

PREFACE

This Audit Report has been prepared under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971, as amended in 1984. The audit has been carried out in line with the Regulations on Audit and Accounts, 2007 and Performance Audit Guidelines, 2014 of the Comptroller and Auditor General of India.

The Report contains the results of Performance Audit on "Credit Risk Management" in IFCI Limited (formerly known as Industrial Finance Corporation of India). Sharp deterioration of Asset quality of IFCI in comparison to the Industry (Non-Deposit taking - Systematically Important Non-Banking Financial Companies) warranted a study of the existing system of credit appraisal, recovery mechanism in IFCI Limited and compliance with the General Lending Policy of IFCI as well as with the Guidelines of Reserve Bank of India. Audit examination covered credit appraisal during sanction of loans, security coverage, monitoring of the recovery of loans, write off of loans, classification of loan assets, investment in equity etc. Report highlights deficiencies in credit appraisal, sanction and disbursement of loan, non-compliance with General Lending policy of IFCI, Guidelines of RBI leading to increase of Non-performing assets as on 31 March 2016.

Audit wishes to acknowledge the co-operation received from the Ministry of Finance and IFCI Limited at each stage of audit process.

