

K. M. AGARWAL & CO.

CHARTERED ACCOUNTANTS

36, NETAJI SUBHASH MARG, DARYA GANJ,
NEW DELHI-110002
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Limited Review Report

To,
The Board of Directors
India Infrastructure Finance Company Limited
8th Floor, Hindustan Times Building,
18 & 20 Kasturba Gandhi Marg,
New Delhi-110001

We have reviewed the accompanying statement of unaudited financial results of **India Infrastructure Finance Company Limited** for the period ended 30th September 2015. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 29 of the Listing Agreement for debt securities including the manner in which it is to be disclosed, or that it contains any material misstatement.

Place: New Delhi
Date: November 9, 2015

For K M Agarwal & Co.
Chartered Accountants
Firm's Regn No.:000853N



(C. P. Mishra)
Partner

(Membership No - 073009)



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 Reviewed Financial Results for the Six Months ended 30th September 2015

CIN No. U67190DL2006GOI144520

Website: www.iifcl.org, E- mail: info@iifcl.org, Phone:91-11-23730270,23708263

₹ in Lac

S.No.	Particulars	6 months ended 30/09/2015 (Reviewed)	6 months ended 30/09/2014 (Reviewed)	Year ended 31/03/2015 (Audited)
1	Interest earned (a) + (b) + (c)	210,503.95	204,832.53	398,202.99
(a)	Interest / discount on advances / bills	166,017.60	142,197.05	276,509.07
(b)	Income on Investments	880.98	889.46	1,773.54
(c)	Interest on Deposits with Banks	43,605.37	61,746.02	119,920.38
2	Other Income	2,755.62	2,330.87	7,974.74
3	Total Income (1+2)	213,259.57	207,163.40	406,177.73
4	Interest Expended	117,289.07	116,345.39	230,637.82
5	Other Borrowing Costs	1,928.02	3,757.17	4,428.90
6	Foreign Exchange Fluctuation Loss/ (Gain)	22,640.40	5,293.50	8,846.53
7	Operating Expenses (i) + (ii) + (iii)	7,719.74	1,718.51	29,811.37
(i)	Employees Benefit Expenses	1,088.17	594.29	1,323.55
(ii)	Loan Amount Written off	3,755.45	-	23,834.62
(iii)	Other Operating Expenses	2,876.12	1,124.22	4,653.20
8	Total Expenditure (4+5+6+7) excluding provisions and contingencies	149,577.23	127,114.57	273,724.62
9	Operating Profit before Provisions and Contingencies (3-8)	63,682.34	80,048.83	132,453.11
10	Provisions (other than tax) and Contingencies	12,214.02	15,170.70	10,802.08
11	Exceptional Items	-	-	-
12	Profit from Ordinary Activities before Tax (9-10-11)	51,468.32	64,878.13	121,651.03
13	Tax Expense	26,991.45	25,981.94	46,311.15
14	Net Profit from Ordinary Activities after tax (12-13)	24,476.87	38,896.19	75,339.88
15	Extraordinary items (net of tax expense)	-	-	-
16	Net Profit for the period (14-15)	24,476.87	38,896.19	75,339.88
17 (a)	Paid up equity share capital (Face Value of ₹ 10 each) (wholly owned by Govt. of India)	390,000.00	330,000.00	390,000.00
(b)	Share Application Money	-	60,000.00	-
18	Reserves excluding Revaluation Reserves (as per Balance Sheet of previous accounting year)	-	-	289,618.36
19	Analytical Ratios			
(i)	Capital Adequacy Ratio	20.95%	24.49%	25.14%
(ii)	Earning Per Share (EPS) (*Not Annualised)	0.63*	1.18*	2.13
20	NPA Ratios			
(a)	Gross/Net NPA	1.52	1.49	1.61
(b)	% of Gross/Net NPA	152.36%	149.48%	160.78%
(c)	Return on Assets (*Not Annualised)	0.62%*	1.01%*	1.94%



Notes

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the company at their Meeting held on 9th November 2015. These results have been subjected to Limited Review by the Statutory Auditors of the company.

2. Information on Investor's complaints pursuant to Listing Agreement for the half year ended 30th September 2015:

	Opening Balance	Additions	Disposals	Closing Balance
No. of complaints	0	137	137	0

3. Auditors observations on accounts for the year ended 31st March 2015 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 loan taken (to the extent hedged) and outstanding forward exchange contracts should be restated at the exchange rates prevailing at the reporting date and differences should be taken to Statement of Profit and Loss whereas the company has restated the above loans at the date of inception of the forward contract and difference taken to Statement of Profit and Loss as stated in Accounting Policy. In view of the above, loan liability and foreign currency receivable account as on 31st March 2015 would have been higher by ₹ 1,27,418.65 lac (higher by ₹ 1,36,602.17 lac as on 31st March 2014). However, there would be no impact on the profit for the year ended 31st March 2015 as loss on account of increase in foreign currency borrowings due to adverse fluctuation in foreign currency exchange rate is fully offset due to gain on principal amount of borrowings hedged by the company.

(b) The Mark to Market (M2M) gain on composite contracts (Interest Rate Swaps cum forward exchange contracts) as on 31st March 2015 amounted to ₹ 1,27,418.65 lac (₹ 1,36,602.17 lac as on 31st March 2014 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.

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

(a) & (b) As per the Mark-to-Market (M2M) valuations furnished by the counter party banks and other valuer on the above contracts, the net M2M gain as on 31st March 2015 amounts to ₹ 1,27,418.65 lac (Gross gain of ₹ 1,30,595.38 lac less Gross loss ₹ 3,176.73 lac) and M2M gain as on 31st March 2014 amounts to ₹ 1,36,602.17 lac (Gross gain of ₹ 1,38,447.96 lac less Gross loss ₹ 1,845.79 lac).

The M2M losses on Cross Currency Swaps (CCS) 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 CCS cannot be computed separately and provided for as required by the announcement of ICAI on 'Accounting for Derivatives' as the company had entered into Cross currency swaps (Principal and Interest) 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 said contracts..

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. ICAI vide letter dated 22nd September 2015 provided opinion in the matter. IIFCL would examine the opinion in consultation with the auditors of the company, and give effect to the same in the financial statements for the year ended 31st March 2016.

4. 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.

5. 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)

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

For and behalf of Board of Directors



S.B. Nayar

Chairman and Managing Director

DIN No.: 02175871

Place: New Delhi

Dated: 9th November 2015

