

May 11, 2018 (भारत सरकार का उपक्रम)

Ref: IFL/Sect/BSE/2018-19/ 66

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

Re: **Submission of Audited Financial Results for the 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 May 11, 2018 has approved the audited Financial Results of the Company for the year ended March 31, 2018. Accordingly, please find enclosed the following

- i) Audited financial results for the year ended March 31, 2018 along with the Audit Report by Statutory Auditors;
- ii) Statement of Impact of Audit Qualifications; and
- iii) Certificate signed by Debenture Trustee under Clause 52(5) of the said Regulations.

Thanking you

Yours truly,  
For IFCI Factors Limited

  
Manish Jain  
Chief Financial Officer

**आई एफ सी आई फैक्टर्स लिमिटेड**

दयावा तल, आई एफ सी आई टावर, 61, नेहरु प्लेस, नई दिल्ली - 110 019

दूरभाष : +91-11-4173 2000, फैक्स : +91-11-4652 1436

वेबसाइट : www.ifcifactors.com

सीआईएन : U74899DL1995GOI074649

**IFCI Factors Limited**10<sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019, INDIA

Tel.: +91-11-4173 2000, Fax: +91-11-4652 1436

Website: www.ifcifactors.com

CIN : U74899DL1995GOI074649

**(A Subsidiary of IFCI Ltd.)**

IFCI FACTORS LIMITED

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31,2018

Statement of Profit and Loss

(Rs. In Lacs)

Particulars	6 months ended 31.03.2018	6 months ended 31.03.2017	Year to Date figures ended 31.03.2018	Previous Year ended 31.03.2017
	(Audited)	(Audited)	(Audited)	(Audited)
<b>INCOME</b>				
Revenue from Operations	3214.45	3634.85	6012.70	7750.42
Other Income	80.91	552.55	353.81	560.11
<b>Total (A)</b>	3295.36	4187.40	6366.52	8310.53
<b>EXPENSES</b>				
Employee Benefits Expense	270.77	246.42	526.53	470.65
Operating, Administrative and Other Expenses	310.81	290.06	561.57	604.03
Finance Costs	2168.97	2710.56	4485.58	5621.31
Depreciation and Amortization Expense	4.44	4.66	8.64	8.88
<b>Total (B)</b>	2754.99	3251.71	5582.33	6704.87
<b>Profit Before Provisions &amp; Write Offs (A-B)</b>	540.37	935.69	784.19	1605.66
Provisions & Write Offs	1640.19	2343.90	6234.32	5816.95
<b>Profit / (Loss) Before Tax</b>	(1099.82)	(1408.20)	(5450.14)	(4211.29)
<b>Tax Expenses:</b>				
Current Tax	0.00	(210.46)	0.00	0.00
Deferred Tax (Net)	(449.96)	(17.75)	(1796.65)	(1094.52)
<b>Profit / (Loss) After Tax</b>	(649.86)	(1179.99)	(3653.48)	(3116.77)
<b>Earning Per Share(Amount in Rs.)</b>				
Basic	(0.82)	(1.49)	(4.60)	(3.93)
Diluted	(0.25)	(0.46)	(1.44)	(1.22)



*Handwritten signature*

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## Balance Sheet

Particulars	As at (current year end date) 31.03.2018	As at (Previous year end date) 31.03.2017
	Audited	Audited
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	25443.89	25443.89
Reserves and Surplus	(12751.00)	(9097.52)
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	19206.50	24929.82
Long-Term Provisions	454.89	449.91
<b>Current Liabilities</b>		
Short-Term Borrowings	16714.52	17824.25
Trade Payables	367.34	485.05
Other Current Liabilities	9767.09	9752.98
Short-Term Provisions	126.18	405.34
<b>Total</b>	<b>59329.41</b>	<b>70193.72</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	16.95	15.64
Intangible Assets	15.82	20.68
Non-Current Investment	937.55	991.10
Deferred Tax Assets (net)	9558.12	7761.46
Long-Term Loans and Advances	7095.48	8439.33
Other Non-Current Assets	1007.62	1514.65
<b>Current Assets</b>		
Current Investments	0.00	0.00
Trade Receivables	32517.82	40889.11
Cash and Cash Equivalents	3505.10	3820.97
Other Current Assets	4674.95	6740.77
<b>Total</b>	<b>59329.41</b>	<b>70193.72</b>



*Signature*

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### IFCI Factors Limited

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**Notes:**

- The above results were reviewed by The Audit Committee and approved by the Board of Directors at its meeting held on May11, 2018.
- The Non-convertible Bonds of the Company aggregating to Rs. 79.50 crore as at March 31, 2018 are secured by the value of corporate loan receivables and current assets other than factored receivables of the Company.
- Credit Rating and change during the year :

Facilities	Rating	Previous Rating
Long Term Bank Facilities	CARE BBB- (SO)	CARE BBB+(SO)
Short Term Bank Facilities	CARE A2+ (SO)	CARE A1 (SO)
Long Term Instruments	CARE BBB-	CARE BBB-

- Detail of Non-Convertible Bonds/Perpetual Debentures are as follows :

Redeemable Taxable Non-Convertible Bonds/Perpetual Debentures (Rs. in crore)					
Security / Option /Series / Tranche	Amount	Previous Due Date		Next Due Date	
		Interest	Principal	Interest	Principal
Secured Option 1 Series 1 Tranche 1	18.70	28-Mar-18	28-Mar-18	-	-
Secured Option 2 Series 1 Tranche 1	1.80	28-Mar-18	28-Mar-18	-	-
Secured Option 3 Series 1 Tranche 1	17.00	5-Apr-17	-	5-Apr-18	28-Mar-2023
Secured Option 1 Series 1 Tranche 1	21.40	5-Jun-17	-	23-Apr-18	23-Apr-2018
Secured Option 2 Series 1 Tranche 1	41.10	5-Jun-17	-	5-Jun-18	23-Apr-2023
Unsecured Option 2 Series 2	100.00	5-Jul-17	-	5-Jul-18	17-May-2023
Unsecured Perpetual Non-convertible Debenture	25.00	-	-	-	-
<b>Total</b>	<b>225.00</b>				

The Company has paid the interest on Bonds on due dates

**5. Analytical Ratios**

Ratios	As at March 31, 2018	As at March 31, 2017
Capital Adequacy Ratio	15.95	22.10%
Earnings Per Share (EPS)	(4.60)	(3.93)
<b>NPA Ratios</b>		
a) Gross NPA/Net NPA(Times)	5.19	3.43
b) % of Gross NPA/Net NPA	19.27%	29.19%
c) Return on Assets (PBT/Total Assets)	-5.18%	-4.13%
Debt Equity Ratio(Times)	3.12	2.76

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Debt Equity Ratio(Times)	3.12	2.76
Net Worth (Rs. In Lacs)	12692.88	16346.36

Debt Equity Ratio is calculated as Total Debt/ Total Equity, where Equity comprises of Equity shares, Preference Shares and Reserves, Debt comprises of Bonds, Short Term and Long Term Borrowings of the Company.

6. Previous period figures have been re-grouped/re-classified wherever necessary.

For IFCI Factors Limited



Bikash Kanti Roy  
Managing Director  
DIN : 02171876



Date: May 11, 2018  
Place: New Delhi

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**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF IFCI FACTORS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **IFCI FACTORS LIMITED** ("the company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified audit opinion on the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified audit opinion on the financial statements.

**Basis for Qualified opinion**

- A. Company has identified two cases as NPA i.e. (i) Concast Steel and Power Limited (15.69 Crores) (ii) Concast Exim Limited (10.30 Crores) during the year as on 31.12.2017 which were identified by us in the previous year i.e.2016-17 as on 31.03.2017 and made provisions @15%. In our opinion, 100% provision of the unsecured portion amounting of Rs. 19.29 Crore should have been made since an asset becomes doubtful that has remained sub-standard for a period exceeding 12 months for the financial year ending March31, 2018 . Hence Rs.15.54 Crore less provision has been made on account of NPA. So the income as well as advances has been overstated by 15.54 Crores. Our audit opinion on the financial statements for the year ended 31<sup>st</sup> March, 2018 was also qualified in respect of this matter.

**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 Qualified opinion” paragraph 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, of the state of affairs of the company as at 31<sup>st</sup> March 2018 and its Loss and its cash flow for the year ended on that date.

**Basis of Disclaimer of Opinion:**

- A. Note no. 25 to the financial statements regarding recognition of Deferred Tax Assets on account of provisions of Non Performing Assets. In case of Deferred Tax Assets of Rs.95.58 Crores as on 31.03.2018, 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 are 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.

**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.



## Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained except for the possible effects of the matter described in the basis for Qualified and disclaimer Opinion paragraph, all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account except for the possible effects of the matter described in the basis for Qualified Opinion and disclaimer paragraph as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) As per the information and explanations given to us, the company has branch office(s) only for marketing purposes. Hence, no requirement to consider report of branch auditor and dealt with it in preparing our report.
  - d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the possible effects of the matter described in the basis for Qualified and disclaimer Opinion paragraph.
  - f) On the basis of written representations received from the directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
  - g) The qualification related to the maintenance of accounts and other matters connected therewith are stated in the basis for Qualified and disclaimer Opinion Paragraph.
  - h) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. As per directions/sub directions issued by the C&AG of India under section 143(5) of the Companies Act 2013 and on the basis of such verification of the books and records as considered





appropriate and available and according to explanations given to us and as per declarations given by the company ,we enclosed in Annexure – ‘ C ’ a statement on the matters specified in directions issued by The Comptroller and Audit General of India.

**FOR CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**

*Deepak*

**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**

**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**



**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF IFCI FACTORS LIMITED FOR THE YEAR ENDED MARCH 31, 2018**

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all fixed assets have been physically verified by the management in phased manner during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable property, hence clause not applicable.
- ii) The Company does not have any inventory. Therefore, the provisions of clause 3 (ii) of the Order, are not applicable.
- iii) As informed to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, Accordingly, provisions of clause 3(iii) (a) to (c) of the Order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, the company has not given any loans and provided any guarantees and security as specified in Section 185 and 186 of the Companies Act, 2016 and accordingly provisions of Section 185 and 186 relating to loans are not applicable. The company has been complied with the provisions of section 186 of the Act, with respect to the investments made.
- v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, wherever applicable. Therefore the provisions of clause 3(v) of the Order are not applicable.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.
- vii) a) According to the information and explanations given to us and according to the records produced before us for verification, the Company is regular in depositing, with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, custom duty, excise duty, cess and any other material statutory dues applicable to it. As explained to us, the company did not have any dues on account of employees' state insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Custom duty, excise duty, cess and any other statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, there are no material dues of income tax, excise duty, sales tax, custom duty and service tax, which have not been deposited with appropriate authorities on account of any dispute except the following:



Name of the Statute	Nature of Dues	Amount(Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3,73,044	A/Y 2002-03	AO/TRO
Income Tax Act, 1961	Income Tax	2,66,464	A/Y 2003-04	AO/TRO
Income Tax Act, 1961	Income Tax	9,42,182	A/Y 2004-05	AO/TRO
Income Tax Act, 1961	Income Tax	5,38,440	A/Y 2011-12	AO/TRO

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, banks, Government (both state and Central) or debenture holders.
- ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. On the basis of information and explanations given to us, the money raised by way of term loans have been applied for the purposes for which they were obtained.
- x) According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- xi) To the best of our knowledge and belief and according to the information and explanations given to us, Section 197 read with schedule V of the Act is not applicable to the company.
- xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not been entered into non cash transaction with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not the applicable.
- xvi) According to the information and explanations given to us and based on our examination of the records of the company, the company has received registration certificate dt 3<sup>rd</sup> June, 2009 from RBI under section 45-IA of the Reserve Bank of India Act, 1934 and is permitted to




carry on the business as NBFC-Factors in accordance with the Factoring Regulation Act,2011.

**FOR CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**



**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**

**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**

# **ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF IFCI FACTORS LIMITED**

## **Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of IFCI Factors Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**FOR CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**



**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**



**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**

## ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

### Statements on the matters Specified in directions issued by the Comptroller and Audit General of India in accordance with Section 143(5) of the Companies Act, 2013

(Referred to in Paragraph 3 of our Audit Report of even date)

1. According to information and explanations given to us and based on the information available, the company is having lease deed(s) for its leasehold Properties.
2. According to information and explanations given to us and based on the information available and as per declaration given by the company, the Cases of waiver/write off of debtors/loan/interest etc. as approved by the Board of Directors during the year ended 31<sup>st</sup> March,2018 are as follow:

S No	List of cases of write off/ waiver of debtors/loans/Interest During the financial year 2017-2018	Reason	Amount Involved (in Crores)		
			Principal	Interest	Total
1	Yegna Manojavam Drugs	Culmination of OTS Final Payment and NDC issues by IFL.	2.33	4.42	6.75
2	Impex Ferro Tech Limited	Culmination of OTS Final Payment and NDC issues by IFL.	1.81	1.34	3.15
3	Cheminnova Remedies Pvt. Ltd	Culmination of OTS Final Payment and NDC issues by IFL.	0.44	1.65	2.09
4	Ankit Metal and Power Limited	Culmination of OTS Final Payment and NDC issues by IFL.	2.20	1.69	3.89
	<b>Total</b>		<b>6.78</b>	<b>9.10</b>	<b>15.88</b>

Note : The above does not includes incomplete OTS Cases.

3. According to information and explanations given to us and based on the information available, the company does not have inventory lying with third parties and no assets have been received as gift/grants from the Govt. or other authorities.



## Sub-Directions

1. According to information and explanations given to us and based on the information available, there is no investment in CGS/SGS/Bonds/Debentures, hence the verification of titles of ownership in respect of CGS/SGS/Bonds/Debentures etc. are not applicable.
2. According to information and explanations given to us and based on the information available, there is a system of periodical assessment of realisable value of securities available against all restructured, rescheduled and renegotiated loan and adequate provision has been created during the year

**FOR CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**



**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**



**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**



**Statement on Impact of Audit Qualifications (for audit report with modified opinion) on Annual Audited Financial Results for the year ended March 31, 2018**

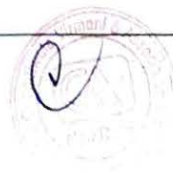
Pursuant to Regulation 52 of SEBI (LODR) Regulations, 2016

(Rs. in cr.)

I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1	Turnover / Total income	63.67	63.67
	2	Total Expenditure	100.20	115.74
	3	Net Profit/(Loss)	(36.53)	(52.07)
	4	Earnings Per Share	(4.60)	(6.56)
	5	Total Assets	593.29	593.29
	6	Total Liabilities	466.37	466.37
	7	Net Worth	126.93	111.39
	8	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II</b>	<b>Audit Qualification (each audit qualification separately):</b>			
<b>8a</b>	<b>a) Details of Audit Qualification :</b>			
	<p>Company has identified two cases as NPA i.e. (i) Concast Steel and Power Limited (15.69 Crores) (ii) Concast Exim Limited (10.30 Crores) during the year as on 31.12.2017 which were identified by us in the previous year i.e.2016-17 as on 31.03.2017 and made provisions @15%. In our opinion, 100% provision of the unsecured portion amounting of Rs. 19.29 Crore should have been made since an asset becomes doubtful that has remained sub-standard for a period exceeding 12 months for the financial year ending March 31, 2018 . Hence Rs.15.54 Crore less provision has been made on account of NPA. So the income as well as advances has been overstated by 15.54 Crores. Our audit opinion on the financial statements for the year ended 31<sup>st</sup> March,2018 was also qualified in respect of this matter.</p>			
	<b>b) Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion /</b>			




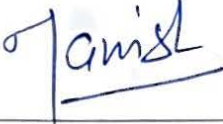



	Adverse Opinion
	c) <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing: Since last 1 year
	d) <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>  We have identified the said account as NPA on December 31, 2017 as per RBI Policy, we will provide 100% provisioning after account classified as a doubtful assets i.e. 31.12. 2018 (after 12 month from the date of NPA classification)
	e) <b>For Audit Qualification(s) where the impact is not quantified by the auditor: - N.A</b>
	i) Management's estimation on the impact of audit qualification: <b>N.A</b>
	ii) If management is unable to estimate the impact, reasons for the same <b>N.A</b>
	iii) Auditors' Comments on (i) or (ii) above: <b>N.A</b>
8 b)	<b>a) Details of Audit Qualification :</b>  Note no. 25 to the financial statements regarding recognition of Deferred Tax Assets on account of provisions of Non Performing Assets. In case of Deferred Tax Assets of Rs.95.58 Crores as on 31.03.2018, 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 are 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) <b>Type of Audit Qualification :</b> <del>Qualified Opinion</del> / Disclaimer of Opinion / Adverse Opinion
	c) <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing
	d) <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: N.A</b>



	<p>e) <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b></p>
	<p>i) <b>Management's estimation on the impact of audit qualification: Nil</b></p>
	<p>ii) <b>If management is unable to estimate the impact, reasons for the same:</b></p> <p>As per Accounting Standard 22, Para 15  <i>"Except in the situations stated in paragraph 17, deferred tax assets should be recognised 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".</i></p> <p><i>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 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.</i></p> <p><i>Company have approx. Rs.400 cr assets under recovery mechanism, which it hope to recover in next 2-3years. We have recovered Rs.23 cr in FY 16-17 &amp; Rs.41.0 cr in FY 17-18 from NPA and expect to recover Rs.70 cr (approx.) in current financial year.</i></p> <p>IFL has been profitable on the Operating level i.e Profit before Provisions and write off. Major losses have been on account of Provisions only, the provisions are being made against the NPA. The company has very much hope to turn around in next 1 to 2 year and will utilize the DTA in the next 3-5 years. For above reference we have submitted CMA copy to our esteemed statutory auditors</p>
	<p>iii) <b>Auditors' Comments on (i) or (ii) above:</b> Management Reply is not convincing</p>



**Signatories**

Bikash Kanti Roy Managing Director	
Manish Jain CFO	
Arvind Kumar Jain Audit Committee Chairman	
Chandiwala Virmani & Associates Statutory Auditors Deepak Gupta	 

Date :MAY 11, 2018

Place:NEW DELHI

May 11, 2018

To,  
Mr. Manish Jain  
Chief Financial Officer,  
IFCI Factors Limited,  
10<sup>th</sup> Floor, IFCI Tower, 61, Nehru Place,  
New Delhi – 110019

Dear Sir,

**Sub: Certificate of Debenture Trustee under Regulation 52(5) of SEBI (LODR) Regulations, 2015 for March 31, 2018.**

In compliance of the requirements of Chapter V, Regulation 52, Sub – Regulation (4) and (5) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for Non – Convertible Debt Securities we would like to state as under:

We, Vistra ITCL (India) Limited (formerly known as IL&FS Trust Company Limited), are acting as a Debenture Trustee for the Secured/Unsecured, Redeemable, Taxable, Non-Convertible Bonds issue aggregating to Rs. 200 crores (Rs.100crs. + Rs.100crs.) of IFCI Factors Limited.

With reference to above, we have received the following documents and have noted its contents without verification:

1. Disclosure under compliance of the requirements under Reg. 52(4) of SEBI (LODR) Regulations, 2015 as on March 31, 2018 dated May 11, 2018.
2. CA certificates dated May 11, 2018.

This certificate has been signed and issued by us based on documents (mentioned above) submitted by you.

Thanking You.

Yours sincerely,  
**For Vistra ITCL (India) Limited**  
**(Formerly known as IL&FS Trust Company Limited)**

  
**Jatin Chonani**  
**Compliance Officer**

Place: Mumbai