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

No. IFCI/CS/2020- 176.

July 2, 2020

The National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block, Bandra Kurla Complex
Bandra (East)
Mumbai – 400 051

CODE: IFCI

Dear Sir / Madam,

Sub: Disclosure of material impact of pandemic of Corona virus (Covid-19) under Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

With reference to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020 regarding advisory on disclosure of material impact of Covid-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the required information.

This is for your information and record please.

Thanking you,

Yours faithfully,

(Rupa Sarkar)
Company Secretary
Encl:a/a

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In Development of the Nation since 1948

DISCLOSURE OF MATERIAL IMPACT OF COVID-19 PANDEMIC

The impact of COVID-19 pandemic is having on the physical and financial performance of the company for the year 2019-20 was lesser as compared to the months of April and May 2020, as the nationwide Lockdown was announced only in the last week of the financial year 2020. The detailed safeguards taken during the present Covod-19 and continuing the business operations are articulated below

Impact of COVID- 19 on Business:

The catastrophe caused by the spread of the Corona Virus has crippled the entire world. The adverse impact on the businesses and economies across the globe is unparalleled. However, during all lockdowns since March 2020, as announced by the Central & State Governments to curb the rapid spread of the virus, IFCI Ltd has shown efficient adaptation and effective resilience to minimise the impact of this unforeseen and enormous business disruption. No critical business activity was disrupted and the Management ensured smooth functioning of all critical business activities during the last few months.

Initiatives undertaken during lockdown period:

In compliance with Government's direction to prevent the spread of Corona virus (COVID-19) and to ensure the health and safety of employees, associates and other stakeholders, the Company had started the system of Work from home for all the employees during lockdown. IT security was enhanced and capacity of IT systems increased. Employees working from home were provided with Laptop/ Desktop and internet connection with secured VPN access.

Steps taken to ensure smooth functioning of operations:

As NBFC activities were declared as essential activities in April 2020, after taking necessary approvals from the government authorities, the offices have been opened for senior officers and skeletal staff at lower levels as per the Govt. & Statutory guidelines from time to time. Further, permission of on-field visits at client's place is being provided after taking into account the magnitude of the COVID- 19 disease spread in the respective area of the client, subject to adherence to mandatory guidelines laid by the Statutory Authorities. All the discretionary expenses like travel and business promotion are curtailed.

The Company has taken necessary steps for ensuring safety and well-being of its human resources viz. undertaking proper and frequent sanitization, maintaining social distancing at every place, compulsory wearing of mask at all times, thermal screening of employees at the offices entrance and use of 'Arogya Setu App'.

Estimation of the future impact of CoVID-19 on its operations:

In the ambit of the prevailing Force Majeure conditions, the impact of the COVID-19 pandemic is presently not completely ascertainable and the same will depend on how quickly, the

country's economy recovers.

Impact on Capital and Financial Resources:-

As per the current assessment, there is no significant impact on the Company's capital and financial resources. The Company would be exploring the various options to strengthen the capital base, balance sheet, growth opportunities and to face COVID-19 led contingencies and events.

Profitability: -

The negative impacts of the COVID-19 pandemic will be reflected in the business revenues and profitability of the Company for the financial year 2020-21, based on the various policies and regulations dispensation likely to be given to industries and the level of the same cannot be ascertained at present.

Liquidity Position: -

As per Notification issued by RBI for COVID-19 regulatory package on March 27, 2020 and May 23, 2020, the option of moratorium has been offered to all the customers for instalments falling due between March 1, 2020 and August 31, 2020 due to which liquidity position has been adversely impacted. However, we feel that this is a temporary phase and that the Indian Economy should bounce back quickly. Further, at present, the Company has sufficient liquidity to meet its financial obligations. The surplus liquidity is deployed optimally keeping in view the principles of safety of capital and liquidity of investments in view of the volatility being experienced in both equity and debt markets.

Ability to service debt and other financing arrangements: -

In spite of tight liquidity position, our ability to service debts and other financial debt commitment has not been affected. In fact, on the contrary, as a prudent business decision, IFCI used the surplus liquidity to pre-pay some of the debt commitments in order to reduce the overall cost of borrowing.

Assets: -

On the asset side, the cash inflows on standard accounts has been impacted due to moratorium given to borrowers as per the dispensation permitted by the Reserve Bank of India (RBI). The recovery from non-performing assets has been subdued due to deferment of NCLT proceedings and low appetite for the purchase of stressed assets. However, the Management pragmatically reviews the liquidity position on a daily basis to ensure there is no asset liability mismatch.

Expected Credit Losses (ECL)

The Company has adopted Indian Accounting Standard from the financial year 31st March 2019. As per the said standards, the company is required to provide for the Expected credit

losses on its lending business. The Company expects increase in ECL due to extension of moratorium granted to its borrowers based on the regulatory requirements and impact of COVID 19 on the overall economy. The Company has taken into account impact of COVID-19 situation on the macro economic conditions in the estimates and assumptions while assessing the ECL. The present ECL on account of COVID- 19 pandemic are based on the assessment of current situation and the actual impairment loss could be different due to uncertainty over actual end of pandemic and restoration of normalcy.

Internal Financial Reporting and Control: -

There is no impact on internal financial controls due to the COVID-19 situation. The support functions have been the pillar of IFCI Ltd in these difficult times. The IT systems are robust ensuring smooth working of the staff from home when needed.

Disbursement of Loans: -

Disbursement of loan has been made to such borrowers who were identified and approved by the business team for granting term loan, prior to lockdown. The funds have been/are being transferred to such borrowers by availing the electronic money transfer facility of the Banks and accordingly, there has been no difficulty in transferring funds to them.

The Company's opinion on various matters as envisaged above are forward-looking statements which are based on certain assumptions, risks, uncertainties and expectations of future events. The actual results, performance or achievements can thus differ from those projected, depending on various factors over which, the Company does not have any direct control. We will continue to monitor any material changes to the future economic conditions and any changes in the estimates arising from the future events will be recognised in the respective period.

