No. IFCI/CS/2018- 568 July 27, 2018

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,

Re: Submission of Revised Auditor's Report on Consolidated Financial Statements of the Company for the FY 2017-18 along with the Statement of Impact on Audit Qualifications.

This is in continuation to the Letter No. IFCI/CS/2018-425 dated May 23, 2018 regarding submission of the Standalone and Consolidated Financial Results of the Company along with the Auditor's Reports thereon.

In this regard, we submit herewith the revised Auditor's Report on the Consolidated Financial Statements of the Company for the Financial Year 2017-18 along with the Statement of Impact of Audit Qualifications as **Annexure**.

This is to further state that there is no modifications in the Auditor's Report to the Standalone Financial Statements submitted earlier vide abovementioned Letter.

Thanking You

Yours faithfully
For IFCI Limited

(**Rupa Sarkar**)
Company Secretary

Encls: a/a

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सीआईएन: L74899DL1993GOI053677

1948 से राष्ट्र के विकास में

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CIN: L74899DL1993GOI053677

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ANNEXURE

KPMR
& ASSOCIATES
CHARTERED ACCOUNTANTS

Auditor's (Revised) Report on Consolidated Financial Results of IFCI Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with relevant SEBI circulars in this regard

To
The Board of Directors
IFCI Limited

1. We have issued an Auditor's Report on consolidated financial statements of IFCI Limited dated 23rd May 2018, the said report is now being revised as qualification and disclaimer of one of subsidiary Company's Auditors remained unreported in earlier report.
   Now this Revised Auditor Report is being issued on the consolidated financial statements dated 23rd May 2018.

2. We have audited the accompanying statement of Consolidated Financial Results of IFCI Limited ('the Company'), its subsidiaries (the Company, its subsidiaries constitute "the Group") and its share of the profit of its one associate for the year ended March 31, 2018, including the Notes thereon, ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   This information has been prepared on the basis of the related annual consolidated financial statements, which is the responsibility of the company's management. Our responsibility is to express an opinion on the Statement, based on our audit of the related annual consolidated financial statements, which have been prepared in accordance with the Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014, as applicable and other accounting principles generally accepted in India.

3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by the management. We believe that our audit provides a reasonable basis for our opinion.

4. We did not audit the financial statements of six subsidiaries and six step-down subsidiaries included in the consolidated annual results, whose consolidated annual financial statements reflect total assets of Rs. 3,255.55 crore as at March 31, 2018, total revenue of Rs. 778.50 crore and total profit after tax (net) of Rs. 50.70 crore, for the year ended March 31, 2018. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amount and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

5. The Statement includes the share of profit after tax of Rs 1.51 crore for the year ended March 31, 2018, as considered in the Statement, in respect of the associate, based on its unaudited financial statements.

KPMR & ASSOCIATES, Chartered Accountants
211, Delhi Chamber, Delhi Gate, New Delhi-110002
Tel : 91-11-23262425, 23269723 E-mail: kpmr.ca@gmail.com

Our opinion on the Statement, in so far as it relates to the amount and disclosures included in respect of this associate, is based solely on such unaudited financial statements.

6. The holding company holds investment in six companies to the extent of 20% or more of their respective total share capital and accordingly these companies are the associates of the holding company as per the Companies Act, 2013. For the reasons stated in the note no 2 of the Financial Results, these associates have not been consolidated in the preparation of the consolidated financial statements of the Group. Our report is not modified on the matter.

7. We draw attention to note no. 6 of the Financial Results related to litigation with the subsidiary company. Pending adjudication of the matter by the Honourable Supreme Court, in the opinion of the management, no provision or adjustment is required in the books of accounts of the subsidiary company. Our report is not modified in respect of this matter.

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in paragraph 3 above, the Statement:

   (i) include the results of the following entities:

   Subsidiaries: IFCI Financial Services Limited, IFCI Venture Capital Funds Limited, IFCI Infrastructure Development Limited, IFCI Factors Limited, Stock Holding Corporation of India Limited and MPCON Limited

   Step-down subsidiaries: IFIN Commodities Limited, IFIN Credit Limited, IFIN Securities Finance Limited, IIDL Realtors Private Limited, SHCIL Services Limited and Stockholding Document Management Services Ltd.

   Associates: KITCO Limited

   (ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

   (iii) give a true and fair view of the consolidated net loss and other financial information of the Group for the year April 1, 2017 to March 31, 2018, subject to the **qualified opinion and disclaimer reported by Statutory Auditors of one subsidiary company i.e. M/s IFCI Factors limited which are reproduced herein below:**

Basis of 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 31st 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 31st 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.

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

S. M. Yamin Qureshi
Partner
Membership No. 081750

Place: New Delhi
Date: July 12, 2018

Statement on Impact of Audit Qualifications

Consolidated Annual Audited Financial Results for the Financial Year ended March 31, 2018

1. Financial Impact of Audit Qualifications

(Rs. in crore)

S.NO	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	3514.84	3514.84
2.	Total Expenditure	2816.78	2832.32
3.	Net Profit/(Loss) before minority interest	(971.52)	(987.06)
4.	Earnings Per Share (₹)	(6.05)	(6.15)
5.	Total Assets	29818.19	29802.65
6.	Total Liabilities	24506.01	24506.01
7.	Net Worth	5312.18	5296.64

2. Audit Qualifications

The details of audit qualifications reported by our Statutory Auditors based on the report of Statutory Auditors of our subsidiary company i.e. M/s IFCI Factors limited are provided below:

Audit Qualification - 1

a. Details of Audit Qualification:

Basis for Qualified opinion

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 31st 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 31st March 2018 and its Loss and its cash flow for the year ended on that date.

b. Type of Audit Qualification: Qualified Opinion

c. Frequency of Qualification: First time

d. For Audit Qualification where the impact is quantified by the auditor, Management's view:
As per books of accounts of IFCI Factors Ltd, they have classified the cases as NPA on 31st December 2017 and accordingly 15% provision has been made as per their policy.

Audit Qualification - 2

a. Details of Audit Qualification:

Basis of Disclaimer of Opinion:
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.

b. Type of Audit Qualification: Disclaimer of opinion

c. Frequency of Qualification: First time

d. For Audit Qualification where the impact is not quantified by the auditor:

i) Management estimation on the impact of audit qualification – Impact not quantifiable.

ii) If management is unable to estimate the impact, reasons for the same: In the opinion of Management of IFCI Factors Limited, there is reasonable certainty of availability of future taxable income to realize the deferred tax assets.

iii) Auditors' Comment on (ii) above: We agree with the management comments.

(Dr. E S Rao)	(Prof. Arvind Sahay)	(Jhummi Mantri)	(S M Yamin Qureshi)
Managing Director & Chief Executive Officer	Audit Committee Chairman	General Manager & CFO	Partner M No 081750 KPMR & Associates Firm Reg. 02504N

Place: New Delhi
Dated: July 27, 2018