7775.50	4121.24	3895.40	1565.95	231.27
Expenses on market borrowings	42.75	36.04	18.06	17.22	5.66	153.82
NCR cell exp	94.73	87.12	113.93	80.72	102.99	108.14
Project appraisal & survey expenses	30.75	2.00	26.13	24.65	12.50	112.08
Salaries		0.00	16.25	9.31	7.76	11.30
Board meeting expenses	2.79	0.00	0.00	3.11	2.00	4.17
Other adm expenses	15.4	1.23	25.98	7.86	1.10	0.32
Depreciation	3.47	2.80	1.46	0.62	21.22	17.24
Total expenses	**10555.48**	**7904.69**	**4323.05**	**4038.89**	**1719.18**	**638.34**
Profit before Tax	**7406.01**	**7939.98**	**7581.44**	**7328.82**	**9477.79**	**10771.96**
Income tax provision	2332.89	2739.56	3351.96	2468.83	3191.01	
PAT	**5073.12**	**5200.42**	**4229.48**	**4859.99**	**6286.78**	**10771.96**
Non Plan income and expenditure						
Income						
Grant from MoUD	150.00	172.63	190.00	190.00	190.00	187.41
Income from GPF,CPF Investments	8.43	6.83	6.21	6.02	8.33	7.50
Other Income	0.82	0.89	1.08	0.45	4.46	0.56
Total Income	**159.25**	**180.35**	**197.29**	**196.47**	**202.79**	**195.47**
Expenditure						
Estb & Adm Expense	151.44	179.38	189.62	183.20	192.45	187.52
Fixed Assets			6.64	12.70		
Total Expenses	**151.44**	**179.38**	**196.26**	**195.90**	**192.45**	**187.52**
Surplus/Deficit	**7.81**	**0.97**	**1.03**	**0.57**	**10.34**	**7.95**

Expenditure on Market Borrowing Feb 08	2007-08	Budget	
Actual 2007-08	**11,043,386**		
Listing fee NSE	50,000	50,000	one time
Rating Agency Charges	1,573,040	1,400,000	
Stamp Duty	7,340,000	7,350,000	0.50% one time
NSDL charges	1,124		
Corporate action fee/custodial fee	56,742		
Arrangers fee	2,022,480	1,800,000	0.09% one time
Provision	**3,877,000**		
Printing etc.	15,000	15,000	
CSDL fee	52,000	52,000	one time
Registrar & Transfer Agent Charges	60,000	60,000	6000 p.a.
Trustee Fee	150,000	150,000	15000 p.a.
Surveillance fee	3,600,000	3,600,000	400000 p.a.
	14,920,386		
Interest on application money	**4,338,692**		
TOTAL	**19,259,078**		

Interest	183.6 lakhs			
			Annual%	
	Rs. Crore	**%**	**7 Yr**	**10 Yr**
Bond	200			
Tenure (7 Year put/call option)	7			
	10			
Cost without int on appli money	1.492	0.75	0.11	0.07
Interest on Application money	0.434	0.22	0.03	0.02
Interest on Bonds	183.600	91.80	9.18	9.18
	185.526	**92.76**	**9.32**	**9.28**

Bond Issued FY	Crore Rs.	Interest Rate	Payment	Redeemed	Taxable	Rating	By
1998-99	83.30	14.00%	Half yr	2003-04		AAA(So)	Crisil
1998-99	58.60	13.50%	Half yr	2003-04		AAA(So)	Crisil
1998-99	84.50	10.50%	Half yr	2003-04	Taxfree	AAA(So)	Crisil
1998-99	14.45	13.50%	Annual	2003-04		AAA(So)	Crisil
1998-99	60.00	9.70%	Annual	2003-04	Taxfree	AAA(So)	Crisil
1999-00	210.55	13.50%	Annual	2004-05		AAA(So)	Crisil
2001-02	152.40	10.85%	Annual	2006-07		AAA(So)	Crisil
2001-02	234.75	9.55%	Annual	2006-07		AAA(So)	Crisil
2007-08	200.00	8.98%	Half yr			AAA	Crisil
						AAA(So)	Fitch
Total	**1098.55**						

						Rs. in Lakh
	FY03	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Sources of Funds						
NCRPB Fund (Owned Funds)						
Balance brought forward	**878.12**	**983.68**	**1117.62**	**1251.53**	**1400.13**	**1565.10**
Additions during the year	105.81	134.14	134.01	148.61	164.97	257.80
Grants (Plan) from MoUD	55.00	52.00	61.70	70.00	75.00	100.00
Grants from Delhi Govt.	0.00	30.00	30.00	30.00	27.00	50.00
Surplus (Non Plan)	0.08	0.14	0.01	0.01	0.10	0.08
Surplus (Plan)	50.73	52.00	42.29	48.60	62.87	107.72
Closing balance	**983.93**	**1117.82**	**1251.63**	**1400.13**	**1565.10**	**1822.90**
Market Borrowings	**898.55**	**597.70**	**387.15**	**387.15**	**0.00**	**200.00**
Total	**1882.48**	**1715.52**	**1638.78**	**1787.28**	**1565.10**	**2022.90**

WACC Without Tax 2008-09

Source of capital	Crore Rs.	Weight	Nominal Cost %		WACC
MOUD&PA	824.62	0.41	8.14		3.32
State Grant	300.75	0.15	8.14		1.21
Internal Accruals	697.53	0.34	8.14		2.81
Bonds	200.00	0.10	9.28		0.92
Total	**2022.90**	**1.00**			**8.25**
WACC (%)					**8.25**
Inflation rate (%)				11.00	
WACC Real (%)				-2.48	

Calculation of Weighted Average Cost of Capital (WACC) of NCRPB

I WACC After Tax

Source of capital		Weight	Nominal Cost %	After Tax%	WACC After Tax
MOUD&PA	824.62	0.43	8.05	5.34	2.30
State Grant	300.75	0.16	8.55	5.67	0.89
Internal Accruals	588.53	0.31	8.05	5.34	1.64
Bonds	200.00	0.10	9.35	6.20	0.65
Total	**1913.9**	**1.00**			**5.48**
WACC (%)				**5.48**	
Inflation rate (%)				11.00	
WACC Real (%)				-4.97	

Assumptions

Cost of grants is taken as similar to the cost of government equity

Risk free 10 year GOI bonds rate is ----%

Corporate income tax rate inclusive of surcharge and education cess

II - WACC Without Tax 2007-08 NCRPB Calculation

Source of capital		Weight	Nominal Cost %		WACC
MOUD&PA	824.62	0.43	8.05		3.47
State Grant	300.75	0.16	8.55		1.34
Internal Accruals	588.53	0.31	8.05		2.48
Bonds	200.00	0.10	9.35		0.98
Total	**1913.9**	**1.00**			**8.26**
WACC (%)				**8.26**	
Inflation rate (%)				11.00	

WACC Real (%)	-2.46

III - WACC Without Tax 2008-09 NCRPB calculation

Source of capital		Weight	Nominal Cost %		WACC
MOUD&PA	874.62	0.36	8.14		2.93
State Grant	350.75	0.14	8.64		1.25
Internal Accruals	603.6	0.25	8.14		2.02
Bonds	600.00	0.25	10.00		2.47
Total	**2428.97**	**1.00**			**8.67**

WACC (%)	**8.67**
Inflation rate (%)	11.00
WACC Real (%)	-2.10

					Rs. in Lakh	
	FY03	FY04	FY05	FY06	FY07	FY08
Sources of Funds						
NCRPB Fund						
Balance brought forward	**87811.98**	**98367.56**	**111762.13**	**125152.64**	**140013.19**	**156510.31**
Plan and Non Plan balance last year	87200.96	97768.94	111183.28	124583.79	140013.19	156510.31
Assets Fund	200.94	188.54	168.76	158.76	0.00	0.00
Project development fund	410.08	410.08	410.08	410.08	0.00	0.00
Additions during the year	**10580.93**	**13414.34**	**13400.51**	**14860.56**	**16497.12**	**25779.92**
Grants (Plan) from MoUD	5500.00	5200.00	6170.00	7000.00	7500.00	10000.00
Grants from Delhi Govt.	0.00	3000.00	3000.00	3000.00	2700.00	5000.00
Surplus (Non Plan)	7.81	13.92	1.03	0.57	10.34	7.95
Surplus (Plan)	5073.12	5200.42	4229.48	4859.99	6286.79	10771.96
Closing balance	**98392.91**	**111781.91**	**125162.64**	**140013.19**	**156510.31**	**182290.23**
Market Borrowings	89855.00	59770.00	38715.00	38715.00	0.00	20000.00
Total	**188247.91**	**171551.91**	**163877.64**	**178728.19**	**156510.31**	**202290.23**
Application of Funds						
Fixed Assets (Net)	207.90	192.70	170.64	160.01	138.80	126.57
Bond Redemption Reserve Deposit	51250.00	26456.57	26802.89	38564.02	0.00	0.00
Loans to States/agencies	**87356.73**	**91293.61**	**89551.16**	**106227.35**	**127341.84**	**177116.99**
Opening balance	92692.71	87356.73	91293.61	89551.16	106227.50	127341.69
Disbursements during the year	11086.32	27407.66	27571.96	36494.61	41645.75	70537.25
Repayments during the year	16422.30	23470.78	29314.41	19818.42	20531.41	20761.95
Loans to Staff	23.64	23.19	26.68	18.54	16.38	14.04
Current Assets	**53422.25**	**61814.78**	**50097.99**	**37666.93**	**34884.27**	**25584.45**
Interest receivables - State/Agencies	4973.34	3575.72	2759.25	1770.32	1860.21	2517.30
Interest receivables - Investments	2122.47	1174.69	439.76	643.00	218.71	111.77
Interest receivables - Staff	5.82	8.23	10.82	8.93	10.75	12.15
Grants Receivable			3000.00	0.00	0.00	0.00
Advance Tax/TDS			774.34	4324.55	7785.57	5643.91
Other Current Assets	23.43	31.59	15.83	6.51	6.91	5.95
Cash and Bank Balance	46297.19	57024.55	43097.99	30913.62	25002.12	17293.37
Fixed Deposits	40353.25	46615.56	40079.66	30175.40	19500.00	10000.00
Savings	5943.93	10408.82	3018.02	738.05	5502.09	7293.32
Cash	0.01	0.17	0.31	0.17	0.03	0.05
Current Liabilities	**4012.68**	**8222.60**	**2760.61**	**3902.69**	**5869.91**	**550.00**
Provision for Income Tax	2296.37	2479.28	0.00	2468.83	5659.84	0.00
Excess receipt against loans to borrowers	0.00	1.00	23.29	70.83	5.27	10.38
Expenses Payable(incl int. on bonds)	1421.11	5735.89	2635.94	1234.26	187.41	522.26
Other Liabilities (incl. TDS)	295.20	6.43	101.38	128.77	17.39	17.36
Net Current Assets	**49409.57**	**53592.18**	**47337.38**	**33764.24**	**29014.36**	**25034.45**
Less: PF and NPS	**-0.07**	**6.34**	**11.11**	**5.97**	**0.92**	**1.82**
PF, NPS Fund	81.03	97.14	116.92	120.94	119.02	125.88
PF, NPS Fund Investment	81.10	90.80	105.81	114.97	118.10	124.06
Total	**188247.91**	**171551.91**	**163877.64**	**178728.19**	**156510.46**	**202290.23**

Income & Expenditure A/c (Plan)				Rs. In lacs		
	FY03	FY04	FY05	FY06	FY07	FY08
Income						
Interest & charges from Borrowers						
Interest on Loans to States/Agencies	10853.57	9899.06	7355.99	6537.29	7408.14	9492.18
Interest-Penal	1.02	141.61	87.08	71.34	0.00	3.15
Interest-Prepayment			528.63	10.36	20.21	0.00
Upfront Charges for resetting interest rate			121.36	0.00	24.20	0.00
Interst from Banks						
Interest on Term deposits	6946.65	5793.50	3798.47	4738.62	3403.56	1362.19
Interest on Savings & Auto sweep	157.60	7.69	9.59	6.94	336.28	550.52
Other income						
Interest on Loans to employees	1.94	2.51	2.72	2.56	1.81	1.80
Sale of publications & imageries	0.71	0.32	0.65	0.60	0.84	0.46
Misc. receipts	0.00	0.00	0.00	0.00	1.93	0.00
Total Income	**17961.49**	**15844.69**	**11904.49**	**11367.71**	**11196.97**	**11410.30**
Expenditure						
Interest on Market borrowings	10365.59	7775.50	4121.24	3895.40	1565.95	231.27
Expenses on Market borrowings	42.75	36.04	18.06	17.22	5.66	153.82
NCR cell expenses	94.73	87.12	113.93	80.72	102.99	108.14
Project appraisal	0.00	0.00	0.00	0.00	0.00	54.30
Study, Surveys & Seminar	31.56	2.00	26.13	24.65	12.50	57.78
Publications	0.25	0.53	19.55	1.36	1.08	0.32
Salaries	0.00	0.00	16.25	9.31	7.76	11.30
Board meeting expenses	2.79	0.00	0.00	3.11	2.00	4.17
Other adm expenses	1.46	0.70	6.43	6.50	0.02	0.00
Penal interest written off	12.88	0.00	0.00	0.00	0.00	0.00
Depreciation	3.47	2.80	1.46	0.62	21.22	17.24
Total expenses	**10555.48**	**7904.69**	**4323.05**	**4038.89**	**1719.18**	**638.34**
Profit before Tax	**7406.01**	**7939.99**	**7581.44**	**7328.82**	**9477.79**	**10771.96**
Income tax provision	2332.89	2739.56	3351.96	2468.83	3191.01	
Profit after Tax (PAT)	**5073.12**	**5200.43**	**4229.48**	**4859.99**	**6286.78**	**10771.96**
Income and expenditure (Non-Plan)						
Income						
Grant from MoUD	150.00	190.00	190.00	190.00	190.00	187.41
Less: Used for fixed Assets		17.37	6.64	12.70		
Net Revenue Grants	150.00	172.63	183.36	177.30	190.00	187.41
Income from GPF,CPF Investments	8.43	6.83	6.21	6.02	8.33	7.50
Other Income	0.82	0.89	1.08	0.45	4.46	0.56
Total	**159.25**	**180.35**	**190.65**	**183.77**	**202.79**	**195.47**
Expenditure						
Establishment & Admin Expense	151.44	179.38	189.62	183.20	192.45	187.52
Total	**151.44**	**179.38**	**189.62**	**183.20**	**192.45**	**187.52**
Surplus/Deficit	**7.81**	**0.97**	**1.03**	**0.57**	**10.34**	**7.95**

Income & Expenditure A/c (Plan & Non-Plan)					Rs. In lakh	
	FY03	FY04	FY05	FY06	FY07	FY08
Income						
Interest & charges from Borrowers	**10854.59**	**10040.67**	**8093.06**	**6618.99**	**7452.55**	**9495.33**
Interest on Loans to States/Agencies	10853.57	9899.06	7355.99	6537.29	7408.14	9492.18
Interest-Penal	1.02	141.61	87.08	71.34	0.00	3.15
Interest-Prepayment			528.63	10.36	20.21	0.00
Upfront Charges for resetting interest rate			121.36	0.00	24.20	0.00
Interst from Banks	**7104.25**	**5801.19**	**3808.06**	**4745.56**	**3739.84**	**1912.71**
Interest on Term deposits	6946.65	5793.50	3798.47	4738.62	3403.56	1362.19
Interest on Savings & Auto sweep	157.60	7.69	9.59	6.94	336.28	550.52
Other income	**2.65**	**2.83**	**3.37**	**3.16**	**4.58**	**2.26**
Interest on Loans to employees	1.94	2.51	2.72	2.56	1.81	1.80
Sale of publications & imageries	0.71	0.32	0.65	0.60	0.84	0.46
Misc. receipts (Plan)	0.00	0.00	0.00	0.00	1.93	0.00
Net Revenue Grants	**150.00**	**172.63**	**183.36**	**177.30**	**190.00**	**187.41**
Grant from MoUD	150.00	190.00	190.00	190.00	190.00	187.41
Less: Used for fixed Assets		17.37	6.64	12.70		
Total Income	**18111.49**	**16017.32**	**12087.85**	**11545.01**	**11386.97**	**11597.71**
Expenditure						
Borrowing Cost	**10408.34**	**7811.54**	**4139.30**	**3912.62**	**1571.61**	**385.09**
Interest on Market borrowings	10365.59	7775.50	4121.24	3895.40	1565.95	231.27
Expenses on Market borrowings	42.75	36.04	18.06	17.22	5.66	153.82
Project development cost	**126.54**	**89.65**	**159.61**	**106.73**	**116.57**	**220.54**
NCR cell expenses	94.73	87.12	113.93	80.72	102.99	108.14
Project appraisal	0.00	0.00	0.00	0.00	0.00	54.30
Study, Surveys & Seminar	31.56	2.00	26.13	24.65	12.50	57.78
Publications	0.25	0.53	19.55	1.36	1.08	0.32
NCRPB Administrative Costs	**146.44**	**172.36**	**205.01**	**195.65**	**189.44**	**194.93**
Salaries	0.00	0.00	16.25	9.31	7.76	11.30
Board meeting expenses	2.79	0.00	0.00	3.11	2.00	4.17
Other adm expenses	1.46	0.70	6.43	6.50	0.02	0.00
Establishment & Admin Exp(Non-Plan)	151.44	179.38	189.62	183.20	192.45	187.52
Less:						
Income from GPF,CPF Investments	-8.43	-6.83	-6.21	-6.02	-8.33	-7.50
Other Income (Non-Plan	-0.82	-0.89	-1.08	-0.45	-4.46	-0.56
Depreciation	3.47	2.80	1.46	0.62	21.22	17.24
Penal interest written off	12.88	0.00	0.00	0.00	0.00	0.00
Total expenses	**10697.67**	**8076.35**	**4505.38**	**4215.62**	**1898.84**	**817.80**
Profit before Tax	**7413.82**	**7940.96**	**7582.47**	**7329.39**	**9488.13**	**10779.91**
Income tax provision	2332.89	2739.56	3351.96	2468.83	3191.01	
Profit after Tax (PAT)	**5080.93**	**5201.40**	**4230.51**	**4860.56**	**6297.12**	**10779.91**
Suplus - Plan	5073.12	5200.42	4229.48	4859.99	6286.78	10771.96
Surplus - Non Plan	7.81	0.97	1.03	0.57	10.34	7.95
Total	5080.93	5201.39	4230.51	4860.56	6297.12	10779.91

Diff in asset fund OB & CB	25.34	19.78	10.00	0.00	0.00	
	98392.91	111781.91	125162.64	140013.19	156510.31	182290.23
	97781.89	111183.28	124583.79	139444.35		
			Lakh Rs.			
Balance Sheet items (Plan & Non Plan)	**FY03**	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Liabilities						
Grants	**5507.81**	**8213.92**	**9171.03**	**10000.57**	**10210.34**	**15007.95**
Grant from MOUD	5500.00	5200.00	6170.00	7000.00	7500.00	10000.00
Grant from Delhi	0.00	3000.00	3000.00	3000.00	2700.00	5000.00
Surplus (Non Plan)	7.81	13.92	1.03	0.57	10.34	7.95
Internal Accruals						
Surplus (Plan)	5073.12	5200.42	4229.48	4859.99	6286.79	10771.96
Market Borrowings	89855.00	59770.00	38715.00	38715.00	0.00	20000.00
Additions during the year	**100435.93**	**73184.34**	**52115.51**	**53575.56**	**16497.12**	**45779.92**
Balance brought forward	**87811.98**	**98367.57**	**111762.13**	**125152.64**	**140013.19**	**156510.31**
Plan and Non Plan balance last year	87200.96	97768.94	111183.28	124583.79	140013.19	156510.31
Assets Fund (Office)	200.94	188.54	168.76	158.76		
Project development fund	410.08	410.08	410.08	410.08		
Other Liabilities	**4093.71**	**8319.74**	**2877.53**	**4023.63**	**5988.93**	**675.88**
GPF, CPF	81.03	97.14	116.92	120.94	119.02	125.88
Provision for Income Tax/TDS	2591.07	2479.28	101.12	2586.02	5659.84	0.00
Expenses Payable	1421.11	5735.89	2635.94	1234.26	187.41	522.26
Other Liabilities	0.50	7.43	23.55	82.41	22.66	27.74
Total Liabilities	**192341.62**	**179871.65**	**166755.17**	**182751.82**	**162499.24**	**202966.11**
Assets						
Fixed Assets (Net)	207.90	192.70	170.64	160.01	138.80	126.57
GPF, CPF investment	81.10	90.80	105.81	114.97	118.10	124.06
Loans to States/agencies	87356.73	91293.61	89551.16	106227.35	127341.69	177116.99
Loans to Staff	23.64	23.19	26.68	18.54	17.39	15.14
Interest receivables - State/Agencies	4973.34	3575.72	2759.25	1770.32	1860.21	2517.30
Interest receivables - Investments	2122.47	1174.69	439.76	643.00	218.71	111.77
Interest receivables - Staff	5.82	8.23	10.82	8.93	10.75	12.15
Grants Receivable	23.43		3000.00	0.00	0.00	0.00
Advance Tax			774.34	4324.55	7785.57	5643.91
Other Current Assets		31.59	15.83	6.51	5.90	4.85
Bond Reserve Deposit	51250.00	26456.57	26802.89	38564.02		
Cash and Bank Balance						

Fixed Deposits	40353.25	46615.56	40079.66	30175.40	19500.00	10000.00
Savings	5943.93	10408.82	3018.02	738.05	5502.09	7293.32
Cash	0.01	0.17	0.31	0.17	0.03	0.05
Total Assets	**192341.62**	**179871.65**	**166755.17**	**182751.82**	**162499.24**	**202966.11**

Income and Expenditure				Rs. In lacs		
Plan Income and Expenditure	**FY03**	**FY04**	**FY05**	**FY06**	**FY07**	**FY08**
Income						
Interest on Loans to States/Agencies	10853.57	9899.06	7355.99	6537.29	7408.14	9492.18
Interest-Penal,prepayment,upfront chg	1.02	141.61	737.07	81.70	44.41	3.15
Interest on Investments	6946.65	5793.50	3798.47	4738.62	3403.56	1362.19
Interest on Cash balances	157.60	7.69	9.59	6.94	336.28	550.52
Interest on Loans to employees	1.94	2.51	2.72	2.56	1.81	1.80
Other income	0.71	0.31	0.65	0.60	2.77	0.46
Total income	**17961.49**	**15844.68**	**11904.49**	**11367.71**	**11196.97**	**11410.30**
Expenditure						
Interest on Market borrowings	10365.59	7775.50	4121.24	3895.40	1565.95	231.27
Expenses on market borrowings	42.75	36.04	18.06	17.22	5.66	153.82
NCR cell exp	94.73	87.12	113.93	80.72	102.99	108.14
Project appraisal & survey expenses	30.75	2.00	26.13	24.65	12.50	112.08
Salaries		0.00	16.25	9.31	7.76	11.30
Board meeting expenses	2.79	0.00	0.00	3.11	2.00	4.17
Other adm expenses	15.4	1.23	25.98	7.86	1.10	0.32
Depreciation	3.47	2.80	1.46	0.62	21.22	17.24
Total expenses	**10555.48**	**7904.69**	**4323.05**	**4038.89**	**1719.18**	**638.34**
Profit before Tax	**7406.01**	**7939.98**	**7581.44**	**7328.82**	**9477.79**	**10771.96**
Income tax provision	2332.89	2739.56	3351.96	2468.83	3191.01	
PAT	**5073.12**	**5200.42**	**4229.48**	**4859.99**	**6286.78**	**10771.96**
Non Plan income and expenditure						
Income						
Grant from MoUD	150.00	172.63	190.00	190.00	190.00	187.41
Income from GPF,CPF Investments	8.43	6.83	6.21	6.02	8.33	7.50
Other Income	0.82	0.89	1.08	0.45	4.46	0.56
Total Income	**159.25**	**180.35**	**197.29**	**196.47**	**202.79**	**195.47**
Expenditure						
Estb & Adm Expense	151.44	179.38	189.62	183.20	192.45	187.52
Fixed Assets			6.64	12.70		
Total Expenses	**151.44**	**179.38**	**196.26**	**195.90**	**192.45**	**187.52**
Surplus/Deficit	**7.81**	**0.97**	**1.03**	**0.57**	**10.34**	**7.95**