

INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED

(A Govt. of India Enterprise)

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

Standalone Audited Financial Results for the Six Months/ Year ended 31st March 2013

(₹ in Lac)

S.No.	Particulars	6 months ended 31/03/2013 (Audited)	6 months ended 31/03/2012 (Audited)	Year ended 31/03/2013 (Audited)	Year ended 31/03/2012 (Audited)
1	Interest earned (a) + (b) + (c)	1,71,703.27	1,32,978.53	3,24,986.04	2,52,631.93
(a)	Interest / discount on advances / bills	1,29,462.18	90,254.29	2,46,173.56	1,70,150.72
(b)	Income on Investments	917.69	972.82	1,873.63	4,078.08
(c)	Interest on Deposits with Banks	41,323.40	41,751.42	76,938.85	78,403.13
2	Other Income	2,436.50	983.70	3,757.49	1,827.71
(a)	Operating Income	1,679.39	822.95	2,915.95	1,410.75
(b)	Non-operating Income	757.11	160.75	841.54	416.96
3	Total Income (1+2)	1,74,139.77	1,33,962.23	3,28,743.53	2,54,459.64
4	Interest Expended	94,276.12	76,917.65	1,76,882.47	1,52,353.47
5	Guarantee Fee to Govt. of India	2,742.50	2,428.19	5,500.08	4,845.86
6	Commitment Charges, Upfront & Management fee	87.91	81.48	186.08	175.48
7	Bond Issue and Servicing Expenses	1,327.83	96.79	1,382.20	134.85
8	Foreign Exchange Fluctuation Loss	3,414.12	795.82	3,652.25	795.82
9	Operating Expenses (i) + (ii) + (iii)	2,009.63	1,126.58	3,390.90	3,335.67
(i)	Employees Benefit Expenses	438.70	475.29	819.00	902.20
(ii)	Foreign Exchange Fluctuation Loss/ (Gain)	554.32	(493.34)	554.32	466.57
(iii)	Other Operating Expenses (a) + (b) + (c)	1,016.61	1,144.63	2,017.58	1,966.90
(a)	Lease Rent	312.01	424.05	720.42	840.38
(b)	Establishment and other Expenses	684.30	700.25	1,261.24	1,090.54
(c)	Depreciation	20.30	20.33	35.92	35.98
10	Total Expenditure (4+5+6+7+8+9) excluding provisions and contingencies	1,03,858.11	81,446.51	1,90,993.98	1,61,641.15
11	Operating Profit before Provisions and Contingencies (3-10)	70,281.66	52,515.72	1,37,749.55	92,818.49
12	Provisions (other than tax) and Contingencies	971.76	1,178.18	2,946.76	2,598.92
13	Exceptional Items (See Note 4)	-	3,620.59	16,627.50	3,620.59
14	Profit from Ordinary Activities before Tax (11-12+/-13)	69,309.90	47,716.95	1,51,430.29	86,598.98
15	Tax Expense	22,572.46	15,367.47	46,730.85	28,016.22
16	Net Profit from Ordinary Activities after tax (14-15)	46,737.44	32,349.48	1,04,699.44	58,582.76
17	Extraordinary items (net of tax expense)	-	-	-	-
18	Net Profit for the period (16-17)	46,737.44	32,349.48	1,04,699.44	58,582.76
19 (a)	Paid up equity share capital (Face Value of ₹ 10 each) (wholly owned by Govt. of India)	2,90,000.00	2,50,000.00	2,90,000.00	2,50,000.00
(b)	Share Application Money	-	-	-	-
20	Reserves excluding Revaluation Reserves (as per Balance Sheet of previous accounting year)	1,95,817.01	1,16,807.86	1,95,817.01	1,16,807.86
21	Analytical Ratios				
(i)	Capital Adequacy Ratio			Refer Note 6	
(ii)	Earning Per Share (EPS) (*Not Annualised)	1.61*	1.52*	3.79	2.84
22	NPA Ratios				
(a)	Gross/Net NPA		-	1.11	-
(b)	% of Gross/Net NPA		-	111.11%	-
(c)	Return on Assets (*Not Annualised)	1.44%*	2.48%*	3.32%	2.25%
23	Debt Service Coverage Ratio	1.68	1.76	1.81	1.55
24	Interest Service Coverage Ratio	1.74	1.79	1.86	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 10th May 2013 and have been audited by the Statutory Auditors of the company.

2. Information on Investor's complaints pursuant to Listing Agreement for the Year ended 31st March 2013

	Opening Balance	Additions	Disposals	Closing Balance
No. of complaints	0	701	699	2

3. (i) Auditors observations on accounts for the year ended 31st March 2013 which has an impact on Statement of Profit & Loss is as under:-

(a) As per Accounting Standard-11 (AS-11) i.e. 'The Effects of Changes in Foreign Exchange Rates', foreign currency loans taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and difference should be taken to the Statement of profit and loss whereas the company has restated these foreign currency loans as on the date of inception of the forward contracts and difference taken to Statement of Profit and Loss. Had the company complied with AS-11, loan liability and foreign currency receivable account as on March 31, 2013 would have been higher by ₹ 69,646.50 Lac (₹ 43,320.36Lac as on March 31, 2012) each. However, there would be no impact on the profit for the year ended March 31, 2013 as the loss on principal amount of hedged foreign currency loans is totally offset by the gain on the forward exchange contracts.

(b) The Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on March 31, 2013 amounts to ₹ 70,689.36 Lac and the net M2M loss/gain relating to interest rate swaps cannot be computed separately. As per the announcement issued by the Institute of Chartered Accountants of India regarding 'Accounting for Derivatives', keeping in view the principle of prudence as enunciated in AS 1, 'Disclosure of Accounting Policies', the entity is required to provide for losses in respect of all outstanding derivative 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 ascertained and provided for such mark to market loss, if any, on these outstanding derivative contracts, i.e. Interest Rate Swaps.

(c) Some of the balances shown under Infrastructure loans, borrowings and various other debit and credit balances as on March 31, 2013 are subject to confirmation. The impact on the company's accounts on confirmation of these balances, on reconciliation of the differences between balances as per books of account of the company and balances confirmed by the company and also on account of pending resetting of interest rates in some of the cases is not ascertainable at this stage.

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

(a) & (b) 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 ₹ 3,93,931.57 lac as on 31st March 2013. 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 31st March 2013 amounts to ₹ 70,689.36 lac (Gross gain of ₹ 70,689.36 lac less Gross loss Nil) and M2M gain as on 31st March 2012 amounted to ₹ 37,926.83 lac (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.

(c) 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 item for the year ended 31st March 2013 represents dividend income received from subsidiary company amounting to ₹ 16,627.50 Lac. Exceptional item for the six months and year ended 31st March 2012 represents provision for standard loan assets for the period upto 31st March 2011 amounting to ₹ 3,620.59 Lac.

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 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.

For and behalf of Board of Directors

Sd/-

Place: New Delhi

Dated: 10.05.2013

S.K. Goel

Chairman and Managing Director