

No. IFCI/CS/2019- 411

May 21, 2019

**BSE Limited**

Department of Corporate Services  
Phiroze JeeJeebhoy Tower  
Dalal Street, Fort  
Mumbai – 400 001

**CODE: 500106**

Dear Sir/Madam,

**Re: Outcome of the Board Meeting held on May 21, 2019.**

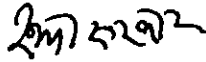
Pursuant to the provisions of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Audited Standalone and Consolidated Financial Results of the Company for the Quarter and Year ended March 31, 2019 along with the Auditor's Report and Statement of Assets and Liability enclosed as **Annexure - I**.

Further, in pursuant to the SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, a Statement on Impact of Audit Qualifications for the Standalone and Consolidated Financial Results respectively is enclosed at **Annexure - II**.

Thanking You

Yours faithfully

**For IFCI Limited**



**(Rupa Sarkar)**  
Company Secretary

Encls: As above

आई एफ सी आई लिमिटेड  
पंजीकृत कार्यालय:  
आईएफसीआई टावर, 61 नेहरु प्लेस, नई दिल्ली - 110 019  
दूरभाष: +91-11-4173 2000, 4179 2800  
फैक्स: +91-11-2623 0201, 2648 8471  
वेबसाइट: www.ifcilt.com  
सीआईएन: L74899DL1993GOI053677

1948 से राष्ट्र के विकास में

**IFCI Limited**

**Regd. Office:**

IFCI Tower, 61 Nehru Place, New Delhi - 110 019  
Phone: +91-4173 2000, 4179 2800  
Fax: +91-11-2623 0201, 2648 8471  
Website: www.ifcilt.com  
CIN: L74899DL1993GOI053677

In Development of the Nation since 1948



AUDITED FINANCIAL RESULTS FOR THE QUARTER/YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

| Particulars  | Standalone Results                    |                                       |  |                                     | Consolidated Results             |                                  |                                  |
|--|---------------------------------------|---------------------------------------|--|-------------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | Quarter ended 31/03/19<br>(Unaudited) | Quarter ended 31/12/18<br>(Unaudited) | Quarter ended<br>31/03/18<br>(Unaudited) | Year ended<br>31/03/19<br>(Audited) | Year ended<br>31/03/18 (Audited) | Year ended<br>31/03/19 (Audited) | Year ended<br>31/03/18 (Audited) |
| <b>PART I (STATEMENT OF AUDITED RESULTS FOR THE YEAR ENDED MARCH 31, 2019)</b>         |                                       |                                       |  |                                     |                                  |                                  |                                  |
| <b>1 Revenue from operations</b>   |                                       |                                       |  |                                     |                                  |                                  |                                  |
| a) Interest Income   | 43,238                                | 60,430                                | 97,098                                   | 2,06,325                            | 2,61,249                         | 2,19,972                         | 2,77,859                         |
| b) Dividend Income   | 637                                   | 1,164                                 | 239                                      | 3,914                               | 5,846                            | 7,018                            | 9,238                            |
| c) Rental Income   | 846                                   | 798                                   | 1,461                                    | 3,208                               | 3,768                            | 2,559                            | 3,190                            |
| d) Fees and commission Income  | 674                                   | 474                                   | 237                                      | 2,276                               | 1,947                            | 3,104                            | 2,990                            |
| e) Net gain on fair value changes  | -                                     | -                                     | 20,118                                   | -                                   | 71,948                           | -                                | 61,725                           |
| f) Sale of products (including Excise Duty)  |                                       |                                       |  |                                     |                                  | 1,490                            | 2,339                            |
| g) Sale of services  |                                       |                                       |  |                                     |                                  | 48,003                           | 48,477                           |
| h) Other operating revenue (Delayed Payment interest)                                  |                                       |                                       |  |                                     |                                  | -                                | -                                |
| <b>Total Revenue from operations</b>   | <b>45,395</b>                         | <b>62,866</b>                         | <b>1,19,153</b>                          | <b>2,15,723</b>                     | <b>3,44,758</b>                  | <b>2,62,146</b>                  | <b>4,05,758</b>                  |
| i) Other Income  | 2,006                                 | (3,936)                               | 24,498                                   | 30,897                              | 29,241                           | 31,303                           | 30,400                           |
| <b>Total Income</b>  | <b>47,401</b>                         | <b>58,930</b>                         | <b>1,43,651</b>                          | <b>2,46,620</b>                     | <b>3,73,999</b>                  | <b>3,13,449</b>                  | <b>4,36,158</b>                  |
| <b>2 Expenses</b>  |                                       |                                       |  |                                     |                                  |                                  |                                  |
| a) Finance costs   | 40,598                                | 43,165                                | 48,364                                   | 1,75,614                            | 2,07,430                         | 1,80,270                         | 2,14,446                         |
| b) Fees and commission expense   | -                                     | -                                     | -  | -                                   | -                                | 4,919                            | 6,146                            |
| c) Net loss on fair value changes  | (10,362)                              | 11,637                                | -  | 11,281                              | -                                | 13,247                           | -                                |
| d) Impairment on financial instruments   | 7,648                                 | 13,574                                | (72,225)                                 | 1,08,483                            | 93,436                           | 1,14,632                         | 1,00,945                         |
| e) Cost of materials consumed  |                                       |                                       |  |                                     |                                  | 4,863                            | 2,172                            |
| f) Purchases of Stock-in-trade   |                                       |                                       |  |                                     |                                  | 1,436                            | 2,294                            |
| g) Employee Benefits Expenses  | 4,348                                 | 2,290                                 | 4,635                                    | 11,212                              | 10,919                           | 29,341                           | 29,520                           |
| h) Depreciation and Amortization   | 808                                   | 819                                   | 839                                      | 3,281                               | 3,365                            | 6,346                            | 6,252                            |
| i) Others expenses   | 2,731                                 | 799                                   | 5,564                                    | 5,878                               | 8,823                            | 27,793                           | 30,333                           |
| <b>Total expenses</b>  | <b>45,771</b>                         | <b>72,284</b>                         | <b>(12,823)</b>                          | <b>3,15,749</b>                     | <b>3,23,973</b>                  | <b>3,82,847</b>                  | <b>3,92,108</b>                  |
| <b>3 Profit/(loss) before exceptional and tax (1-2)</b>                                | <b>1,630</b>                          | <b>(13,354)</b>                       | <b>1,56,474</b>                          | <b>(69,129)</b>                     | <b>50,025</b>                    | <b>(69,398)</b>                  | <b>44,050</b>                    |
| <b>4 Exceptional items</b>   |                                       |                                       |  |                                     |                                  | 166                              | 168                              |
| <b>5 Profit/(loss) before tax (3-4)</b>  | <b>1,630</b>                          | <b>(13,354)</b>                       | <b>1,56,474</b>                          | <b>(69,129)</b>                     | <b>50,025</b>                    | <b>(69,564)</b>                  | <b>43,882</b>                    |
| <b>6 Tax expense</b>   |                                       |                                       |  |                                     |                                  |                                  |                                  |
| a) Income tax  | (639)                                 | -                                     | 1,053                                    | (639)                               | 1,049                            | (96)                             | 3,575                            |
| b) Taxation for earlier years  | 330                                   | 187                                   | -  | -                                   | -                                | (26)                             | (24)                             |
| c) Deferred Tax (Net)  | 5,705                                 | (8,656)                               | 52,319                                   | (24,107)                            | 2,139                            | (21,843)                         | (1,312)                          |
| <b>Tax expense [4(a) to 4(c)]</b>  | <b>5,396</b>                          | <b>(8,469)</b>                        | <b>53,372</b>                            | <b>(24,746)</b>                     | <b>3,188</b>                     | <b>(21,965)</b>                  | <b>2,239</b>                     |
| <b>7 Profit/(loss) for the period from continuing operations (5-6)</b>                 | <b>(3,766)</b>                        | <b>(4,885)</b>                        | <b>1,03,102</b>                          | <b>(44,383)</b>                     | <b>46,837</b>                    | <b>(47,599)</b>                  | <b>41,643</b>                    |
| <b>8 Profit/(loss) for the period from discontinuing operations</b>                    |                                       |                                       |  |                                     |                                  |                                  |                                  |
| <b>9 Tax expense of discontinuing operations</b>                                       |                                       |                                       |  |                                     |                                  |                                  |                                  |
| <b>10 Profit/(loss) for the period from discontinuing operations (after tax) (8-9)</b> |                                       |                                       |  |                                     |                                  |                                  |                                  |
| <b>11 Share of net profit of associates and joint ventures</b>                         |                                       |                                       |  |                                     |                                  |                                  | 151                              |
| <b>11 Profit/(loss) for the period (7+10)</b>  | <b>(3,766)</b>                        | <b>(4,885)</b>                        | <b>1,03,102</b>                          | <b>(44,383)</b>                     | <b>46,837</b>                    | <b>(47,599)</b>                  | <b>41,794</b>                    |
| <b>12 Other Comprehensive Income</b>   |                                       |                                       |  |                                     |                                  |                                  |                                  |
| a) <b>Items that will not be reclassified to profit or loss</b>                        |                                       |                                       |  |                                     |                                  |                                  |                                  |
| -Fair value changes on FVTOCI - Equity securities                                      | 3,737                                 | (3,059)                               | (36,042)                                 | 1,440                               | (37,175)                         | 3,800                            | 64,760                           |
| -Gain/(loss) on sale of FVTOCI - Equity securities                                     | (2,734)                               | -                                     | (90)                                     | (11,771)                            | (90)                             | (11,771)                         | (90)                             |
| -Actuarial gain/(loss) on Defined benefit obligation                                   | 5,010                                 | (165)                                 | 293                                      | 5,039                               | 297                              | 4,992                            | 351                              |
| <b>Income tax relating to Items that will not be reclassified to profit or loss</b>    |                                       |                                       |  |                                     |                                  |                                  |                                  |
| -Tax on Fair value changes on FVTOCI - Equity securities                               | 2,818                                 | 1,019                                 | 12,652                                   | 4,193                               | 14,378                           | 3,252                            | (9,191)                          |
| -Tax on Actuarial gain/(loss) on Defined benefit obligation                            | (1,761)                               | -                                     | (104)                                    | (1,761)                             | (104)                            | (1,778)                          | (135)                            |
| b) <b>Items that will be reclassified to profit or loss</b>                            |                                       |                                       |  |                                     |                                  |                                  |                                  |
| -Debt securities measured at FVTOCI - reclassified to profit and loss                  |                                       |                                       |  |                                     |                                  |                                  |                                  |
| -Fair value changes on FVTOCI - Debt securities  | (1,149)                               | 1,725                                 | 3,109                                    | (4,857)                             | (4,857)                          | (1,617)                          | 2,208                            |
| -Debt securities measured at FVTOCI - reclassified to profit and loss                  |                                       |                                       |  |                                     |                                  |                                  |                                  |
|  |                                       |                                       |  |                                     |                                  | (51)                             | (4,857)                          |

|    |   |          |          |          |          |          |          |
|----|---|----------|----------|----------|----------|----------|----------|
|    | - Exchange differences in translating the financial statements of a foreign operation |          |          |          |          |          |          |
|    | Income tax relating to items that will be reclassified to profit or loss              |          |          |          |          |          |          |
|    | -Tax on Fair value changes on FVTOCI - Debt securities                                | 414      | (603)    | 594      | 577      | 906      | 577      |
|    | Other comprehensive Income / (loss) (net of tax)                                      | 6,335    | (1083)   | (24,445) | (3,935)  | (24,437) | (2,596)  |
| 13 | Total comprehensive Income / (loss) (after tax) (11+12)                               | 2,569    | (5,968)  | 78,657   | (48,318) | 22,400   | (50,196) |
| 14 | Paid-up equity share capital (Face Value of ₹ 10/- each)                              | 1,69,599 | 1,69,599 | 1,69,599 | 1,69,599 | 1,69,599 | 1,69,599 |
| 15 | Earnings per share (not annualised for the interim periods):                          |          |          |          |          |          |          |
|    | (a) Basic (₹)   | (0.22)   | (0.29)   | 6.08     | (2.62)   | 2.76     | (2.81)   |
|    | (b) Diluted (₹)   | (0.22)   | (0.29)   | 6.08     | (2.62)   | 2.76     | (2.81)   |

PART II (STATEMENT OF ASSETS & LIABILITIES)

(₹ In Lakhs)

| Particulars  | Standalone               |                          | Consolidated             |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | As at 31/03/19 (Audited) | As at 31/03/18 (Audited) | As at 31/03/19 (Audited) | As at 31/03/18 (Audited) |
| <b>I. ASSETS</b>   |                          |                          |                          |                          |
| (1) Financial Assets   |                          |                          |                          |                          |
| (a) Cash and cash equivalents  | 39,554                   | 19,271                   | 72,925                   | 54,315                   |
| (b) Bank Balance other than (a) above  | 54,421                   | 67,403                   | 93,895                   | 1,07,872                 |
| (c) Derivative financial instruments   | 1,466                    | 2,093                    | 1,466                    | 2,093                    |
| (d) Receivables  | 280                      | 1,505                    | 17,514                   | 13,751                   |
| (e) Loans  | 13,10,949                | 15,84,485                | 13,71,352                | 16,65,271                |
| (f) Investments  | 3,46,095                 | 5,32,372                 | 5,58,009                 | 7,35,014                 |
| (g) Other Financial assets   | 15,981                   | 18,787                   | 92,058                   | 78,561                   |
| Sub-total - Financial Assets   | 17,68,746                | 22,25,916                | 22,07,220                | 26,56,878                |
| (2) Non-financial Assets   |                          |                          |                          |                          |
| (a) Investment in subsidiaries   | 1,36,781                 | 1,36,178                 | -                        | -                        |
| (b) Equity accounted investees   | -                        | 4                        | -                        | 1,286                    |
| Inventories  | -                        | -                        | 15,505                   | 19,829                   |
| (c) Current tax assets (Net)   | 12,668                   | 5,418                    | 20,817                   | 11,418                   |
| (d) Deferred tax Assets (Net)  | 2,09,391                 | 1,81,758                 | 1,76,782                 | 1,52,469                 |
| (e) Investment property  | 19,337                   | 19,828                   | 20,958                   | 21,721                   |
| (f) Property, Plant and Equipment  | 72,470                   | 73,103                   | 1,04,035                 | 1,05,030                 |
| (g) Capital work-in-progress   | -                        | 31                       | 120                      | 250                      |
| (g) Other intangible assets  | 165                      | 199                      | 451                      | 642                      |
| intangible asset under development   | -                        | -                        | 6                        | -                        |
| Goodwill   | -                        | -                        | 44,664                   | 44,664                   |
| (i) Other non-financial assets   | 1,451                    | 819                      | 7,863                    | 8,371                    |
| Sub-total - Non-financial Assets   | 4,52,263                 | 4,17,338                 | 3,91,200                 | 3,65,681                 |
| (h) Assets held for sale   | 4,546                    | 57,199                   | 5,794                    | 57,199                   |
| Total Assets   | 22,25,555                | 27,00,453                | 26,04,214                | 30,79,758                |
| <b>II. LIABILITIES AND EQUITY</b>  |                          |                          |                          |                          |
| LIABILITIES  |                          |                          |                          |                          |
| (1) Financial Liabilities  |                          |                          |                          |                          |
| (a) Trade Payables   |                          |                          |                          |                          |
| (i) total outstanding dues of micro enterprises and small enterprises                    | -                        | -                        | 2,399                    | 2,436                    |
| (ii) total outstanding dues of creditors other than micro enterprises and Other payables | 10,727                   | 9,139                    | 22,929                   | 17,187                   |
| (i) total outstanding dues of micro enterprises and small enterprises                    | -                        | -                        | -                        | -                        |
| (ii) total outstanding dues of creditors other than micro enterprises and                | -                        | -                        | 12,640                   | 10,081                   |
| (b) Debt Securities  | 9,22,679                 | 9,60,528                 | 9,33,196                 | 9,73,073                 |
| (c) Borrowings (Other than Debt Securities)  | 5,55,371                 | 9,01,812                 | 5,74,899                 | 9,41,955                 |
| (d) Subordinated Liabilities   | 1,31,330                 | 1,51,456                 | 1,31,330                 | 1,51,456                 |
| (e) Other financial liabilities  | 1,74,471                 | 1,81,485                 | 2,61,032                 | 2,48,850                 |
| Sub-total - Financial Liabilities  | 17,94,578                | 22,04,420                | 19,38,426                | 23,45,038                |
| (2) Non-Financial Liabilities  |                          |                          |                          |                          |
| (a) Current tax liabilities (Net)  | -                        | -                        | -                        | 181                      |
| (a) Provisions   | 8,308                    | 24,035                   | 14,156                   | 29,807                   |
| (c) Deferred tax liabilities (Net)   | -                        | -                        | -                        | -                        |
| (b) Other non-financial liabilities  | 139                      | 171                      | 4,886                    | 5,888                    |
| Sub-total - Financial Liabilities  | 8,447                    | 24,206                   | 19,042                   | 35,876                   |
| (3) Equity   |                          |                          |                          |                          |
| (a) Equity Share capital   | 1,69,599                 | 1,69,599                 | 1,69,599                 | 1,69,599                 |
| (b) Other Equity   | 2,52,931                 | 3,02,228                 | 3,66,068                 | 4,19,294                 |
| Non controlling interest   | -                        | -                        | 1,11,079                 | 1,09,951                 |
| Sub-total - Equity   | 4,22,530                 | 4,71,827                 | 6,46,746                 | 6,98,844                 |
| Total Liabilities and Equity   | 22,25,555                | 27,00,453                | 26,04,214                | 30,79,758                |



**Notes:**

1 The financial results of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016. The Company has adopted Ind AS from 1 April 2018 with effective transition date of 1 April 2017 and accordingly, these financial results together with the results for the comparative reporting period have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS, prescribed under section 133 of the Companies Act 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

This transition to Ind AS has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder, guidelines issued by the Reserve Bank of India (The RBI) and other generally accepted accounting principles in India (collectively referred to as 'the Previous GAAP'). Accordingly, the impact of transition has been adjusted in the opening reserves as at 1 April 2017 and the corresponding adjustments pertaining to comparative previous period/quarter as presented in these financial results have been restated/reclassified in order to conform to current period presentation.

2 In compliance with Regulation 33 of the Securities Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, a statutory audit of financial results for the year ended 31 March 2019 has been carried out by the Statutory Auditors, M/s KPMR & Associates, Chartered Accountants, New Delhi.

As permitted under circular no. CIR/CFD/FAC/62/2016 dated 5 July 2016 issued by SEBI, the Company has opted to avail exemption from submission of Ind AS compliant financial results for the previous year ended 31 March 2018.

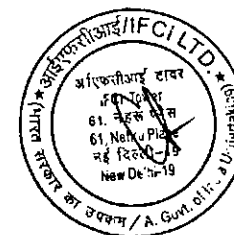
3 As required by paragraph 32 of Ind AS 101, the net profit and equity reconciliation between the figures previously reported under Previous GAAP and restated as per Ind AS for period ended 31 March 2018 is as under:

| Particulars   | Quarter ended 31/03/18 | Year ended 31/03/18 |
|---|------------------------|---------------------|
| <b>Net Profit after tax as reported under previous GAAP</b>   | <b>(56,688)</b>        | <b>(1,00,875)</b>   |
| <b>Adjustments resulting in increase/(decrease) in net profit after tax as reported under previous GAAP :</b>   |                        |                     |
| i) Adjustment on account of expected credit loss  | 1,76,380               | 1,58,301            |
| ii) Adjustment on account of measurement of financial assets and financial liabilities at amortised cost by application of effective interest rate method / net interest on credit impaired loans | 38,501                 | 36,560              |
| iii) Fair valuation of financial assets at fair value through profit and loss   | 35,528                 | 35,662              |
| iv) Adjustment on account of reversal of impairment loss on assets held for sale  | (4,987)                | (4,540)             |
| vi) Others  | (380)                  | 47                  |
| vii) Tax impact on above adjustments  | (84,961)               | (78,023)            |
| <b>Profit after tax as reported under Ind AS</b>  | <b>1,03,100</b>        | <b>46,835</b>       |
| Other comprehensive income / (loss) (net of tax)  | (24,444)               | (24,435)            |
| <b>Total comprehensive income (after tax) as reported under Ind AS</b>  | <b>78,657</b>          | <b>22,400</b>       |

| Particulars   | Year ended 31/03/18 |
|---|---------------------|
| <b>Equity as reported under Indian GAAP</b>   | <b>3,85,914</b>     |
| <b>Adjustments resulting in increase/(decrease) in equity as reported under previous GAAP :</b>   |                     |
| i) Adjustment on account of expected credit loss  | (2,95,654)          |
| ii) Adjustment on account of measurement of financial assets and financial liabilities at amortised cost by application of effective interest rate method / net interest on credit impaired loans | 84,075              |
| iii) Fair valuation of financial assets at fair value through profit and loss   | 1,56,733            |
| iv) Adjustment on account of reversal of impairment loss on assets held for sale  | (30,603)            |
| vi) Error under provident fund on account of treating the same as defined contribution plan   | (4,515)             |
| vii) Impact on deemed equity on account of preferential rate borrowings   | 52,852              |
| viii) Fair valuation of investment  | (48,758)            |
| x) Others   | 105                 |
| xi) Tax impact on above adjustments   | 2,079               |
| <b>Equity under Ind AS</b>  | <b>3,02,228</b>     |

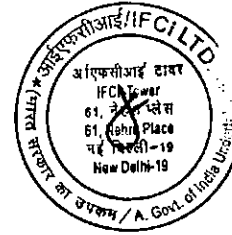


- 4 These financial results have been prepared as per Schedule III Division III of the Companies Act, 2013 which has been notified by the Ministry of Corporate Affairs and published in the official Gazette on 11th October 2018. Any application guidance/ clarifications/ directions issued by RBI or other regulators will be implemented as and when they are issued/ applicable.
- 5 The Company has sanctioned a loan of Rs.100 crore (outstanding Rs.95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project is 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' and classified under Stage-2 and impairment allowance as per ECL has been applied accordingly.
- 6 The loan account of Jai Prakash Associates has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – Rs.235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to a Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of Rs.367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.
- 7 IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under IndAS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of impairment in these investments, the company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at Rs.171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.
- 8 RBI vide letter dated November 20, 2017 allowed the lenders to continue to retain loan exposure to Ratnagiri Gas and Power Private Limited (RGPL) as standard asset upto March 31, 2018; subject to certain conditions. In the aforementioned letter, RBI further clarified that "if the restructuring is not completed by March 31, 2018; the account should be downgraded on March 31, 2018 with retrospective effect." As the account was restructured by March 31, 2018; the management is of the view that no further clarification is required from RBI and accordingly, for the purpose of classification under RBI Guidelines, the account has been treated as 'Standard Restructured Asset' and disclosed accordingly. For the purpose of classification under Ind-AS, the account has been classified under Stage-3 and impairment allowance for ECL has been applied accordingly
- 9 Stockholding Corporation of India Ltd. (SHCIL) had during the year 2000-01 undertaken a transaction of ₹ 24.45 crore with a client through the Calcutta Stock Exchange (CSE) under the 'Cash on Payout' scheme for the sale of 7,20,000 equity shares of DSQ Industries Limited. The said transaction was confirmed by CSE based on which post-dated cheques were issued. The cheques were stopped for payment before their due date by the Company as the underlying trade transaction was contended to be non-bonafide and disallowed by CSE. A Bank, which had granted financial assistance against the said cheques, issued a notice of demand against the Company under Section 138 of the Negotiable Instrument Act, 1881. The Bank also filed an application in the Debt Recovery Tribunal (DRT) for recovery of the amount alongwith compound interest from the Company and the client. The Company disputed the claim of the Bank. The Bank's application to the DRT was dismissed and only the client was held liable. The Bank and the client had filed an appeal in the Debt Recovery Appellate Tribunal (DRAT) against the order of DRT. The appeals were allowed vide the DRAT order dated September 23, 2011, which stated that the amount would carry compound interest from 1st August 2001 @ 19% p.a. with quarterly rests till realisation and the Bank was entitled to realize the sum from both the client and the Company. The Company filed a Revision Application in High Court, Calcutta on November 30, 2011 which was admitted but no interim relief was granted. Hence, the Company filed a Special Leave Petition (SLP) in the Supreme Court for stay of the High Court Order for not granting interim relief of staying the DRAT order, the Order of the DRAT and the recovery certificate and notice of demand issued by Presiding Officer and recovery officer of DRT respectively. The Supreme Court vide its order dated April 23, 2012 granted stay on the recovery proceedings and requested the Calcutta High Court to dispose off the Revision Application within a period of four months and the Company to deposit ₹ 30.00 crore with the Calcutta High Court Registry within a period of 4 weeks from the date of order by way of a short term deposit in a nationalised bank. Accordingly, the Company had deposited the money with the Calcutta High Court, Registry. The Revision application was dismissed. The Company filed Special Leave Petition (SLP) in the Supreme Court in May 2015. The Supreme Court vide its order dated May 14, 2015 stayed the operation of the execution proceedings and the Company to deposit with the Registrar, Supreme Court of India, a fixed deposit receipt in the name of the Company and endorsed in favour of the Registrar an amount of not less than ₹ 30.00 crore. Accordingly, the Company made the deposit. The amount of ₹ 60.00 crore, deposited by the Company in the High Court (₹ 30.00 crore) and Supreme Court (₹ 30.00 crore) is shown under the heading "Long Term Loans and Advances" under the sub heading "Security and other deposits" in the Statement of Balance Sheet as on March 31, 2018. The bank was granted liberty to withdraw ₹ 30.00 crore along with interest that had been lying as deposit before the High Court of Kolkata which is subject to final decision in the SLP. Accordingly, an amount of ₹ 38.04 crore was released to the Bank. Further by an order dated October 12, 2015, the Supreme Court directed the bank to withdraw an additional amount of ₹ 15.00 crore along with accrued interest from the money deposited with the Supreme Court. Accordingly, an amount of ₹ 15.45 crore was released to the Bank. The case has been converted from Special Leave petition to a Civil Appeal by the Hon'ble Supreme Court. The amounts released to the Bank is subject to the final decision in the matter. In view of the nature of dispute, the amount of contingent liability has not been ascertained. Pending final adjudication of the matter by the Honourable Supreme Court and also in view of the legal opinion obtained by SHCIL, in the opinion of SHCIL management no provision is required to be made in the statement of Profit and Loss for financial year 2017-2018.
- 10 The preference shares of Rs.225 crore along with the dividend of Rs.0.90 crore has been redeemed in Q2FY19. As per Section 55(2)(c) of the Companies Act 2013, where preference shares are proposed to be redeemed out of the profits of the company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the Capital Redemption Reserve Account, and the provisions of this Act relating to reduction of share capital of a company shall, except as provided in this section, apply as if the Capital Redemption Reserve Account were paid-up share capital of the company. Since there are insufficient profits as at 31st March 2019, the transfer of Rs.225 crores to Capital Redemption Reserve could not be carried out.
- As per section 71(4), the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such account shall not be utilised by the company except for the redemption of debentures. As per Rule 18(7)(b)(ii), For NBFCs registered with the RBI under section 45-IA of the RBI (Amendment) Act, 1997 and for Housing Finance Companies registered with the National Housing Bank, 'the adequacy' of DRR will be 25% of the value of outstanding debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures. Since there are insufficient profits during the year ended 31st March 2019, the transfer of Rs.76.08 crores to Debenture Redemption Reserve could not be carried out
- 11 There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.



12. On all the secured bonds and debentures issued by the Company and outstanding as on 31st March 2019, 100% security cover has been maintained against principal and interest, by way of floating charge on receivables of the Company and/or Government Securities owned by the Company.
13. The above results have been reviewed by the Audit Committee of Directors. The Board of Directors have approved the results in their meeting held on 21 May 2019.

Place: New Delhi  
Date: 21 May 2019



By order of the Board

A handwritten signature in black ink, appearing to read "Dr. E. S. Rao".

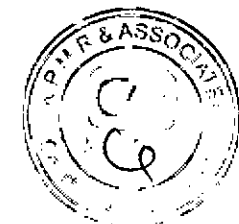
(Dr. E S Rao)  
Managing Director &  
Chief Executive Officer

## FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2019 AS PER SCHEDULE III DIVISION III OF THE COMPANIES ACT, 2013

(₹ in Lakhs)

| Particulars  | Standalone Results                       |  |  |                                  | Consolidated Results             |                                     |                                     |
|--|--|--|--|----------------------------------|----------------------------------|-------------------------------------|-------------------------------------|
|  | Quarter ended<br>31/03/19<br>(Unaudited) | Quarter ended<br>31/12/18<br>(Unaudited) | Quarter ended<br>31/03/18<br>(Unaudited) | Year ended<br>31/03/19 (Audited) | Year ended<br>31/03/18 (Audited) | Year ended<br>31/03/19<br>(Audited) | Year ended<br>31/03/18<br>(Audited) |
| <b>1 Income</b>  |  |  |  |                                  |                                  |                                     |                                     |
| a) Revenue from operations   | 45,395                                   | 62,866                                   | 1,19,153                                 | 2,15,723                         | 3,44,758                         | 2,82,146                            | 4,05,758                            |
| b) Other income  | 2,006                                    | (3,936)                                  | 24,498                                   | 30,897                           | 29,241                           | 31,303                              | 30,400                              |
| <b>Total Income</b>  | <b>47,401</b>                            | <b>58,930</b>                            | <b>1,43,651</b>                          | <b>2,46,620</b>                  | <b>3,73,999</b>                  | <b>3,13,449</b>                     | <b>4,36,158</b>                     |
| <b>2 Expenses</b>  |  |  |  |                                  |                                  |                                     |                                     |
| a) Finance costs   | 40,598                                   | 43,165                                   | 48,364                                   | 1,75,614                         | 2,07,430                         | 1,80,270                            | 2,14,446                            |
| b) Employee benefits expense   | 4,348                                    | 2,290                                    | 4,635                                    | 11,212                           | 10,919                           | 29,341                              | 29,520                              |
| c) Depreciation and amortisation expense   | 808                                      | 819                                      | 839                                      | 3,281                            | 3,365                            | 6,346                               | 6,252                               |
| d) Other expenses  | (7,631)                                  | 12,436                                   | 5,564                                    | 17,159                           | 8,823                            | 52,258                              | 40,945                              |
| e) Impairment losses on financial assets   | 7,648                                    | 13,574                                   | (72,225)                                 | 1,08,483                         | 93,436                           | 1,14,632                            | 1,00,945                            |
| <b>Total expenses</b>  | <b>45,771</b>                            | <b>72,284</b>                            | <b>(12,823)</b>                          | <b>3,15,749</b>                  | <b>3,23,973</b>                  | <b>3,82,847</b>                     | <b>3,92,108</b>                     |
| <b>3 Profit/ (loss) before exceptional and tax (1-2)</b>                               | <b>1,630</b>                             | <b>(13,354)</b>                          | <b>1,56,474</b>                          | <b>(69,129)</b>                  | <b>50,026</b>                    | <b>(69,398)</b>                     | <b>44,050</b>                       |
| 4 Exceptional items  |  |  |  |                                  |                                  | 166                                 | 168                                 |
| <b>5 Profit/ (loss) before tax (3-4)</b>   | <b>1,630</b>                             | <b>(13,354)</b>                          | <b>1,56,474</b>                          | <b>(69,129)</b>                  | <b>50,026</b>                    | <b>(69,564)</b>                     | <b>43,882</b>                       |
| 6 Tax expense  |  |  |  |                                  |                                  |                                     |                                     |
| a) Income tax  | (639)                                    | -  | 1,053                                    | (639)                            | 1,049                            | (96)                                | 3,575                               |
| b) Taxation for earlier years  | 330                                      | 187                                      | -  | -                                | -                                | (26)                                | (24)                                |
| c) Deferred Tax (Net)  | 5,705                                    | (8,656)                                  | 52,319                                   | (24,107)                         | 2,139                            | (21,843)                            | (1,312)                             |
| <b>Tax expense [4(a) to 4(c)]</b>  | <b>5,396</b>                             | <b>(8,469)</b>                           | <b>53,372</b>                            | <b>(24,746)</b>                  | <b>3,188</b>                     | <b>(21,965)</b>                     | <b>2,239</b>                        |
| <b>7 Profit/(loss) for the period from continuing operations (5-6)</b>                 | <b>(3,766)</b>                           | <b>(4,885)</b>                           | <b>1,03,102</b>                          | <b>(44,383)</b>                  | <b>46,838</b>                    | <b>(47,599)</b>                     | <b>41,643</b>                       |
| 8 Profit/(loss) for the period from discontinuing operations                           |  |  |  |                                  |                                  |                                     |                                     |
| 9 Tax expense of discontinuing operations  |  |  |  |                                  |                                  |                                     |                                     |
| <b>Share of net profit of associates and joint ventures</b>                            |  |  |  |                                  |                                  |                                     | 151                                 |
| <b>10 Profit/(loss) for the period from discontinuing operations (after tax) (8-9)</b> | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                                 | <b>-</b>                         | <b>-</b>                         | <b>-</b>                            | <b>-</b>                            |
| <b>11 Profit/(loss) for the period (7+10)</b>  | <b>(3,766)</b>                           | <b>(4,885)</b>                           | <b>1,03,102</b>                          | <b>(44,383)</b>                  | <b>46,838</b>                    | <b>(47,599)</b>                     | <b>41,794</b>                       |
| 12 Other Comprehensive Income  |  |  |  |                                  |                                  |                                     |                                     |
| a) <b>Items that will not be reclassified to profit or loss</b>                        |  |  |  |                                  |                                  |                                     |                                     |
| -Fair value changes on FVTOCI - Equity securities                                      | 3,737                                    | (3,059)                                  | (36,042)                                 | 1,440                            | (37,175)                         | 3,800                               | 64,760                              |
| -Gain/(loss) on sale of FVTOCI - Equity securities                                     | (2,734)                                  | -  | (90)                                     | (11,771)                         | (90)                             | (11,771)                            | (90)                                |
| -Actuarial gain/(loss) on Defined benefit obligation                                   | 5,010                                    | (165)                                    | 293                                      | 5,039                            | 297                              | 4,992                               | 351                                 |
| <b>Income tax relating to items that will not be reclassified to profit or loss</b>    |  |  |  |                                  |                                  |                                     |                                     |
| -Tax on Fair value changes on FVTOCI - Equity securities                               | 2,818                                    | 1,019                                    | 12,652                                   | 4,193                            | 14,378                           | 3,252                               | (9,191)                             |
| -Tax on Actuarial gain/(loss) on Defined benefit obligation                            |  |  |  |                                  |                                  | (1,778)                             | (135)                               |
| b) <b>Items that will be reclassified to profit or loss</b>                            |  |  |  |                                  |                                  |                                     |                                     |
| -Fair value changes on FVTOCI - Debt securities  | (1,149)                                  | 1,725                                    | 3,109                                    | (1,617)                          | 2,208                            | (1,617)                             | 2,208                               |
| -Debt securities measured at FVTOCI - reclassified to profit and loss                  |  |  |  |                                  |                                  | (51)                                | (4,857)                             |
| <b>Income tax relating to items that will be reclassified to profit or loss</b>        |  |  |  |                                  |                                  |                                     |                                     |
| -Tax on Fair value changes on FVTOCI - Debt securities                                 | 414                                      | (603)                                    | 594                                      | 577                              | 906                              | 577                                 | 906                                 |
| <b>Other comprehensive income / (loss) (net of tax)</b>                                | <b>8,096</b>                             | <b>(1,083)</b>                           | <b>(19,484)</b>                          | <b>(2,139)</b>                   | <b>(19,476)</b>                  | <b>(2,596)</b>                      | <b>53,952</b>                       |
| <b>13 Total comprehensive income / (loss) (after tax) (11+12)</b>                      | <b>4,330</b>                             | <b>(5,968)</b>                           | <b>83,618</b>                            | <b>(46,522)</b>                  | <b>27,362</b>                    | <b>(50,197)</b>                     | <b>95,746</b>                       |
| 14 Paid-up equity share capital (Face Value of ₹ 10/- each)                            | 1,69,599                                 | 1,69,599                                 | 1,69,599                                 | 1,69,599                         | 1,69,599                         | 1,69,599                            | 1,69,599                            |
| 15 Earnings per share (not annualised for the interim periods):                        |  |  |  |                                  |                                  |                                     |                                     |
| (a) Basic (₹)  | (0.22)                                   | (0.29)                                   | 6.08                                     | (2.62)                           | 2.76                             | (2.81)                              | 2.46                                |
| (b) Diluted (₹)  | (0.22)                                   | (0.29)                                   | 6.08                                     | (2.62)                           | 2.76                             | (2.81)                              | 2.46                                |

| STATEMENT OF ASSETS & LIABILITIES             |                             |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| (₹ in Lakhs)                                  |                             |                             |                             |                             |
| Particulars                                   | Standalone                  |                             | Consolidated                |                             |
|   | As at 31/03/19<br>(Audited) | As at 31/03/18<br>(Audited) | As at 31/03/19<br>(Audited) | As at 31/03/18<br>(Audited) |
| <b>I. ASSETS</b>                              |                             |                             |                             |                             |
| <b>(1) Non-current Assets</b>                 |                             |                             |                             |                             |
| (a) Property, Plant and Equipment             | 72,470                      | 73,103                      | 1,04,035                    | 1,05,030                    |
| (b) Investment property                       | 19,337                      | 19,828                      | 20,958                      | 21,721                      |
| (c) Goodwill                                  | -                           | -                           | 44,664                      | 44,664                      |
| (b) Capital work-in-progress                  | -                           | 31                          | 127                         | 250                         |
| (c) Other Intangible assets                   | 165                         | 199                         | 451                         | 642                         |
| (d) Equity accounted Investees                | -                           | 4                           | -                           | 1,286                       |
| (e) Investment in Subsidiary                  | 1,36,781                    | 1,36,178                    | -                           | -                           |
| <b>Non-current Financial Assets</b>           |                             |                             |                             |                             |
| (i) Investments                               | 3,14,703                    | 4,16,485                    | 5,20,149                    | 6,09,719                    |
| (ii) Loans                                    | 6,41,343                    | 9,09,719                    | 6,56,412                    | 9,32,183                    |
| (iii) Trade receivables                       | -                           | -                           | -                           | -                           |
| (iv) Other non-current financial assets       | 1,949                       | 1,547                       | 68,308                      | 67,803                      |
| (g) Deferred tax Assets (Net)                 | 2,09,391                    | 1,81,758                    | 1,76,782                    | 1,52,469                    |
| (h) Other non-current assets                  | 668                         | 218                         | 3,903                       | 1,166                       |
| (i) Non-current tax assets (Net)              | 12,668                      | 5,418                       | 19,636                      | 10,715                      |
| <b>Sub-total -Non-current Assets</b>          | <b>14,09,476</b>            | <b>17,44,489</b>            | <b>16,15,426</b>            | <b>19,47,649</b>            |
| <b>(2) Current Assets</b>                     |                             |                             |                             |                             |
| <b>(a) Current Financial Assets</b>           |                             |                             |                             |                             |
| (i) Investments                               | 31,391                      | 1,15,886                    | 37,859                      | 1,25,295                    |
| (ii) Cash and cash equivalents                | 39,554                      | 19,271                      | 72,926                      | 54,316                      |
| (iii) Bank Balance other than (ii) above      | 54,421                      | 67,403                      | 62,829                      | 76,736                      |
| (iv) Loans                                    | 6,69,606                    | 6,74,766                    | 7,14,923                    | 7,33,088                    |
| (v) Trade receivables                         | 280                         | 1,505                       | 17,514                      | 13,751                      |
| (v) Derivative instruments                    | -                           | -                           | 1,466                       | 2,093                       |
| (vi) Other current financial assets           | 15,498                      | 19,333                      | 54,815                      | 41,957                      |
| (c) Other current assets                      | 783                         | 601                         | 20,661                      | 27,674                      |
| <b>Sub-total - Current Assets</b>             | <b>8,11,533</b>             | <b>8,98,765</b>             | <b>9,82,994</b>             | <b>10,74,910</b>            |
| <b>(3) Assets classified as held for sale</b> | <b>4,546</b>                | <b>57,199</b>               | <b>5,794</b>                | <b>57,199</b>               |
| <b>Total ASSETS</b>                           | <b>22,25,555</b>            | <b>27,00,453</b>            | <b>26,04,214</b>            | <b>30,79,758</b>            |
| <b>II. EQUITY AND LIABILITIES</b>             |                             |                             |                             |                             |
| <b>(1) Equity</b>                             |                             |                             |                             |                             |
| (a) Equity share capital                      | 1,69,599                    | 1,69,599                    | 1,69,599                    | 1,69,599                    |
| (b) Other equity                              | 2,52,931                    | 3,02,228                    | 4,77,147                    | 5,29,245                    |
| <b>Sub-total -equity</b>                      | <b>4,22,530</b>             | <b>4,71,827</b>             | <b>6,46,746</b>             | <b>6,98,844</b>             |
| <b>Non-current liabilities</b>                |                             |                             |                             |                             |
| <b>(a) Non-current Financial liabilities</b>  |                             |                             |                             |                             |
| (i) Borrowings                                | 13,12,285                   | 16,39,644                   | 13,37,075                   | 16,54,262                   |
| (ii) Trade payables                           | -                           | -                           | -                           | -                           |
| (iii) Other financial liabilities             | 27,771                      | 81,004                      | 27,848                      | 84,962                      |
| (b) Provisions non-current                    | 778                         | 390                         | 12,266                      | 28,331                      |
| (c) Other non-current liabilities             | 43                          | 43                          | 3,388                       | 3,822                       |
| <b>Sub-total -Non-Current Liabilities</b>     | <b>13,40,877</b>            | <b>17,21,081</b>            | <b>13,80,578</b>            | <b>17,71,377</b>            |
| <b>(2) Current Liabilities</b>                |                             |                             |                             |                             |
| <b>(a) Current Financial liabilities</b>      |                             |                             |                             |                             |
| (i) Borrowings                                | 2,97,095                    | 3,74,152                    | 3,02,350                    | 4,12,221                    |
| (ii) Trade payables                           | 10,727                      | 9,139                       | 37,968                      | 29,705                      |
| (iii) Other financial liabilities             | 1,46,700                    | 1,00,481                    | 2,33,184                    | 1,63,888                    |
| (b) Provisions current                        | 7,530                       | 23,645                      | 1,890                       | 1,475                       |
| (c) Other current liabilities                 | 96                          | 128                         | 1,498                       | 2,247                       |
| <b>Sub-total -Current Liabilities</b>         | <b>4,62,148</b>             | <b>5,07,545</b>             | <b>5,76,890</b>             | <b>6,09,537</b>             |
| <b>Total EQUITY AND LIABILITIES</b>           | <b>22,25,555</b>            | <b>27,00,453</b>            | <b>26,04,214</b>            | <b>30,79,758</b>            |





**Statement on Impact of Audit Qualifications**

**Standalone Annual Audited Financial Results for the Financial Year ended  
March 31, 2019**

**1. Financial Impact of Audit Qualifications**

(Rs. in crore)

| S.NO | Particulars                                   | Audited Figures<br>(as reported before<br>adjusting for<br>qualifications) | Adjusted Figures<br>(audited figures after<br>adjusting for<br>qualifications) |
|------|---|--|--|
| 1.   | Turnover / Total income                       | 2,466.20   | 2,466.20   |
| 2.   | Total Expenditure                             | 3,157.49   | 3413.66  |
| 3.   | Net Profit/(Loss) before<br>minority interest | (443.83)   | (700)  |
| 4.   | Total comprehensive<br>income for the year    | (483.18)   | (739.35)   |
| 5.   | Earnings Per Share                            | (2.62)   | (4.13)   |
| 6.   | Total Assets                                  | 22,255.55  | 21,999.38  |
| 7.   | Total Liabilities                             | 18030.25   | 18030.25   |
| 8.   | Net Worth                                     | 4,225.30   | 3969.13  |

**2. Audit Qualifications**

The details of audit qualifications reported by our Statutory Auditors are provided below:

**Audit Qualification - 1**

a. Details of Audit Qualification:

Basis for Qualified opinion

- 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. Type of Audit Qualification: Qualified Opinion
- c. Frequency of Qualification: First time

For Audit Qualification where the impact is quantified by the auditor, Management's view:

The Company has sanctioned a loan of Rs.100 crore (outstanding Rs.95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project is 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' and classified under Stage-2 and impairment allowance as per ECL has been applied accordingly.

## **Audit Qualification - 2**

- a. Details of Audit Qualification:

### Basis for Qualified opinion

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.

- b. Type of Audit Qualification: Qualified Opinion
- c. Frequency of Qualification: First time

- d. For Audit Qualification where the impact is quantified by the auditor, Management's view:

The loan account of Jai Prakash Associates has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – Rs.235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to an Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of Rs.367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.

### **Audit Qualification - 3**

- a. Details of Audit Qualification:

#### Basis for Qualified opinion

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 betaken 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.

- b. Type of Audit Qualification: Qualified Opinion

- c. Frequency of Qualification: First time

- d. For Audit Qualification where the impact is quantified by the auditor, Management's view:

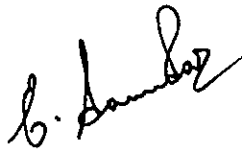
IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under IndAS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in

its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of impairment in these investments, the company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at Rs.171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.

### 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.

**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.**



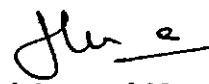
(Dr. E S Rao)

Managing Director &  
Chief Executive Officer



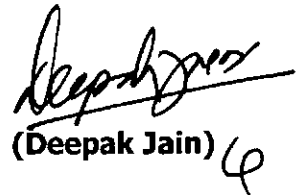
(Prof. Arvind Sahay)

Audit  
Chairman



(Jhummi Mantri)

General Manager &  
CFO



(Deepak Jain) 4

Partner-  
M No 090854

KPMR & Associates  
Firm Reg. 02504N

**Place:** New Delhi

**Dated:** May 21, 2019

## Statement on Impact of Audit Qualifications

### Consolidated Annual Audited Financial Results for the Financial Year ended March 31, 2019

#### 1. Financial Impact of Audit Qualifications

(Rs. in crore)

| S.NO | Particulars                                   | Audited Figures<br>(as reported before<br>adjusting for<br>qualifications) | Adjusted Figures<br>(audited figures<br>after adjusting for<br>qualifications) |
|------|---|--|--|
| 1.   | Turnover / Total income                       | 3,134.49   | 3,134.49   |
| 2.   | Total Expenditure                             | 3,828.46   | 4,084.63   |
| 3.   | Net Profit/(Loss) before<br>minority interest | (475.99)   | (732.16)   |
| 4.   | Earnings Per Share                            | (2.88)   | (4.32)   |
| 5.   | Total Assets                                  | 26,042.14  | 25,785.97  |
| 6.   | Total Liabilities                             | 19,574.68  | 19,574.68  |
| 7.   | Net Worth                                     | 6,467.46   | 6,211.29   |

#### 2. Audit Qualifications

The details of audit qualifications reported by our Statutory Auditors based on audit report of M/s IFCI Limited (Holding Company) and report of Statutory Auditors of our Subsidiary company i.e. M/s IFCI factors Limited are provided below:

##### **M/s IFCI Limited (Holding Company)**

##### **Audit Qualification - 1**

a. Details of Audit Qualification:

Basis for Qualified opinion

1. 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. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: First time

For Audit Qualification where the impact is quantified by the auditor, Management's view:

The Company has sanctioned a loan of Rs.100 crore (outstanding Rs.95.90 crore as at March 31, 2019) in a road project for widening of 4 lane highway into 6 lane, as a part of consortium finance. The project could not be completed within the original stipulated time and within three further extensions granted by the consortium of lenders. As per Independent Engineer appointed by NHAI, overall physical progress of the project is 91% upto March, 2019. NHAI vide letter dated January 11, 2019 has clarified that Appointed Date of the project has already been given as October 16, 2012 and Commercial Operations Date (COD) shall be from the Appointed Date. Accordingly, toll collection has already started from October 16, 2012 and the account is standard as per the record of recovery. It has been confirmed by the Lead Bank and all other members of the Consortium that this account has been classified as 'Standard Account' in their respective books of accounts as at March 31, 2019. Considering the overall status of the project and record of recovery, the account has been kept as 'Standard Restructured Account' and classified under Stage-2 and impairment allowance as per ECL has been applied accordingly.

## **Audit Qualification - 2**

a. Details of Audit Qualification:

### Basis for Qualified opinion

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.

b. Type of Audit Qualification: Qualified Opinion

- c. Frequency of Qualification: First time
- d. For Audit Qualification where the impact is quantified by the auditor, Management's view:

The loan account of Jai Prakash Associates has been restructured as per the scheme approved by the consortium of lenders. As per the scheme of restructuring, a portion of overall debt (IFCI share – Rs.235.61 crore) alongwith identified portfolio of real estate assets, is to be transferred to an Special Purpose Vehicle (SPV) which will issue 9.5% Optionally Convertible Debenture (OCDs) in lieu of the debt and the proceeds from the real estate portfolio will be utilized towards servicing of these OCDs. However, pending approval of the demerger plan from National Company Law Tribunal (NCLT), the process of transfer of debt and real estate assets to the SPV is not yet completed. The Company has classified the entire outstanding of Rs.367.19 crore as Stage-3 asset and impairment allowance for ECL has been applied accordingly. As the debt of the SPV shall be backed by real estate assets having sufficient security cover, provision has been made by the Company as per uniformly applied accounting policy for ECL to the entire portfolio for Stage 3 assets.

### **Audit Qualification - 3**

- a. Details of Audit Qualification:

#### Basis for Qualified opinion

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.

- b. Type of Audit Qualification: Qualified Opinion
- c. Frequency of Qualification: First time
- d. For Audit Qualification where the impact is quantified by the auditor, Management's view:

IFCI is carrying the investment in subsidiary companies at cost net of impairment loss (if any) and opted for one time exemption under IndAS 101 for deemed cost being the carrying value of investment as at transition date i.e. April 1, 2017. As

on March 31, 2019, the Company had investment in 27,41,54,700 no. of shares in its subsidiary, IFCI Factors Ltd. (IFL), comprising of 19,91,54,700 no. of equity shares and 7,50,00,000 no. compulsorily convertible preference shares (CCPS). There being indications of impairment in these investments, the company got the shares of IFL fair valued by an external expert valuer, registered as Category-I merchant banker, per which, the fair value of investments in shares of IFL was determined at Rs.171.81 crore using the generally accepted valuation methodologies, in line with Indian Accounting Standards and accordingly, the resultant impairment loss has been charged in the books of account.

#### 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.

#### **M/s IFCI Factors Limited**

#### **Audit Qualification - 4**

##### a. Details of Audit Qualification:

##### Basis of Disclaimer of Opinion:

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 ₹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.

The Company has deviated from its credit policy/ exceeded the limits, though the same has been authorised by the competent authority.

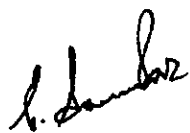


Disclaimer of Opinion:

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.

- b. Type of Audit Qualification: Disclaimer of opinion
- c. Frequency of Qualification: Repetitive, the same was reported in FY 2017-18
- d. For Audit Qualification where the impact is not quantified by the auditor:
  - i) Management estimation on the impact of audit qualification – Impact not quantifiable.
  - ii) If management is unable to estimate the impact, reasons for the same: In the opinion of Management of IFCI Factors Limited, there is reasonable certainty of availability of future taxable income to realize the deferred tax assets.
  - iii) Auditors' Comment on (ii) above: We do not agree with the management comments.

**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.**



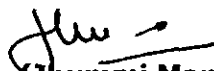
(Dr. E S Rao)

Managing Director &  
Chief Executive Officer



(Prof. Arvind Sahay)

Audit  
Chairman



(Jhummi Mantri)

General Manager &  
CFO



(Deepak Jain) CP

Partner-  
M No 090854

KPMR & Associates  
Firm Reg. 02504N

**Place:** New Delhi

**Dated:** May 21, 2019