

Ref: IFL/Sect/BSE/2019-20/024

April 15, 2019

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), 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 April 15, 2019, has approved the audited Financial Results of the Company for the year ended March 31, 2019. Accordingly, please find enclosed the following:

- i) Audited financial results for the year ended March 31, 2019 along with the Audit Report by Statutory Auditors;
- ii) Declaration in respect of unmodified opinion on Annual Audited Financial Results; and
- iii) Certificate signed by Debenture Trustee under Clause 52(5) of the said Regulations.

Thanking you

Yours truly,  
For IFCI Factors Limited



Manidev Sachdev  
Company Secretary

**IFCI FACTORS LIMITED**

**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2019**

**Statement of Profit and Loss**

(Rs. In Lacs)

Particulars	6 months ended 31.03.2019	6 months ended 31.03.2018	Year to Date figures ended 31.03.2019	Previous Year ended 31.03.2018
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Revenue from operations</b>				
Interest Income	512.30	1,363.08	1,285.46	2,156.49
Discount and Service Charges	1,437.59	1,784.59	3,304.49	3,763.74
Application and Administration Charges	54.70	78.65	138.92	118.77
<b>Total Revenue from operations</b>	<b>2,004.60</b>	<b>3,226.32</b>	<b>4,728.87</b>	<b>6,039.00</b>
<b>Other Income</b>	238.91	80.91	350.90	353.81
<b>Total Income</b>	<b>2,243.51</b>	<b>3,307.23</b>	<b>5,079.77</b>	<b>6,392.81</b>
<b>Expenses</b>				
Finance Costs	1,538.35	2,176.95	3,500.67	4,501.14
Employee Benefits Expenses	310.88	271.15	609.01	527.29
Depreciation, amortization and impairment	4.62	4.44	8.66	8.64
Provisions & Write Offs	(249.09)	1,640.19	794.60	6,180.77
Others expenses	301.52	310.81	551.55	561.57
<b>Total Expenses</b>	<b>1,906.28</b>	<b>4,403.54</b>	<b>5,464.50</b>	<b>11,779.41</b>
Profit / (loss) before exceptional items and tax (III-IV)	337.23	(1,096.31)	-384.73	-5,386.60
Exceptional Items			-	-
<b>Profit/(loss) before tax</b>	<b>337.23</b>	<b>(1,096.31)</b>	<b>-384.73</b>	<b>-5,386.60</b>

आई एफ सी आई फैक्टर्स लिमिटेड

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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  
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(A Subsidiary of IFCI Ltd.)

<b>Tax Expense:</b>				
(1) Current Tax			-	-
(2) Deferred Tax	(245.05)	448.87	-1,621.14	1,793.57
<b>Profit / (loss) for the period</b>	92.18	(647.44)	<b>-2,005.86</b>	<b>-3,593.03</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss	(3.02)	0.38	-2.65	-49.21
Income tax relating to items that will not be reclassified to profit or loss	(0.59)	(0.12)	-1.06	-0.23
	(3.61)	0.26	<b>-3.71</b>	<b>-49.44</b>
<b>Total Comprehensive Income for the period</b>	88.57	(647.18)	<b>-2,009.57</b>	<b>-3,642.47</b>
<b>Earnings Per Equity Share</b>				
Basic (₹)	(1.54)	(647.18)	(1.54)	(4.53)
Diluted (₹)	(0.73)	(647.18)	(0.73)	(1.41)



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**Balance Sheet**

(Amount In Lacs)

Particulars	As at Current year ended March 31, 2019	As at Previous Year ended March 31, 2018
<b>Assets</b>		
<b>Financial Assets</b>		
Cash and Cash Equivalents	1,060.16	3,504.09
Bank Balance other than above	1.02	1.02
Loans	38,090.75	44,206.80
Investments	937.55	937.55
Other Financial assets	17.25	17.07
<b>Total</b>	<b>40,106.73</b>	<b>48,666.52</b>
<b>Non-financial Assets</b>		
Current tax assets (Net)	1,244.25	1,007.75
Deferred tax Assets (Net)	7,920.44	9,542.64
Property, Plant and Equipment	13.53	16.95
Other Intangible assets	13.29	15.82
Other non-financial assets	62.22	40.40
<b>Total</b>	<b>9,253.73</b>	<b>10,623.56</b>
<b>Total Assets</b>	<b>49,360.45</b>	<b>59,290.09</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
<b>Payables</b>		
<b>(I) Other Payables</b>		
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	299.27	367.34

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Debt Securities	15,747.80	15,736.06
Borrowings (Other than Debt Securities)	12,913.76	21,278.80
Other financial liabilities	6,546.89	6,079.99
<b>Total</b>	<b>35,507.72</b>	<b>43,462.19</b>
<b>Non-Financial Liabilities</b>		
Provisions	588.24	444.02
Other non-financial liabilities	46.57	156.39
<b>Total</b>	<b>634.81</b>	<b>600.40</b>
<b>EQUITY</b>		
Equity Share capital	19,940.09	7,935.77
Instruments Entirely Equity in Nature	7,503.80	17,508.12
Other Equity	(14,225.96)	(10,216.39)
<b>Total</b>	<b>13,217.92</b>	<b>15,227.50</b>
<b>Total Liabilities and Equity</b>	<b>49,360.45</b>	<b>59,290.09</b>



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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 April 15, 2019.
- The Non-convertible Bonds of the Company aggregating to Rs. 58.10 crore as at March 31, 2019 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 A3+ (SO)	CARE A2+ (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 3 Series 1 Tranche 1	17.00	5-Apr-18	-	5-Apr-19	28-Mar-2023	
Secured Option 2 Series 1 Tranche 1	41.10	5-Jun-18	-	5-Jun-19	23-Apr-2023	
Unsecured Option 2 Series 2	100.00	5-Jul-18	-	5-Jul-19	17-May-2023	
<b>Total</b>	<b>158.10</b>					

The Company has paid the interest on Bonds on due dates

**5. Analytical Ratios**

Ratios	As at March 31, 2019	As at March 31, 2018
Capital Adequacy Ratio	17.32	15.95
Earnings Per Share (EPS)	(1.54)	(4.53)
<b>NPA Ratios</b>		
a) Gross NPA/Net NPA(Times)	10.62	5.19
b) % of Gross NPA/Net NPA	1061.67%	518.69%
c) Return on Assets (PBT/Total Assets)	-0.48%	-5.98%
Debt Equity Ratio(Times)	2.17	2.43
Net Worth (Rs. In Lacs)	13217.92	15227.50



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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: April 15, 2019  
Place: New Delhi

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(i) Reconciliation of total comprehensive income for the year ended 31 March 2018

Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
<b>Revenue from operations</b>			
Interest Income	213,019,803	-	213,019,803
Dividend Income			
Rental Income			
Fees and commission income			
Net gain on fair value changes			
Net gain on derecognition of financial instruments under amortised cost category			
Discount and Service Charges	376,373,812	-	376,373,812
Application and Administration Charges	11,876,875	-	11,876,875
Others			
<b>Total Revenue from operations</b>	<b>601,270,490</b>	<b>-</b>	<b>601,270,490</b>
Other income	35,381,038	2,629,132	38,010,170
<b>Total Income (I+II)</b>	<b>636,651,528</b>	<b>2,629,132</b>	<b>639,280,660</b>
<b>Expenses</b>			
Finance Costs	448,558,195	1,555,767	450,113,962
Fees and commission expense			
Net loss on fair value changes			
Net loss on derecognition of financial instruments under amortised cost category			





Impairment on financial instruments			
Employee Benefits Expenses	52,653,463	75,066	52,728,529
Depreciation, amortization and impairment	863,929	-	863,929
Others expenses	679,589,470	(5,355,246)	674,234,224
<b>Total Expenses (IV)</b>	<b>1,181,665,057</b>	<b>(3,724,413)</b>	<b>1,177,940,644</b>
<b>Profit / (loss) before tax (III-IV)</b>	<b>(545,013,529)</b>	<b>6,353,545</b>	<b>(538,659,984)</b>
<b>Tax expense:</b>			
Current tax - current year	(179,665,493)	308,474	(179,357,019)
Current tax - earlier year			
Deferred tax			
<b>Profit / (loss) for the year</b>	<b>(365,348,036)</b>	<b>6,045,071</b>	<b>(359,302,965)</b>
<b>Other comprehensive income</b>			
<b>(i) Items that will not be reclassified to profit or loss (specify items and amounts)</b>			
- Fair value changes on FVTOCI - Equity securities	(1,745,752)		(1,745,752)
- Actuarial gain/(loss) on Defined benefit obligation	75,066		75,066
<b>(ii) Income tax relating to items that will not be reclassified to profit or loss</b>			
- Tax on Fair value changes on FVTOCI - Equity securities			
- Tax on Actuarial gain/(loss) on Defined benefit obligation			
<b>Subtotal (A)</b>	<b>23,195</b>	<b>(1,693,881)</b>	<b>23,195</b>
<b>(i) Items that will be reclassified to profit or loss (specify items and amounts)</b>			
- Fair value changes on FVTOCI - Debt securities			



(ii) Income tax relating to items that will be reclassified to profit or loss		
-Tax on Fair value changes on FVTOCI - Debt securities		
<b>Subtotal (B)</b>		
<b>Other comprehensive income (A + B)</b>	(1,693,881)	(1,693,881)
<b>Total comprehensive income for the period</b>	4,351,189	(360,996,847)
	(365,348,036)	

\*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note

(iii) Reconciliation of total equity as at 31 March 2018 and 1 April 2017

Particulars	As at 31st March 2018	As at date of transition 1st April 2017
<b>Total equity (shareholder's funds) as per previous GAAP</b>	<b>1,269,288,425</b>	<b>1,634,636,461</b>
<b>Adjustments:</b>		
0.10% Cumulative Redeemable Preference Shares classified as financial liability		
Incremental impact of expected credit loss provision on advances		
NCD classified as Equity Component of Financial Instruments		250,000,000
Income on non-performing Stage 3 assets		
Accretion of Interest expense at market rate on preferential rate borrowings		
Accretion of Interest expense on preference shares classified as financial liability		
Incremental impact of expected credit loss provision on investments		
Unrealised gain/(loss) on FVTPL securities		
Impact on Assets held for sale		
Fair Value of Investments	359,357	(359,357)
Upfront fees Adjustment using EIR	1,073,365	



FTIL (Interest capitalisation) reversal		
Exchange equalisation on Kfw loan - reversed		
Scheduled Caste Credit Guarantee Enhancement Scheme - upfront fees deferred		
EIR Ammortisation of bonds & G-Sec		
Dividend income in form of Bonus debentures - NTPC		
Incremental impact of expected credit loss provision on Trade receivables and other financial assets		
Deemed equity contribution on preferential rate borrowings		
Deemed equity contribution on 0.01% preference shares classified as financial liability		
Unrealised gain/(loss) on FVTOCI debt securities		
Unrealised gain/(loss) on FVTOCI equity securities		
Deferred tax impact on Ind AS adjustments	(331,670)	(1,216,106)
<b>Total adjustments on transition to Ind AS</b>	<b>1,101,052</b>	<b>252,360,155</b>
Net impact brought forward from Opening balance sheet	252,360,155	-
<b>Total equity as per Ind AS</b>	<b>1,522,749,633</b>	<b>1,886,996,616</b>





**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF IFCI FACTORS LIMITED**

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying Standalone Ind AS financial statements of **IFCI FACTORS LIMITED** ("the company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

**Management's Responsibility for the Standalone Ind AS Financial Statements**

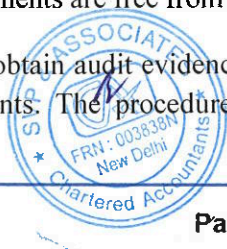
The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS 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 standalone Ind AS 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 thereunder.

We conducted our audit of these standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's



judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a 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 the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph, the aforesaid standalone Ind AS 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 March 2019 and its loss (including other comprehensive income) changes in equity and its cash flows for the year ended on that date.

### **Basis for Disclaimer of Opinion**

1. 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 ₹79.20 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.

2. 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 the significance of matters described in the basis for Disclaimer of Opinion paragraph, we are unable to express an audit opinion on the same.

### **Emphasis of Matter**

We draw attention to the following matters relating to borrowers' accounts:

1. Impact of IL&FS Financial Services Limited payment crisis debacle on IFCI Factors Limited on the Company's loan accounts having high risk exposure

- A. Exposure on IL&FS Transportation Networks Limited:



As per the information provided to us, the Company has sanctioned exposure on IL&FS Transportation Networks Ltd (as a debtor) in case of two accounts, GHV India Pvt Ltd and Oriental Structural Engineers Pvt Ltd (hereinafter referred to as "OSEPL"). The total sanction amount is ₹36 Crore till date. In the standalone Ind AS Financial Statements for the year ended 31 March 2019, the outstanding amount in case of OSEPL is Nil and in case of GHV is ₹17 Crores (approx.). In case of GHV India Pvt Ltd as a client the company has taken cash flow as a security from IRCON International Ltd which is a CARE AAA rated company. GHV India Pvt Ltd is CRISIL A rated. The risk has been sufficiently covered.

2. In our view, the following accounts of the Company appear to be High risk accounts:

A. Ind Swift Laboratories Limited

The Company has sanctioned exposure of ₹18 Crores in the company which had defaulted with all its bankers and public deposit schemes. The company has also defaulted with IFCI Limited.

The company was suffering losses since 2012, however the company is now generating sufficient profits to cover its financial obligations. For the 9 months ended 31 December 2018, the company has reported a net profit of ₹71.33 Crores (Source: moneycontrol.com)

B. Real Estate Industry Exposure

The Company has exposure in the real estate industry. Omaxe Ltd, Vatika Ltd, BPTP Ltd, Ganesh Housing Ltd and GTM Builders and Promoters Ltd are the clients having credit limits from the company. The real estate industry is struggling in the NCR region. Many clients like Jaypee, Amrapali, Lotus and 3C's have defaulted with banks and Financial institutions. The Company has exposure with real estate clients having long track record with them, but the risk is sufficiently covered.

C. Shriram Epc Limited

The account has been declared NPA by Axis Bank, Yes Bank, State Bank of India, ICICI Bank.

Our opinion is not modified in respect of this matter.

### Other Matters

We draw attention to the following other matters:

The list of total active clients has been analysed for their working and professional conduct. Though we have relied on the information provided by the Company w.r.t. the conduct of account with them, information has also been gathered from the public domain and other sources. Efforts have been made to update on the legal cases that IFL clients have been facing, that may impact the business and overall working of the clients and in a broader perspective may impact the right use of public money. The information will also help IFL management in making risk analysis of the portfolio and in taking steps going forward.

A. Cases for the cheque returns (against Section-138) have been filed/ongoing against the below mentioned clients

1. Ind swift Laboratories limited
2. Manoj Cables Ltd
3. Unilec Engineers Pvt Ltd

B. Other cases





1. BPTP Limited  
Against its contractor M/s Ahluwalia Contractors (I) Ltd, Cases have been filed under section 304 A (Causing death by negligence), Section 288 (Negligent conduct with respect to pulling down or repairing buildings) and Section 338 (Causing grievous hurt by act endangering life or personal safety of others) of the Indian Penal Code for the incident that happened at its construction site-located in Sector 94, Noida.
2. Omaxe Limited  
A Case in NCLT has been filed by the erstwhile Director of the Company, Mr. Sunil Goel against the promoter of Omaxe limited, Mr.Rohtash Goel.

### **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", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 Disclaimer of 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 Disclaimer of Opinion paragraph as required by law have been kept by the Company so far as it 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 (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - e) in our opinion, the aforesaid standalone Ind AS financial statements except for the possible effects of the matter described in the basis for Disclaimer of Opinion paragraph comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - f) the matter described under the Emphasis of Matter and Other Matter paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
  - g) on the basis of written representations received from the directors as on 31 March 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019, from being appointed as a director \* in terms of Section 164(2) of the Act;



- 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 “AnnexureB”;
- 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 the amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - iv. as per the 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 SVP & Associates*

*Chartered Accountants*

ICAI Firm Registration Number:  
003838N



**CA Tarun Kansal**

*Partner*

Membership No.: 084751



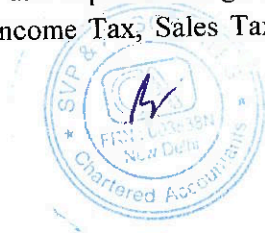
Place: New Delhi

Date: 15 April 2019

**ANNEXURE A 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, 2019**

- 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, 2013. 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, there are no loans, guarantees or securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable to the Company. The company has complied with the provision of section 186 of the Act with respect to the investments made.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as per the directions issued by the Reserve Bank of India from the public in accordance with relevant provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services/activities 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 31 March 2019 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 (₹ in Lakhs)	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 made the following Allotments:
- i. Allotment of 2,00,00,000 Equity Share of Rs 10/- each to IFCI Limited on Preferential basis on March 28, 2019.
  - ii. Allotment of 500 Optionally Convertible Debenture of Rs 5,00,000/- each to IFCI Limited on Preferential basis on March 6, 2019.



The requirement of section 42 of Companies Act, 2013 has been complied with.

- 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 dated 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 SVP & Associates*

*Chartered Accountants*

ICAI Firm Registration Number:  
003838N

**CA Tarun Kansal**

*Partner*

Membership No.: 084751



Place: New Delhi

Date: 15 April 2019

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS 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, 2019 in conjunction with our audit of the Ind AS standalone financial statements of the Company for the year ended on that date.

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

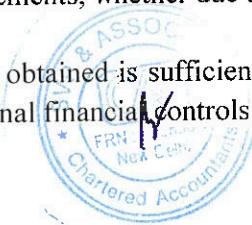
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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, 2019, 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 SVP & Associates*

*Chartered Accountants*

ICAI Firm Registration Number:  
003838N



**CA Tarun Kansal**

*Partner*

Membership No.: 084751



Place: New Delhi

Date: 15 April 2019



## 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 not having any Property.
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 Restructure/waiver/write off of debtors/loan/interest etc. as approved by the Board of Directors during the year ended 31 March 2019 are as follows:

S. No.	List of cases of write off/ waiver of debtors/loans/Interest During the financial year 2018-2019	Amount Involved (₹ in Crores)		
		Principal Waiver	Interest Waiver	Total Waiver
1	Sahney Associates	1.25	1.94	3.19
2	Maven Industries Limited	3.25	11.52	14.77
3	Maxx Moblink Private Limited	10.05	3.49	13.54
4	Bharath Salt Refineries Limited	1.46	0.85	2.31
5	Kalyani Engineering Works	2.18	7.27	9.45
6	Gangotri Iron & Steel Co. Limited	4.5	11.7	16.2
7	Evinix Industries Limited	0	10.14	10.14
8	Ind Swift Limited	4.5	4.54	9.04
9	Jakhau Salt Co. Private Limited	2.59	0.11	2.7
10	Krishna Ferro Products Limited	1.72	5.69	7.41
	<b>Total</b>	<b>31.5</b>	<b>57.25</b>	<b>88.75</b>

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 Government or other authorities.
4. According to information and explanations given to us and based on the information available, the company has well established IT system in place for processing of accounting transactions. The company has Trade Free system for recording factoring transactions and Oracle for term loan and Accounting entries. The company also has requisite maker checker concept in place for recording the transactions there will not be any dilution in the integrity of accounting transaction, if the transaction is processed outside the IT system.
5. According to information and explanations given to us and based on the information available, the Trial Balance of the company is generated from Oracle and the Balance Sheet is prepared on excel, the data are transported from oracle to excel, and further processing is done manually.



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 (except Critical Mass Multilink Limited), rescheduled and renegotiated loan and adequate provision has been created during the year.

*For SVP & Associates  
Chartered Accountants*

ICAI Firm Registration Number:  
003838N



**CA Tarun Kansal**  
*Partner*



Place: New Delhi

Date: 15 April 2019

Membership No.: 084751

The Corporate relationship Department  
BSE Limited  
1<sup>st</sup> Floor, New Trading Ring,  
Rotunda Building,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai- 400 001

Date: 15/04/2019

Dear Sir/Madam,

**DECLARATION IN RESPECT OF UNMODIFIED OPINION ON ANNUAL AUDITED  
FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019**

In terms of Notification No. SEBI/LAD-NRO/GN/2016-17/001 dated May 25, 2016 and Circular CIR/CFD/CMD/56/2016 dated 27<sup>th</sup> May, 2016 issued by Securities Exchange Board of India, we hereby confirm and declare that M/s. SVP & Associates, Statutory Auditor of the Company have issued an unmodified audit report on the Annual Audited Financial Results of the Company, on standalone for year ended 31<sup>st</sup> March, 2019.

We would appreciate if you could take the same on record and acknowledge receipt thereof.

Thanking you

Yours faithfully,

For IFCI Factors Limited,

  
Manish Jain  
Chief Financial Officer

**आई एफ सी आई फेक्टर्स 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

April 15, 2019

To,  
Mr. Mani Dev Sadh  
Company Secretary,  
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, 2019.**

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, are acting as a Debenture Trustee for the Secured/Unsecured, Redeemable, Taxable, Non-Convertible Bonds issue of Rs. 158.10 crores (Rs.100crs. + Rs.58.10 crs.) 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 Regulation 52(4) of SEBI (LODR) Regulations, 2015 as on March 31, 2019 dated April 15, 2019.
2. Credit rating letters (Brickwork rating & CARE rating) dated August 14, 2018 & March 04, 2019 respectively.

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**

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

Place: Mumbai