IFCI LIMITED

Performance Highlights for the Quarter/and 9 months ended December 31, 2017

Ladies and Gentlemen,

It is my pleasure to brief you on the financial results for the quarter and nine months period ended 31st December 2017. As you are all aware, the entire financial sector is under stress due to the burden of non-performing assets, significantly in the infrastructure and iron & steel sectors. IFCI is no exception in the financial sector and large amount of slippage in standard assets to non-standard assets in FY 2016-17 has impacted the operational income and the net earnings. However, the plus point is that slippages have more or less peaked in the June 2017 quarter and the company is gradually in the mode of coming out of the critical period. The efforts being made for recovery from the stressed & NPAs and divestment from strategic and project investments are likely to yield results in the near future. In this context, I would like to apprise you on the performance of our company for the 3rd quarter of the FY 17-18 year in brief as under:

Income and Profit

- There has been good improvement in the operational income in **Quarter 3 of FY-2018** at Rs.**627** crore, higher than Rs. 577 crore for Quarter 3 for FY - 2017.

- **Operational income for the first 9 months period though** declined to Rs.1,967 crore from Rs.2,162 crore in the similar period last year due to slippages of many standard assets during last quarter of FY 2017 and first Quarter of FY 2018, leading to reversal of un-realized interest income and non-recognition of post-NPA period interest and also due to pre-payment of some standard assets of about Rs.2,075 crore in this period.

- There was **operational profit** of Rs.116 crore in this 3rd quarter as against Rs. 41 crore in 3rd quarter of FY 2017. However on a prudential basis, due to higher provisions of Rs. 412 crore in the December 2017 quarter, compared to Rs 140 crore in December 2016 quarter, the current quarter ended with a net loss of Rs. 177 crore as against net loss of Rs. 45 crore in December 2016 quarter.

- The **net result** for 9 months ended December 2017 was loss of Rs. 442 crore compared to loss of Rs. 141 crore for 9 months ended December, 2016. However on prudential basis, the provision coverage ratio has been enhanced to 51.90% as on December 31, 2017 from 44.59% as on December 31, 2016.

- **Recovery** from NPAs during current 9 months was Rs.672 crore, substantially higher than Rs.159 crore in the corresponding period of last year. The emphasis on high NPA recovery continues and is likely to yield better results in coming quarters.

- **Net Interest Income** was positive at Rs.24.13 crore in Quarter 3 of FY - 2018, but minus Rs.24 crore in the 9 months period as against NII of Rs.52 crore in 9 months period of FY - 2017.

Important Ratios

- **Capital Adequacy Ratio** as at Dec.31, 2017 stood at 15.22%, above the minimum requirement prescribed by RBI, with Tier I Capital of 10.01%, above the minimum requirement of 10%.
- **Gross NPAs and Net NPAs** as at Dec.31, 2017 were at 35.8% and 26.5% respectively vis-à-vis 34.8% and 27.3% as at the end of immediate previous quarter, the ratios remained high mainly on account of reduction in the loan portfolio due to prepayments and relatively low credit offtake. The emphasis is for faster reduction in net NPAs through higher provisioning.

- **Debt Equity Ratio** for the 9 months period ended December 2017 was comfortable at 4.0, same level as on March 31, 2017.

Other Information

- **Sanctions and Disbursements** during April to December 2017 were higher at Rs.5,103 crore and Rs.3,411 crore respectively as against Rs.4,135 crore and Rs.1,570 crore respectively in the same period of previous year.

- Further, more than 75% of the new projects sanctioned were rated above investment grade, in "BBB" to "AAA" rating category.

- There is a business pipeline of above Rs 4,000 crore as on December 31, 2017, entire cases being rated investment grade of "BBB –" or above and in this pipeline 42% projects are rated A to AA.