IFCI LIMITED
आई एफ सी आई लिमिटेड
(A Government of India Undertaking)
(भारत सरकार का उपक्रम)

No. IFCI/CS/2019- 632

August 12, 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 August 12, 2019.

Pursuant to the provisions of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Un-Audited Standalone and Consolidated Financial Results of the Company for the Quarter ended June 30, 2019 along with the respective Limited Review Reports enclosed as **Annexure**.

Thanking You

Yours faithfully
For IFCI Limited

(Rupa Sarkar)
Company Secretary

Encl.: As above

आई एफ सी आई लिमिटेड
पंजीकृत कार्यालयः
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वेबसाइटः www.ifciltd.com
सीआईएनः L74899DL1993GOI053677

1948 से राष्ट्र के विकास में

IFCI Limited
Regd. Office:
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Phone: +91-4173 2000, 4179 2800
Fax: +91-11-2623 0201, 2648 8471
Website: www.ifciltd.com
CIN: L74899DL1993GOI053677

In Development of the Nation since 1948

Annexure

IFCI LTD.
CIN: L74899DL1993GOI053677
REGD. OFFICE : IFCI TOWER
61, NEHRU PLACE, NEW DELHI – 110 019
WEBSITE: www.ifciltd.com

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2019

(₹ in Crores)

		Particulars	Standalone Results			
			Quarter ended 30/06/19 (Unaudited)	Quarter ended 31/03/19 (Unaudited)	Quarter ended 30/06/18 (Unaudited)	Year ended 31/03/19 (Audited)
1	Revenue from operations					
	a)	Interest Income	465.76	432.38	626.94	2,063.25
	b)	Dividend Income	0.11	6.37	0.65	39.14
	c)	Rental Income	8.12	8.46	7.86	32.08
	d)	Fees and commission Income	6.39	6.74	6.24	22.76
	e)	Net gain on fair value changes	-	-	-	-
		Total Revenue from operations	**480.38**	**453.95**	**641.69**	**2,157.23**
	i)	Other Income	8.85	20.06	10.22	308.97
	Total Income		**489.23**	**474.01**	**651.91**	**2,466.20**
2	**Expenses**					
	a)	Finance costs	385.13	405.98	469.69	1,756.14
	b)	Net loss on fair value changes	51.54	(103.62)	18.46	112.81
	c)	Impairment on financial instruments	(427.74)	76.48	643.01	1,084.83
	d)	Employee Benefits Expenses	31.60	43.48	17.95	112.12
	e)	Depreciation and Amortization	7.74	8.08	8.26	32.81
	f)	Others expenses	37.92	27.31	13.20	58.78
	Total expenses		**86.19**	**457.71**	**1,170.57**	**3,157.49**
3	**Profit/(loss) before exceptional and tax (1-2)**		**403.04**	**16.30**	**(518.66)**	**(691.29)**
4	Exceptional items				-	-
5	**Profit/(loss) before tax (3-4)**		**403.04**	**16.30**	**(518.66)**	**(691.29)**
6	Tax expense					
	a)	Income tax	-	(6.39)	-	(6.39)
	b)	Taxation for earlier years	-	3.30	(0.88)	-
	c)	Deferred Tax (Net)	413.41	57.05	(177.01)	(241.07)
	Tax expense [6(a) to 6(c)]		413.41	53.96	(177.89)	(247.46)
7	**Profit/(loss) for the period (5+6)**		**(10.37)**	**(37.66)**	**(340.77)**	**(443.83)**
8	Other Comprehensive Income					
	a)	**Items that will not be reclassified to profit or loss**				
		-Fair value changes on FVTOCI - equity securities	(2.49)	37.37	(68.86)	14.40
		-Loss on sale of FVTOCI - equity securities	(5.12)	(27.34)	-	(117.72)
		-Actuarial gain/(loss) on defined benefit obligation	6.95	50.10	1.00	50.39
		Income tax relating to items that will not be reclassified to profit or loss		-		
		-Tax on Fair value changes on FVTOCI - Equity securities	0.87	28.18	3.18	41.93
		-Tax on Actuarial gain/(loss) on Defined benefit obligation	(2.43)	(17.61)	(0.35)	(17.61)
		Subtotal (a)	(2.22)	70.70	(65.03)	(28.61)
	b)	**Items that will be reclassified to profit or loss**				
		-Debt securities measured at FVTOCI - net change in fair value	43.25	(11.49)	(43.91)	(16.16)
		-Debt securities measured at FVTOCI - reclassified to profit and loss	-	(0.35)	-	(0.35)
		Income tax relating to items that will be reclassified to profit or loss		-	-	-
		-Tax on Fair value changes on FVTOCI - Debt securities	0.54	4.14	15.34	5.77
		Subtotal (b)	**43.79**	**(7.70)**	**(28.57)**	**(10.74)**
	Other Comprehensive Income / (loss) (net of tax)		**41.57**	**63.00**	**(93.60)**	**(39.35)**
9	**Total Comprehensive Income / (loss) (after tax) (7+8)**		**31.20**	**25.34**	**(434.37)**	**(483.18)**
10	Paid-up equity share capital (Face Value of ₹ 10/- each)		1,695.99	1,695.99	1,695.99	1,695.99
11	Other equity (as per audited balance sheet as at 31st March)					2,529.31
12	Earnings per share (face value of ₹ 10 each) (not annualised for the interim periods):					
	(a)	Basic (₹)	(0.06)	(0.22)	(2.01)	(2.62)
	(b)	Diluted (₹)	(0.06)	(0.22)	(2.01)	(2.62)

IFCI LTD.

STATEMENT OF UNAUDITED (CONSOLIDATED) FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE, 2019

(₹ In Crore)

		Particulars	Consolidated Results			
			Quarter ended 30/06/19 (Unaudited)	Quarter ended 31/03/19 (Unaudited)	Quarter ended 30/06/18 (Unaudited)	Year ended 31/03/19 (Audited)
1	**Revenue from operations**					
	a)	Interest Income	503.12	464.64	666.71	2,199.72
	b)	Dividend Income	0.69	7.33	2.00	70.18
	c)	Rental Income	8.62	8.71	8.44	25.59
	d)	Fees and commission Income	8.15	8.26	9.13	31.04
	e)	Net gain on fair value changes	-	-	-	-
	f)	Sale of products (including Excise Duty)	3.71	3.07	4.22	14.90
	g)	Sale of services	112.59	125.22	107.40	480.03
		Total Revenue from operations	**636.88**	**617.23**	**797.90**	**2,821.46**
	h)	Other Income	12.11	21.55	13.32	313.03
	Total income		**648.99**	**638.78**	**811.22**	**3,134.49**
2	**Expenses**					-
	a)	Finance costs	398.84	419.04	487.87	1,802.70
	b)	Fees and commission expense	13.41	17.11	11.29	49.19
	c)	Net loss on fair value changes	48.90	(96.75)	17.32	132.47
	d)	Impairment on financial instruments	(405.66)	86.30	645.66	1,146.32
	e)	Cost of materials consumed	3.48	1.48	5.69	48.63
	f)	Purchases of Stock-in-trade	3.56	2.95	4.08	14.36
	g)	Employee Benefits Expenses	68.52	93.65	56.53	293.41
	h)	Depreciation and Amortization	19.55	16.00	15.67	63.46
	i)	Others expenses	93.39	107.18	65.12	277.93
	Total expenses		**243.99**	**646.96**	**1,309.23**	**3,828.47**
3	**Profit/(loss) before exceptional and tax (1-2)**		**405.00**	**(8.18)**	**(498.01)**	**(693.98)**
4	Exceptional items		0.20	1.66	-	1.66
5	**Profit/(loss) before tax (3-4)**		**404.80**	**(9.84)**	**(498.01)**	**(695.64)**
6	Tax expense					
	a)	Income tax	2.62	(10.68)	4.57	(0.96)
	b)	Taxation for earlier years	0.14	3.08	(0.68)	(0.26)
	c)	Deferred Tax (Net)	408.76	70.80	(151.61)	(218.43)
	Tax expense [6(a) to 6(c)]		411.52	63.20	(147.72)	(219.65)
7	**Profit/(loss) for the period after taxes (5-6)**		**(6.72)**	**(73.04)**	**(350.29)**	**(475.99)**
8	**Share of net profit of associates and joint ventures accounted for using the equity method**		-	-	-	-
9	**Profit/(loss) for the period (7+8)**		**(6.72)**	**(73.04)**	**(350.29)**	**(475.99)**
10	Other Comprehensive Income					
	a)	**Items that will not be reclassified to profit or loss**				
		-Fair value changes on FVTOCI - Equity securities	(236.89)	201.38	(68.51)	37.99
		-Gain/(loss) on sale of FVTOCI - Equity securities	(5.12)	(27.34)	-	(117.71)
		-Actuarial gain/(loss) on Defined benefit obligation	4.77	51.54	2.76	49.92
		Income tax relating to items that will not be reclassified to profit or loss				
		-Tax on Fair value changes on FVTOCI - Equity securities	56.41	(10.53)	(1.60)	32.52
		-Tax on Actuarial gain/(loss) on Defined benefit obligation	(2.42)	(17.62)	(0.35)	(17.78)
	b)	**Items that will be reclassified to profit or loss**				
		-Fair value changes on FVTOCI - Debt securities	43.25	(11.49)	(43.91)	(16.17)
		-Debt securities measured at FVTOCI - reclassified to profit and loss	-	(0.35)	-	(0.35)
		- Exchange differences in translating the financial statements of a foreign operation	(0.05)	(0.16)	-	(0.16)
		Income tax relating to items that will be reclassified to profit or loss			-	
		-Tax on Fair value changes on FVTOCI - Debt securities	0.54	4.14	15.34	5.77
	Other comprehensive income / (loss) (net of tax)		**(139.51)**	**189.57**	**(96.27)**	**(25.97)**
11	**Total comprehensive income / (loss) (after tax) (9+10)**		**(146.23)**	**116.53**	**(446.56)**	**(501.96)**
12	Profit for the period attributable to Equity holders of the parent		(9.48)	(66.55)	(353.43)	(488.67)
	Non-controlling interest		2.76	(6.49)	3.14	12.68
13	Total comprehensive income for the period attributable to Equity holders of the parent		(63.66)	63.34	(448.41)	(521.00)
	Non-controlling interest		(82.57)	53.19	1.85	19.04
14	Paid-up equity share capital (Face Value of ₹ 10/- each)		1,695.99	1,695.99	1,695.99	1,695.99
15	Other Equity (as per audited balance sheet as at 31st March)					3,660.68
16	Earnings per share (face value of ₹ 10 each) (not annualised for the interim periods):					
	(a)	Basic (₹)	(0.06)	(0.39)	(2.08)	(2.88)
	(b)	Diluted (₹)	(0.06)	(0.39)	(2.08)	(2.88)

Notes:

1 The above financial results were reviewed by the Audit Committee at the meeting held on 12th August 2019 and approved by the Board of Directors at the meeting held on 12th August 2019. These results have been subjected to limited review by M/s KPMR & Associates, Chartered Accountants. However, since the Consolidated financial results of the Company are being submitted for the first time pursuant to the mandatory requirement with effect from April 1, 2019 , the consolidated figures for the comparative periods for the quarter ended 30th June 2018 and the quarter ended 31st March 2019, as reported in these financial results, have not been subjected to limited review.

2 The Company has sanctioned a loan of Rs.100 crore (outstanding Rs.99.89 crore as at June 30, 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 June 30, 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-3 and impairment allowance as per ECL has been applied accordingly.

3 The loan account of one of the borrower 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.

4 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 June 30, 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.

5 For the purpose of computation of Loss Given Default (LGD), the company till March 31, 2019, considered the recovery rate of accounts which got closed prior to the reporting date or continued to remain in books as non-performing accounts for 3 years or more as on the reporting date out of the non-performing accounts during the period seven years preceding the reporting date. Based on recovery data analysis during 3 years vs. 5 years for the past 10 years, it was observed that present value of recovery in 5 years constituted 98.64 % of present value of total recovery till reporting date. Hence as a refinement of management estimate, the 3 years of deemed closure has been changed to 5 years for LGD calculation. This has resulted in decline in LGD to 49.44 % from 65.23 % and lesser amount of ECL by Rs. 1613.71 crore.

6 RBI vide letter dated November 20, 2017 allowed the lenders to continue to retain loan exposure to another borrower 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

7 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, 2019. 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 the quarter ending June 2019.

8 There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.

9 The standlaone accounts of the subsidiary companies, IFCI Venture Capital Funds Ltd, IFCI Factors Limited ,MPCON Ltd and consoildated accounts of IFCI Financial services Ltd & IFCI Infrastructure Development Ltd, have been subjected to the limited review and audited consolidated accounts of Stock Holding Corporation of India have been consolidated in accordance with the Indian Accounting Standard.

10 a) In case of Stock Holding Corporation of India Ltd (SHCIL), there was a fire incident on December 11, 2017 at Mahape premises of the Company. The insurance company has appointed surveyors. The surveyors are in the process of assessing the damage to the property of the company. The company has appointed contractors to carry out the repair work for the interior and basement areas. An amount of Rs 50.44 lakhs has been debited to repairs & maintaince accounts for interior furnishing for the quarter ended June 30, 2019. The company expects to complete the repair and renovation work in this financial year 2019-20.

b) Further, in case of Stock Holding Documents Management Services ltd (a step down subsidiary of SHCIL), same fire incident has caused loss to the said company. The Company has continued to carry the corresponding fixed assets of galvanized containers (93400 nos) at their WDV of Rs 373.21 lakhs as on June 30, 2019 on a going concern basis, due to difficulty in removal of said assets from the robotic slots as the robotic retrieval is not operational and manual retrieval of the containers is fraught with risk. The company has been receiving claims for loss of documents from its clients, the clients are in various stages of conducting audit through their auditors to assess damage to their documents for the final claims. Pending ascertainment of actual claim , the company has not provided/disclosed for such claims / contingent liability and corresponding insurance claims receivable in the books of accounts as on June 30, 2019.

11 In case of Stock Holding Corporation of India Ltd (SHCIL), there was a certain unreconciled items amounting to Rs 3.50 crore grouped in trade receivable as at March 31, 2019. This includes fraudulent payments of Rs 2.9 crore (net of recovery) made by the one of the employee of the said company to the non-clients from clients bank accounts. The said company has suspended the said employee and filed a FIR with the police.
The company has also appointed an outside agency to prepare the bank reconciliation of the said bank accounts from 2014 to date. Reconciliation entries have been passed on receipt of revised bank reconciliation statement in the financial statements. The company has appointed a forensic auditor to conduct the detailed analysis of fraud and finalisation of said forensic audit report in under process, based on the their draft report and discussion with forensic auditor the management is of the view, that there would be no material financial impact of the same on the financial results. The company has lodged an insurance claims with the insurer in said matter.

12 The figures for the last quarter of the previous financial year are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of third quarter of the previous financial year which was subject to limited review by the statutory auditors.

13 On all the secured bonds and debentures issued by the Company and outstanding as on 30th June 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.

14 The figures for the previous quarter/period have been regrouped / rearranged wherever necessary to conform to the current period presentation.

By Order of the Board

Place: New Delhi

Date: 12 August 2019

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

Limited Review Report on Unaudited Standalone Financial Results of IFCI Limited for the Quarter ended June 30, 2019, pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI circulars in this regard

Review Report to Board of Directors of **IFCI Limited**

We have reviewed the accompanying statement of unaudited standalone financial results of **IFCI Limited** ('The Company') for the quarter ended June 30, 2019 attached herewith, being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

This statement is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared on the basis of the related Ind AS financial statements. Our responsibility is to issue a report on these financial statements based on our review.

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

Basis for Qualified Conclusion

a) Reference is drawn to note no 3 of the financial results regarding loan exposure to one 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) 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 June 30, 2019, for the reasons stated in note no 4 of the financial results. However, in our opinion, the book value of these investments as at June 30, 2019 be taken at Rs.46.51 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of Rs.125.33 crore. This has resulted in understatement of loss by Rs.125.33 crore for the period and overstatement of value of investment in subsidiaries by the same amount.

Overall the loss is understated by Rs 218.51 crores and loans(net) & investment are overstated by Rs 93.18. crores and Rs 125.33 crores, respectively

Qualified Opinion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Indian Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013 read with rules issued there under and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015, including the manner which it is to be disclosed, or that it contains any material misstatement

Emphasis of Matter

a. Reference is drawn to note no. 5 of the financial results which specifies that there is a change in Methodology of Calculation of Loss Given Default (LGD) where in the deemed period for closure of recovery has been considered 5 years in this quarter against previously considered period of 3 years. Due to this change the rate of LGD has changed to 49.44% from 65.23%. This has resulted in lesser amount of ECL by Rs. 1613.71 Crores which has affected the profitability of the company for the quarter favorably to that extent.

b. Reference is drawn to note no. 6 of the financial results with regard to outstanding loan of Rs.174.74 crore to another 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.

KPMR & ASSOCIATES
FRN. 002504N
New Delhi
Chartered Accountants

c. Another borrower account with outstanding of Rs 99.89 Crores has been considered as 'Standard Restructured Account' but classified under Stage-3 by the Company, as at June 30, 2019 and impairment allowance for ECL applied, for the reasons stated in the note no 2 of financial results. In our opinion, as the project could not achieve the COD inspite of three extensions, the account should have been considered as non-performing account (NPA). However, there is no impact on profitability as the account has been classified under Stage 3 and ECL calculated accordingly.

Our opinion is not modified in respect of these matters

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

Deepak Jain
Partner
Membership No. 090854
UDIN: 19090854AAAAFL9494

Place: New Delhi
Date: August 12, 2019

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Limited Review Report on Unaudited Consolidated Financial Results of IFCI Limited for the Quarter ended June 30, 2019, pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI circulars in this regard

Review Report to Board of Directors of **IFCI Limited**

We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **IFCI LTD** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/(loss) after tax and total comprehensive income/loss for the quarter ended 30th June 2019), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended 30th June 2018 and for the quarter ended 31st March 2019, included in the corresponding quarterly results of subsidiaries as reported in these Ind AS financial statements have been approved by the Parent's Board of Directors, but have not been subjected to review.

This statement is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared on the basis of the related Ind AS financial statements. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

The consolidated financial results incorporated the reviewed/audited results of following companies, which has been reviewed/audited by other statutory auditors of the following entities.

S.No.	Name of the Entity	Relationship	Audited/ Reviewed
1.	IFCI Limited	Holding Company	Reviewed
2.	IFCI Financial Services Ltd. (IFIN)	Subsidiaries	Reviewed
3.	IFCI Venture Capital Funds Ltd. (IVCF)	Subsidiaries	Reviewed
4.	IFCI Infrastructure Development Ltd. (IIDL)	Subsidiaries	Reviewed
5.	IFCI Factors Ltd. (IFL)	Subsidiaries	Reviewed
6.	MPCON Ltd.	Subsidiaries	Reviewed
7.	Stock Holding Corporation of India Ltd.	Subsidiaries	Audited
8.	IFIN Commodities Ltd. (indirect control through IFIN)	Step-down subsidiaries	Reviewed
9.	IFIN Credit Ltd. (indirect control through IFIN)	Step-down subsidiaries	Reviewed
10.	IFIN Securities Finance Limited (indirect control through IFIN)	Step-down subsidiaries	Reviewed
11.	IIDL Realtors Pvt. Ltd. (indirect control through IIDL)	Step-down subsidiaries	Reviewed
12.	SHCIL Services Ltd. (indirect control through SHCIL)	Step-down subsidiaries	Audited
13.	Stockholding Document Management Services Limited (indirect control through SHCIL)	Step-down subsidiaries	Audited
14.	Stockholding securities IFSC Limited (indirect control through SHCIL)	Step-down subsidiaries	Audited

In respect of IFCI Ltd

1. **Basis for Qualified Conclusion**

a) Reference is drawn to note no 3 of the financial results regarding loan exposure to one 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

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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) 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 June 30, 2019, for the reasons stated in note no 4 of the financial results. However, in our opinion, the book value of these investments as at June 30, 2019 be taken at Rs.46.51 crore (excluding Deferred Tax Assets and Intangible Assets), the Company has not recognized further impairment loss of Rs.125.33 crore. This has resulted in understatement of loss by Rs.125.33 crore for the period and overstatement of value of investment in subsidiaries by the same amount.

Overall the loss is understated by Rs 218.51 crores and loans(net) & investment are overstated by Rs 93.18. crores and Rs 125.33 crores, respectively

Qualified Opinion

Based on our review, with the exception of the matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Indian Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013 read with rules issued there under and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015, including the manner which it is to be disclosed, or that it contains any material misstatement

2. Emphasis of Matter

In respect of IFCI Ltd

a) Reference is drawn to note no. 5 the financial results which specifies that there is a change in Methodology of Calculation of Loss Given Default (LGD) where in the deemed period for closure of recovery has been considered 5 years in this quarter against previously considered period of 3 years. Due to this change the rate of LGD has changed to 49.44% from 65.23%. This has resulted in lesser amount of ECL by Rs. 1613.71 Crores which has affected the profitability of the company for the quarter favorably to that extent.

b) Reference is drawn to note no. 6 of the financial results with regard to outstanding loan of Rs.174.74 crore to another 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

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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.

c) Another borrower account with outstanding of Rs 99.89 Crores has been considered as 'Standard Restructured Account' but classified under Stage-3 by the Company, as at June 30, 2019 and impairment allowance for ECL applied, for the reasons stated in the note no 2 of financial results. In our opinion, as the project could not achieve the COD inspite of three extensions, the account should have been considered as non-performing account (NPA). However, There is no impact on profitability as the account has been classified under Stage 3 and ECL calculated accordingly.

Our opinion is not modified in respect of these matters

In respect of Stock Holding Corporation Of India Ltd

a) Note No. 7 of the financial results related to outcome of continuing litigation with a Bank, pending adjudication of the matter by the Honourable Supreme Court and also in view of the legal opinion obtained by the Company, in the opinion of the management, no provision has been recognised in the Statement of Profit and Loss.

b) Note No. 10(a) of the financial results, which describes the effects of a fire in the Company's Building. Necessary accounting adjustments, if any, would be provided by the Management on the Completion of the necessary repair / renovation. Further as reported in Independent Auditor Report of SHCIL Services Limited:

c) Refer to the Note No. 11 of the financial results wherein Management has stated about fraud committed by the employee. As stated said employee has transferred funds to non clients, from the clients Bank accounts of the Company. Subsequently Company has accounted for the losses incurred in previous financial years. At present, the Company is in process of recovering of amount from the said employee and has filed a complaint to the concern authorities. Further the management has appointed an Independent outside agency to conduct forensic audit and provide a detailed analyses of the present system of settlement of Bank Accounts. The Management believes that there would be no material accounting adjustments.

3. Other Matter

In respect of IFCI Factors Ltd

a. As per information and explanations given by the management, allegations framed by Ex-consultants/Retainers are pending with CVO for final adjudication.

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b. OTS has not been revoked in the following cases by the company where OTS completion dates expires:

i. R.P. Infosystem Ltd
ii. Accurate transformer Ltd.
iii. C&C Construction Ltd.
iv. Maven Industries Ltd.
v. Evinix Ind Ltd.

c. In the case of deferred tax assets of Rs. 81.33 Crores as on June 30, .2019, in the opinion of the management there is a reasonable certainty of availability of future taxable income to realize the deferred tax asset 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.

In Respect of MPCON Ltd

The company is having a total recoverable outstanding of Rs1396.27 lakhs and out of which a sum of Rs. 319.16 lakh is more than three year old . However the management has not treated any amount as bad debts during the quarter ending June 2019 .The management explains us that as majority of the said amount is due from government departments, there may be a delay in payment but it cannot be bad. They are making frequent follow up for their recovery.

Our opinion on the Statement is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

4. Qualified Opinion on Consolidated Financial results

Based on our review, with the exception of the matter described in the preceding paragraph 1 and based on consideration of the review/audit reports of other auditors referred to in paragraph 5 below nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with the Indian Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act, 2013 read with rules issued there under and other recognized accounting practices and policies, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015, including the manner which it is to be disclosed, or that it contains any material misstatement

5. We have considered the limited review/audit reports of other auditors with respect to interim financial results of 6 subsidiaries included in the consolidated unaudited financial results, whose interim results reflect total revenues of Rs 159.76 crores total net profit after tax of Rs 3.65 crore and total comprehensive loss of Rs (177.43) crores. for the quarter ended June 30, 2019 , as considered in the consolidated unaudited financial results. These interim financial results have been

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reviewed by other auditors whose reports have been furnished to us by the Management except the consolidated figures for the corresponding quarter ended 30th June 2018 and for the quarter ended 31st March 2019. included in these Ind AS financial statements and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated above.

Our conclusion on the Statement is not modified in respect of the above matters.

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

Deepak Jain
Partner
Membership No. 090854
UDIN: 19090854AAAAFL9494

Place: New Delhi
Date: August 12, 2019