

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

(A Govt. of India Enterprise)

Regd Office: 8th FLOOR, HINDUSTAN TIMES BUILDING, 18&20, K.G. MARG, NEW DELHI - 110 001

Standalone Audited Financial Results for the Half Year ended 30th September 2012

(` in Lac)

S.No.	Particulars	6 months ended 30/09/2012 (Audited)	6 months ended 30/09/2011 (Audited)	Year ended 31/03/2012 (Audited)
1	Interest earned (a) + (b) + (c)	153,282.77	119,653.40	252,631.93
(a)	Interest / discount on advances / bills	116,711.38	79,896.43	170,150.72
(b)	Income on Investments	955.94	3,105.26	4,078.08
(c)	Interest on FDRs with Banks	35,615.45	36,651.71	78,403.13
2	Other Income	1,320.99	844.01	1,827.71
(a)	Operating Income	1,236.56	587.80	1,410.75
(b)	Non-operating Income	84.43	256.21	416.96
3	Total Income (1+2)	154,603.76	120,497.41	254,459.64
4	Interest Expended	82,606.35	75,435.82	152,353.47
5	Guarantee Fee to Govt. of India	2,757.58	2,417.67	4,845.86
6	Commitment Charges, Upfront & Management fee	98.17	94.00	175.48
7	Bond Issue and Servicing Expenses	54.37	38.06	134.85
8	Foreign Exchange Fluctuation Loss	238.13	-	795.82
9	Operating Expenses (i) + (ii) + (iii)	1,381.27	2,209.09	3,335.67
(i)	Employees Benefit Expenses	380.30	426.91	902.20
(ii)	Foreign Exchange Fluctuation Loss	-	959.91	466.57
(iii)	Other Operating Expenses (a) + (b) + (c)	1,000.97	822.27	1,966.90
(a)	Lease Rent	408.41	416.33	840.38
(b)	Establishment and other Expenses	576.94	390.29	1,090.54
(c)	Depreciation	15.62	15.65	35.98
10	Total Expenditure (4+5+6+7+8+9) excluding provisions and contingencies	87,135.87	80,194.64	161,641.15
11	Operating Profit before Provisions and Contingencies (3-10)	67,467.89	40,302.77	92,818.49
12	Provisions (other than tax) and Contingencies	1,975.00	1,420.74	1,552.91
13	Exceptional Items (See Note 4)	16,627.50	-	4,666.60
14	Profit from Ordinary Activities before Tax (11-12+/-13)	82,120.39	38,882.03	86,598.98
15	Tax Expense	24,158.39	12,648.75	28,016.22
16	Net Profit from Ordinary Activities after tax (14-15)	57,962.00	26,233.28	58,582.76
17	Extraordinary items (net of tax expense)	-	-	-
18	Net Profit for the period (16-17)	57,962.00	26,233.28	58,582.76
19 (a)	Paid up equity share capital (Face Value of ` 10 each) (wholly owned by Govt. of India)	290,000.00	200,000.00	250,000.00
(b)	Share Application Money	-	-	-
20	Reserves excluding Revaluation Reserves (as per Balance Sheet of previous accounting year)			116,807.86
21	Analytical Ratios			
(i)	Capital Adequacy Ratio	Refer Note 6		
(ii)	Earning Per Share (EPS) (Not Annualised)*	2.20*	1.31*	2.84
22	NPA Ratios			
(a)	Gross/Net NPA	1.11	-	-
(b)	% of Gross/Net NPA	111.11%	-	-
(c)	Return on Assets (Not Annualised)*	2.02%*	1.08%*	2.25%
(d)	Debt Service Coverage Ratio	1.96	1.50	1.55
(e)	Interest Service Coverage Ratio	1.99	1.52	1.57

Notes

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the company in its Meeting held on 22nd November 2012 and have been audited by the Statutory Auditors of the company.

2. Information on Investor's complaints pursuant to Listing Agreement for the Half Year ended 30th September 2012

	Opening Balance	Additions	Disposals	Closing Balance
No. of complaints	0	430	428	2

3. Auditors observations on accounts for the half year ended 30th September 2012 which has an impact on Statement of Profit & Loss is as under:-

(i)(a) As per the announcement issued by The Institute of Chartered Accountants of India (ICAI) regarding 'Accounting for Derivatives' the company is required to provide for losses in respect of all outstanding derivatives contracts at the balance sheet date by marking them to market except in respect of forward contracts which are to be accounted for in accordance with the provisions of AS-11, 'The Effects of changes in Foreign Exchange Rates'.

In our opinion, the company has not provided for such mark to market losses, amount not ascertained, on certain outstanding derivative contracts, i.e. Interest Rate Swaps.

(b) Some of the balances shown under infrastructure loans, borrowings and and other balances shown under various other debit and credit balances and few of the balances shown under the fixed deposits with banks are subject to confirmation and reconciliation. The impact on the company's interim financial statements is not ascertainable at this stage.

(c) The effect of resetting of interest rates in some of the loans given by the company is not being accounted for in the books of account of the company timely resulting in under/ over statement of interest income in the Statement of Profit and Loss. The impact on the company's interim financial statements is not ascertainable at this stage.

(ii) Management explanation to the above is as under:-

(a) The company has undertaken composite contracts i.e. Interest Rate Swap cum forward exchange contracts to hedge risks relating to floating interest rates as well as foreign exchange fluctuations on foreign currency borrowings of ` 3,71,459.02 lac as on 30th September 2012. As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above composite contracts, the net M2M gain as on 30th September 2012 amounts to ` 40,377.50 lac (Gross gain ` 40477.59 lac less gross loss of ` 100.09 lac) and M2M gain as on 31st March 2012 amounts to ` 37,926.83 lac (i.e. gross gain of ` 38,082.87 lac less gross loss ` 156.04 lac). The M2M losses on Interest Rate Swaps (IRS) is not being accounted for in the books of accounts as the underlying liability designated with swap is also not carried at lower of cost or market value in the financial statements and the M2M loss relating only to IRS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into composite contracts for hedging and the interest payable to counter-parties also includes amount of premium, if any, which has not been mentioned/ identified separately in the composite contracts. Further, during the financial year ended 31st March 2012, the company has also sought the opinion of Expert Advisory Committee of the Institute of Chartered Accountants of India to advice on the correct accounting treatment to be followed by the company in this regard which is awaited.

(b) In the opinion of management, no material impact of such balance confirmation and reconciliation and resetting of interest rate in some cases on financial results is anticipated.

4. Exceptional items for the half year ended 30th September 2012 and year ended 31st March 2012 represents dividend income received from subsidiary company amounting to ` 16,627.50 Lac and provision for standard loan assets amounting to ` 4,666.60 Lac respectively.

5. The Company's main business is to provide finance for Infrastructure Projects and the company does not have more than one reportable segment in terms of Accounting Standard No. 17 issued by the Institute of Chartered Accountants of India.

6. Pending registration as Non-Banking Financial Company, Infrastructure Finance Company with Reserve Bank of India, Capital Adequacy Ratio is not applicable to the company.

7. Return on Assets has been calculated by dividing Profit after Tax by Average Assets (Average Assets is simple average of Opening & Closing Balance of Total Assets)

8. Previous period's figures have been regrouped/reclassified wherever necessary.

Place: New Delhi

S.K. Goel

Dated: 22.11.2012

Chairman and Managing Director