

BSE Limited,
Deptt. of Corporate Services,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

June 16, 2020

Re: **Submission of Statement on Impact of Audit Qualifications (for audit report with modified opinion) under Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/Ma'm,

Pursuant to Regulation 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that the Board of Directors at its meeting held on June 16, 2020, has approved the audited Financial Results of the Company for the year ended March 31, 2020. Accordingly, please find enclosed the Statement on Impact of Audit Qualifications (for audit report with modified opinion)

Thanking you

Yours truly,
For IFCI Factors Limited



Mani Dev Sadh
Company Secretary



आई एफ सी आई फैक्टर्स लिमिटेड

दसवा तल, आई एफ सी आई टावर, 61 नेहरु प्लेस, नई दिल्ली – 110 019, भारत
दूरभाष : +91-11-4173 2000, फैक्स : +91-11-4652 1436
वेबसाइट : www.ifcifactors.com
सीआई एन : U74899DL1995GOI074649

IFCI Factors Limited

10th Floor, IFCI Tower, 61 Nehru Place, New Delhi - 110 019, India
Phone: +91-11-4173 2000, Fax: +91-11-4652 1436
Website: www.ifcifactors.com
CIN : U74899DL1995GOI074649

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
on Annual Audited Financial Results for the year ended March 31, 2020**

Pursuant to Regulation 52 of SEBI (LODR) Regulations, 2016

(Rs. in lac)

I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	4,209.12	4,209.12
	2	Total Expenditure	4,990.20	4,990.20
	3	Net Profit/(Loss)	(781.08)	(781.08)
	4	Earnings Per Share	(0.87)	(0.87)
	5	Total Assets	44,429.62	44,429.62
	6	Total Liabilities	31,809.83	31,809.83
	7	Net Worth	12,619.79	12,619.79
	8	Any other financial item(s) (as felt appropriate by the management)	-	-

II Audit Qualification (each audit qualification separately):

a) Details of Audit Qualification :

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 ₹81.75 Crores as on 31 March 2020, in the opinion of management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets. Considering the past accumulated losses and further stressed standard assets and nature of factoring business, we are unable to comment on the sufficiency of the future taxable profits of the company which can realize the deferred tax assets.



As a result of this matter, we have not been able to obtain sufficient appropriate audit evidence on the said matter to state whether any adjustments would be required to the information included in the financial statements and impact thereof.

- b) **Type of Audit Qualification :** ~~Qualified Opinion / Disclaimer of Opinion-/ Adverse Opinion~~
- c) **Frequency of qualification:** ~~Whether appeared first time / repetitive /since how long continuing~~
- d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** NA
- e) **For Audit Qualification(s) where the impact is not quantified by the auditor:** - N.A
 - i) Management's estimation on the impact of audit qualification: Nil
 - ii) If management is unable to estimate the impact, reasons for the same :

As per Accounting Standard 22, Para 15 "Except in the situations stated in paragraph 17, deferred tax assets should be recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized". When DTA is created due to Unabsorbed depreciation and unabsorbed losses only then virtual certainty supported by convincing evidence that sufficient future taxable income will be available, shall be the point of consideration. However in case of IFCI Factors Ltd.(IFL) DTA is due to timing differences other than unabsorbed depreciation and unabsorbed losses, and hence the point of consideration is whether there is REASONABLE CERTAINETY that sufficient future taxable income will be available against which such deferred tax assets can be realized. IFL has approx. Rs.350 cr assets under recovery mechanism, which it hopes to recover in next 2-3years. IFL has recovered Rs.23 cr in FY 16-17 & Rs.41.0 cr in FY 17-18 from NPA and Rs.39.95 crore in FY 2018-19 and Rs. 20.57 cr in FY 19-20 from NPA. Further expects to recover Rs. 30 cr (approx.) in FY 20-21. IFL has been profitable on the Operating level i.e Profit before Provisions and write off. Major losses have been on account of

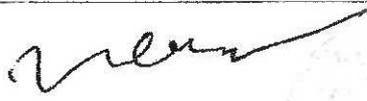


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Provisions only, the provisions are being made against the NPA. Due to Covid-19 Pandemic IFL ended FY 2019-20 with a Loss after Tax of Rs. 5.73 crore. IFL will become profitable from the FY 2020-21 and shall utilize the DTA in next 5 years.

iii) Auditors' Comments on (i) or (ii) above: **No**

Signatories

Bikash Kantu Roy Managing Director	
Manish Jain CFO	
Arvind Kumar Jain Audit Committee Chairman	
(Vijay Kumar Chopra) SVP & Associates Statutory Auditors	 

Date : June 16, 2020

Place: New Delhi