

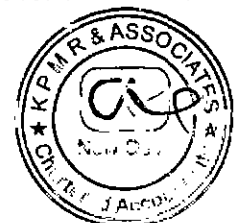
Auditor's Report on Quarterly Financial Results and Annual Financial Results of IFCI Limited Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI circulars in this regard

To
The Board of Directors
IFCI Limited

1. We have audited the accompanying quarterly financial results of IFCI Limited ('the Company') for the quarter ended March 31, 2019 and the annual financial results for the year April 1, 2018 to March 31, 2019, including the notes thereon ("the statements"), being submitted by the Company pursuant to the requirement of Regulations 33, of the SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015.

These quarterly financial results as well as the annual financial results have been prepared on the basis of the related annual Ind AS financial statements, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial results based on our audit of such annual financial statements, which have been prepared in accordance with the India Accounting standards specified under section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India.

2. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statements is free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management.
3. We believe that the audit evidences obtained by us is sufficient and appropriate to provide a reasonable basis for our opinion on the Statement.
4. In our opinion and to the best of our information and according to the explanations given to us the Statements:
 - (i) are presented in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with relevant SEBI circulars in this regard: and



- (ii) give a true and fair view of the net loss including other comprehensive income and other financial information for the quarter ended March 31, 2019 as well as for the year from April 1, 2018 to March 31, 2019 subject to the **qualified opinion** given below:

Qualified Opinion

- a) One borrower account has been considered as 'Standard Restructured Account' and classified under Stage-2 by the Company, as at March 31, 2019, for the reasons stated in the note no 5 of financial results. In our opinion, as the project could not achieve the COD inspite of three extensions, the account should be considered as non-performing account (NPA) and classified under stage-3. This has resulted in lower impairment allowance (ECL) by Rs.44.06 crore on outstanding loan amount of Rs.95.90 crore. Consequently, the loss of the company is understated to the extent of Rs.44.06 crore and loans (net) are overstated by the same amount.
- b) Reference is drawn to note no 6 of the financial results regarding loan exposure to another borrower having outstanding exposure of Rs. 367.19 crore. The account was restructured on January 04, 2018 and an amount of Rs. 235.61 crore was identified as unsustainable debt, which was to be converted into 9.5% Optionally Convertible Debentures (OCDs) of a Special Purpose Vehicle (SPV) backed by portfolio of real estate assets, which has not happened. The Company classified the entire outstanding of Rs.367.19 crore under Stage-3 assets and has applied impairment allowance for ECL. In our opinion, the Company should make 100% provision against unsustainable portion of Rs.235.61 crore. Thus, the loss of the company has been understated by Rs. 93.18 crore and loans (net) are overstated to that extent.
- c) In one of the subsidiary companies i.e. IFCI Factors Ltd. (IFL), the Company is holding 27,41,54,700 no. of shares, which are being carried at Rs.171.84 crore as on March 31, 2019, for the reasons stated in note no 7 of the financial results. However, in our opinion, the book value of these investments as at March 31, 2019 be taken at Rs.52.91 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of Rs.118.93 crore. This has resulted in understatement of loss by Rs.118.93 crore for the year and overstatement of value of investment in subsidiaries by the same amount.

Overall the loss is understated by Rs 256.17 crore and loans(net) & investment are overstated by Rs 137.24 crores and Rs 118.93 crore, respectively.

Further, following is the **Emphasis of Matter** item:


Reference is drawn to note no 8 of the financial results with regard to outstanding loan of Rs.174.74 crore to one of the borrower which has been classified as Stage-3 account and impairment allowance for ECL applied. In this case, RBI vide its letter dated November 20, 2017 has given dispensation from downgrading upto March 31, 2018. In absence of any further




dispensation the borrower account has not been classified as 'Non-Performing Asset'. There is no impact on profitability as the account has been classified under Stage 3 and ECL calculated accordingly. Our report is not modified in respect of this matter.

5. The Statement includes the results for the Quarter ended March 31, 2019, being the balancing figure between audited figures in respect of full financial year ending on that date and the published year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.
6. The comparative financial information for the year ended March 31, 2018 included in the statement, are based on the previously issued statutory financial statements prepared in accordance with the Accounting standards specified under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India, audited by us whose report for the year ended March 31, 2018 dated May 23, 2018 expressed an unmodified opinion on those financial statements, as adjusted for the difference in the accounting principles adopted on transition to the Ind AS, which have been audited by us.

For **KPMR & Associates**
Chartered Accountants
Firm Registration No: 02504N


Deepak Jain
Partner
Membership No. 090854



Place: New Delhi
Date: May 21, 2019

Auditor's Report on Consolidated Financial Results of IFCI Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI circulars in this regard

To
 The Board of Directors
 IFCI Limited

1. We have audited the accompanying statement of Annual Consolidated Financial Results of IFCI Limited (the Company), its subsidiaries (the Company, its subsidiaries constitute "the Group") for the year ended March 31, 2019, including the Notes thereon, ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI circulars in this regard..

This information has been prepared on the basis of the related annual Ind AS consolidated financial statements, which is the responsibility of the company's management. Our responsibility is to express an opinion on the Statement, based on our audit of the related annual consolidated financial statements, which have been prepared in accordance with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results is free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management.
3. We believe that the audit evidences obtained by us and obtained by the other auditors in terms of their reports referred to paragraph 5 below, is sufficient and appropriate to provide a reasonable basis for our opinion on the Statement.
4. In our opinion and to the best of our information and according to the explanations given to us, and on consideration of the reports of the other auditors, the Statement:
 - (i) includes the annual financial results of the following entities:

S.No.	Name of the Entity	Relationship
1.	IFCI Limited	Holding Company
2.	IFCI Financial Services Ltd. (IFIN)	Subsidiaries
3.	IFCI Venture Capital Funds Ltd. (IVCF)	Subsidiaries
4.	IFCI Infrastructure Development Ltd. (IIDL)	Subsidiaries
5.	IFCI Factors Ltd. (IFL)	Subsidiaries
6.	MPCON Ltd.	Subsidiaries



S.No.	Name of the Entity	Relationship
7.	Stock Holding Corporation of India Ltd.	Subsidiaries
8.	IFIN Commodities Ltd. (indirect control through IFIN)	Step-down subsidiaries
9.	IFIN Credit Ltd. (indirect control through IFIN)	Step-down subsidiaries
10.	IFIN Securities Finance Limited (indirect control through IFIN)	Step-down subsidiaries
11.	IIDL Realtors Pvt. Ltd. (indirect control through IIDL)	Step-down subsidiaries
12.	SHCIL Services Ltd. (indirect control through SHCIL)	Step-down subsidiaries
13.	Stockholding Document Management Services Limited (indirect control through SHCIL)	Step-down subsidiaries
14.	Stockholding securities IFSC Limited (indirect control through SHCIL)	Step-down subsidiaries

- (ii) is presented in accordance with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with relevant SEBI circulars in this regard: and
- (iii) gives a true and fair view of the consolidated net loss including other comprehensive income and other financial information for the year ended March 31, 2019, subject to the qualified opinion of the holding company and disclaimer reported by Statutory Auditors of one subsidiary company i.e. M/s IFCI Factors Limited which are reproduced herein below:

Basis of Qualified Opinion

- a) One borrower account has been considered as 'Standard Restructured Account' and classified under Stage-2 by the Company, as at March 31, 2019, for the reasons stated in the note no 5 of financial results. In our opinion, as the project could not achieve the COD inspite of three extensions, the account should be considered as non-performing account (NPA) and classified under stage-3. This has resulted in lower impairment allowance (ECL) by Rs.44.06 crore on outstanding loan amount of Rs.95.90 crore. Consequently, the loss of the company is understated to the extent of Rs.44.06 crore and loans (net) are overstated by the same amount.
- b) Reference is drawn to note no 6 of the financial results regarding loan exposure to another borrower having outstanding exposure of Rs. 367.19 crore. The account was restructured on January 04, 2018 and an amount of Rs. 235.61 crore was identified as unsustainable debt, which was to be converted into 9.5% Optionally Convertible Debentures (OCDs) of a Special Purpose Vehicle (SPV) backed by portfolio of real estate assets, which has not happened. The Company classified the entire outstanding of Rs.367.19 crore under Stage-3 assets and has applied impairment allowance for ECL. In our opinion, the Company should make 100%



provision against unsustainable portion of Rs.235.61 crore. Thus, the loss of the company has been understated by Rs. 93.18 crore and loans (net) are overstated to that extent.

- c) In one of the subsidiary companies i.e. IFCI Factors Ltd. (IFL), the Company is holding 27,41,54,700 no. of shares, which are being carried at Rs.171.84 crore as on March 31, 2019, for the reasons stated in note no 7 of the financial results. However, in our opinion, the book value of these investments as at March 31, 2019 be taken at Rs.52.91 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of Rs.118.93 crore. This has resulted in understatement of loss by Rs.118.93 crore for the year and overstatement of value of investment in subsidiaries by the same amount.

Overall the loss is understated by Rs. 256.17 crore and loans(net) & investment are overstated by Rs. 137.24 crores and Rs. 118.93 crore, respectively.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the issues stated in the "Basis for three Qualified opinions" mentioned above, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS norms, of the state of affairs of the company as at 31st March 2019 and its Loss, its cash flows and the changes in equity for the year ended on that date.

Basis of Disclaimer of Opinion of IFCI Factors Limited

- a) We draw attention to Note no. 7 to the financial statements regarding recognition of Deferred Tax Assets on account of provisions of Non-Performing Assets. In case of Deferred Tax Assets of Rs.79.35 Crores as on 31 March 2019, in the opinion of management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets. Considering the past accumulated losses and further stressed standard assets and nature of factoring business, we are unable to comment on the sufficiency of the future taxable profits of the company which can realize the deferred tax assets. As a result of this matter, we have not been able to obtain sufficient appropriate audit evidence on the said matter to state whether any adjustments would be required to the information included in the financial statements and impact thereof.
- b) The Company has deviated from its credit policy/ exceeded the limits, though the same has been authorized by the competent authority.



Disclaimer of Opinion

Because of significance of these matter described in the basis of Disclaimer of Opinion paragraph, we are unable to express our opinion for the same.

Emphasis of Matter

- a) We did not audit the financial statements of six subsidiaries and seven step-down subsidiaries included in the consolidated annual results, whose consolidated annual financial statements reflect total assets of Rs. 5,381.70 crore as at March 31, 2019, total revenue of Rs. 694.23 crore, total profit/ (loss) after tax (net) of Rs. (19.72) crore and total comprehensive income of Rs. (6.33) crore, for the year ended March 31, 2019. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amount and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.
- b) Reference is drawn to note no. 8 of the financial results with regard to outstanding loan of Rs.174.74 crore to one of the borrower which has been classified as Stage-3 account and impairment allowance for ECL applied. In this case, RBI vide its letter dated November 20, 2017 has given dispensation from downgrading upto March 31, 2018. In absence of any further dispensation the borrower account has not been classified as 'Non-Performing Asset'. There is no impact on profitability as the account has been classified under Stage 3 and ECL calculated accordingly. Our report is not modified in respect of this matter.
- c) We draw attention to note no. 9 of the financial results related to litigation with the subsidiary company. Pending adjudication of the matter by the Honourable Supreme Court, in the opinion of the management, no provision or adjustment is required in the books of accounts of the subsidiary company. Our report is not modified in respect of this matter.

Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the report of other auditor.



5. The comparative financial information for the year ended March 31, 2018 included in the statement, are based on the previously issued statutory financial statements prepared in accordance with the Accounting standards specified under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India audited by us whose report for the year ended March 31, 2018 dated July 12, 2018 expressed an qualified and disclaimer of opinion on those financial statements, as adjusted for the difference in the accounting principles adopted on transition to the Ind AS, which have been audited by us.

For KPMR & Associates
Chartered Accountants
Firm Registration No: 02504N


Deepak Jain
Partner
Membership No. 090854



Place: New Delhi
Date: May 21, 2019