

**IFCI FACTORS LIMITED**



**23<sup>RD</sup> ANNUAL REPORT**

**2017-18**

## Corporate Information

### Board of Directors

Mr. Emandi Sankara Rao	Chairman (Nominee of IFCI Ltd.)
Mr. Bikash Kanti Roy	Managing Director
Mr. Sachikanta Mishra	Nominee Director
Mr. Arvind Kumar Jain	Additional Director
Mr. Padmanabhan Raja Jaishankar	Additional Director
Ms. Madhushree Nanda Agarwal	Additional Director

### Registered Office

10<sup>th</sup> Floor, IFCI Tower,  
61 Nehru Place,  
New Delhi 110019

### Website & Email Id

[www.ifcifactors.com](http://www.ifcifactors.com)  
[manidevsadh@ifcifactors.com](mailto:manidevsadh@ifcifactors.com)

### Company Secretary

Mr. Manidev Sadh

### Chief Financial Officer

Mr. Manish Jain

### Statutory Auditors

Chandiwala Virmani & Associates  
Chartered Accountants, New Delhi

### Debenture Trustee

Vistra ITCL (India) Limited  
The IL&FS Financial Centre,  
Plot C- 22, G Block,  
Bandra Kurla Complex,  
Bandra (E), Mumbai 400051

### Bankers

Canara Bank  
Vijaya Bank  
Andhra Bank  
Dena Bank  
Union Bank of India

## NOTICE

**NOTICE** is hereby given that the Twenty-Third (23<sup>rd</sup>) Annual General Meeting of the Members of IFCI Factors Limited will be held on Monday, September 24, 2018 at 11:00 am at 10<sup>th</sup> Floor, IFCI Tower, 19, Nehru Place, New Delhi-110019 to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2018 and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Emandi Sankara Rao (DIN: 02842527), who retires by rotation and being eligible, offers himself for re-appointment.
3. To fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2018-19 as appointed by the Comptroller & Auditor General of India and to pass the following Resolution, with or without modification(s), as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139(5), 142 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company appointed by Comptroller and Auditor General of India for the Financial Year 2018-19, as may be deemed fit."

### SPECIAL BUSINESS

4. Appointment of Mr. Arvind Kumar Jain (DIN- 07911109) as a Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby given to the appointment of Mr. Arvind Kumar Jain (DIN 07911109), who was appointed as an Additional Director w.e.f. February 12, 2018 and who holds office as such upto the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from him proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

5. Appointment of Mr. Padmanabhan Raja Jaishankar (DIN 06711526) as a Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby given to the appointment of Mr. Padmanabhan Raja Jaishankar (DIN 06711526), who was appointed as an Additional Director w.e.f. November 7, 2017 and who holds office as such upto the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from him proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

6. Appointment of Ms. Madhushree Nanda Agarwal (DIN 08127682) as a Director of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby given to the appointment of Ms. Madhushree Nanda Agarwal (DIN 08127682), who was appointed as an Additional Director w.e.f. May 11, 2018 and who holds office as such upto the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from her proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

By Order of Board of Directors

August 24, 2018  
New Delhi

Manidev Sadh  
Manager & CS

IFCI Factors Limited  
Registered Office:  
10<sup>th</sup> Floor, IFCI Tower, 61,  
Nehru Place, New Delhi – 110019  
CIN: U74899DL1995GOI074649  
Phone: +91-11-41642805

Website: [www.ifcifactors.com](http://www.ifcifactors.com)

Email: [manidevsadh@ifcifactors.com](mailto:manidevsadh@ifcifactors.com)

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "AGM") is entitled to appoint a Proxy to attend and vote on a poll instead of himself and the Proxy need not be a member of the company. The instrument appointing the Proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of AGM. A person can act as a Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a Proxy for any other member
2. During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of Notice in writing is given to the Company.
3. All documents referred to in the accompanying Notice as well as the other documents as required under the provisions of the Companies Act, 2013 are open for inspection at the Registered Office of the Company during normal business hours on working days up to the date of this AGM. The Registers required to be maintained under Section 170 of the Companies Act, 2013, will be available for Inspection at the AGM.
4. Corporate members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified copy of their Board Resolution/s authorising their representative/s to attend and vote on their behalf at the AGM.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the AGM.
6. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members are hereby informed that pursuant to Section 124 of the then Companies Act, 2013, the Company is obliged to transfer any money lying in the Unpaid Dividend Account, which remains unclaimed or unpaid for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investors Education and Protection Fund "Fund") established by the Central Government under 124 of the Companies Act, 2013. Accordingly, the unclaimed dividend in respect of financial year 2010-11 is due for transfer to the said Fund in September 8, 2018. No claim shall lie against the Company or the Fund in respect of individual amounts of dividend remaining unclaimed or unpaid for a period of seven years and transferred to the Fund as aforesaid.
8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
9. Members are requested to kindly communicate immediately any change in their address, if any, to the Company Secretary at the Registered Office of the Company.
10. Members are requested to intimate to the Company any queries regarding the accounts/notices at least ten days before the AGM to enable the management to keep the information ready at the AGM.
11. Brief profile of Dr. Emandi Sankara Rao, Nominee Director, is also given in the Corporate Governance Report.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**ITEM No.4**

The Board of Directors at its meeting held on January 30, 2018 inducted Mr. Arvind Kumar Jain as Additional Director w.e.f February 12, 2018 on the Board of the Company. The Nomination and Remuneration Committee at its meeting held on August 24, 2018 recommended the appointment of Mr. Arvind Kumar Jain as Director liable to retire by rotation based on the nomination for his appointment as Director received from him.

The brief profile of Mr. Arvind Kumar Jain is given below

Mr. Arvind Kumar Jain has a rich experience of over 39 years in the Banking and Financial Sectors. He had served as Executive Director of Punjab & Sindh Bank from December 2015 to January 2017. While serving as Executive Director of the Punjab & Sindh Bank he was looking after all banking activities, Banks profitability, Capital Raising, Review of Business Processes, Risk Management, Treasury Management, Foreign Exchange, IT and Credit. Before joining Punjab & Sindh Bank he had worked with Oriental Bank of Commerce from May 1977 to December 2015 and held various positions upto Chief General Manager. As a CGM of OBC he headed the large Corporate Credit Department at Corporate Office & as General Manager headed the various verticals at Corporate offices such as Intergrated Treasury and International division, Mid Corporate Credit and C.M.D. Sectt., Merchant Banking Division, Investors Relation's etc.

None of the Director/Key Managerial Personnel of the Company/their relative are in any way concerned or interested, financially or otherwise in the resolution.

**ITEM No.5**

The Board of Directors inducted Mr. Padmanbhan Raja Jaishankar as Additional Director w.e.f. November 7, 2017 on the Board of the Company. The Nomination and Remuneration Committee at its meeting held on August 24, 2018 recommended the appointment of Mr. Padmanbhan Raja Jaishankar as Director liable to retire by rotation based on the nomination for his appointment as Director received from him.

The brief profile of Mr. Padmanbhan Raja Jaishankar is given below

Mr. P. R. Jaishankar is presently serving as Chief General Manager in IIFCL and Director IIFCL Projects Ltd. He has been looking after Infrastructure Project Finance, Take-out Finance, Credit Enhancement, development of Innovative products and Corporate Planning. He comes with a rich experience of over 28 years in the Development Banking and Financial Sectors with specialized exposure in Infrastructure, Mortgage and Capital markets domains with Top Management and Board Level roles. He is leading the initiative of setting up of a dedicated Credit Enhancement Company for the infrastructure sector, on behalf of IIFCL, pursuant to an

announcement in the Union Budget 2016-17. He has taken over the charge of Chairman (Board of trustee) of IAMCL from August 2017.

None of the Director/Key Managerial Personnel of the Company/their relative are in any way concerned or interested, financially or otherwise in the resolution.

#### **ITEM No.6**

The Board of Directors at its meeting held on May 11, 2018 inducted Ms. Madhushree Nanda Agarwal as Additional Director w.e.f May 11, 2018 on the Board of the Company. The Nomination and Remuneration Committee at its meeting held on August 24, 2018 recommended the appointment of Ms. Madhushree Nanda Agarwal as Director liable to retire by rotation based on the nomination for her appointment as Director received from her.

The brief profile of Ms. Madhushree Nanda Agarwal is given below

Ms. Madhushree Nanda Agarwal, She is an electrical engineer from VNIT, Nagpur, and an alumnus of XLRI, Jamshedpur, where she specialized in Business Management. She has completed the Fellow Programme from IIM Calcutta with a major in Organizational Behaviour and minor in Strategic Management. Her dissertation was in the area of Entrepreneurship and Management of New Ventures. She has five years of industry experience in the Indian IT industry, and seven years of teaching experience in areas of her academic interest, which include Organizational Design, Cross-Cultural Management, Creativity and Innovation, Entrepreneurship, and Management of Non-Profit Organizations.

None of the Director/Key Managerial Personnel of the Company/their relative are in any way concerned or interested, financially or otherwise in the resolution.

By Order of Board of Directors

August 24, 2018  
New Delhi

Manidev Sadh  
Manager & CS

IFCI Factors Limited  
Registered Office:  
10<sup>th</sup> Floor, IFCI Tower, 61,  
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Email: [manidevsadh@ifcifactors.com](mailto:manidevsadh@ifcifactors.com)

Information pursuant to Secretarial Standards 2, pertaining to Director seeking Re-appointment/Appointment:

Name	Dr. Emandi Sankara Rao	Mr. Arvind Kumar Jain	Mr. Padmanabhan Raja Jaishankar	Ms. Madhushree Nanda Agarwal
Date of Birth, Age	31/12/1960, 57	13/01/1957, 61	20/11/1965, 52	02/07/1968, 51
DIN No.	05184747	07911109	06711526	08127682
Qualifications	B.E., M. Tech , PGDBA, PhD	BSC(Hons), MSC(Statistics), L.L.B, CAIIB	B.E.,M.Tech, MBA	BE, PGDM
Date of first appointment on Board	01/09/2017	12/02/2018	07/11/2017	11/05/2015
Experience	Over 30 years in Financial Sector	39 years in the Banking & Financial Sectors	Over 29 Year experience in Financial Sector	5 years of industry experience in the Indian IT industry, and 12 years of teaching experience
Terms and condition of Appointment	Appointed as Nominee Director and Non-Executive Chairman	Appointed as Non-Executive, Non-Independent Director	Appointed as Non-Executive, Non-Independent Director	Appointed as Non-Executive, Non-Independent Director
No. of Meetings of the Board attended during FY 2017-18 (Attended/Held)	2/2	-	2/2	-
Other Directorships	IFCI Ltd., IFCI Venture Capital Funds Limited, Stock Holding Corporation of India Ltd.	IDBI Asset Management Limited, MICRO Units Development & Refinanceagency Ltd., ICAI Registered Valuers Organisation, RML Agtech Private Ltd.	IIFCL Projects Ltd.	-
Membership/ Chairmanship of Committees of other Boards	-	Independent Directors committee	-	-
Remuneration	-	-	-	-
Shareholding in the Company	-	-	-	-



**Form No. MGT-11**

**Proxy Form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

IFCI FACTORS LIMITED

CIN: U74899DL1995GOI074649

Registered Office: 10<sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

Website: www.ifcifactors.com Email: manidevsadh@ifcifactors.com

Name of the member (s):

.....

Registered address:

.....

E-mail Id: .....

Folio No/ Client Id:

.....

DP ID: .....

I/We, being the member (s) of ..... shares of the above named Company, hereby appoint:

1. Name:.....Address:.....

E-mail Id:.....Signature:.....or failing him;

2. Name:.....Address:.....

E-mail Id:.....Signature:.....or failing him;

3. Name:.....Address:.....

E-mail Id:.....Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company, to be held on the Monday, September 24, 2018 at 10<sup>th</sup> floor, IFCI Tower, Nehru Place, New Delhi at 11 am and at any adjournment thereof in respect of such resolution/s as are indicated below:

Resolution No.	Resolution/s Matter	Optional	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Financial Statements for the financial year ended March 31, 2018 and the report of Board of Directors and Auditors thereon.		
2.	Appointment of Dr. Emandi Sankara Rao, retiring by rotation		
3.	Fixing the Remuneration of the Statutory Auditors of the Company for the financial year 2018-19 as appointed by the Comptroller & Auditor General of India		
<b>Special Business</b>			
4.	Appointment of Mr. Arvind Kumar Jain (DIN- 07911109) as a Director of the Company		
5.	Appointment of Mr. Padmanabhan Raja Jaishankar (DIN 06711526) as a Director of the Company		
6.	Appointment of Ms. Madhushree Nanda Agarwal (DIN 08127682) as a Director of the Company		

Signed this ..... day of ....., 2018

Signature of Shareholder.....

Signature of Proxy holder(s).....

**Affix Revenue  
Stamp not less  
than Rs. 0.15**

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
  2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
- \* it is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Proxyholders may please carry their identity proofs while coming at the Annual General Meeting.

**IFCI Factors Limited**

CIN : U74899DL1995GOI074649

Registered Office: 10th floor IFCI Tower 61, Nehru Place, New Delhi – 110019

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**ATTENDANCE SLIP**

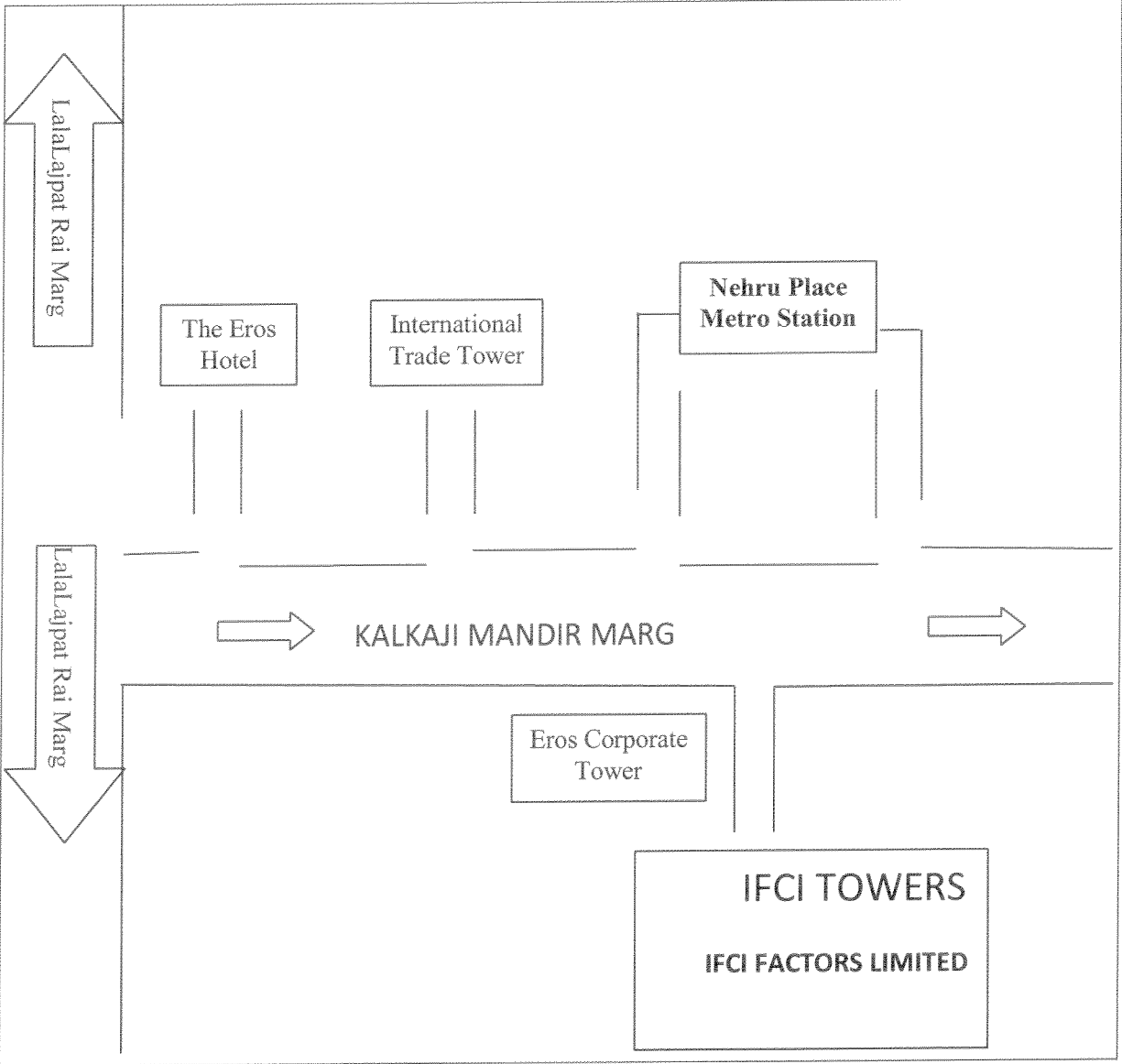
23<sup>rd</sup> Annual General Meeting held on Monday, September 24, 2018 at 11:00 am at 10<sup>th</sup> Floor, IFCI Tower 61, Nehru Place, New Delhi – 110019.

Name (IN BLOCK LETTERS)	
Address	
Registered Folio No. / Dp Id & Client Id	
Shareholder / Proxy/ Authorised Representative	
Mobile No	
E-Mail Id	

I/We hereby record my/our presence at the 23<sup>rd</sup> Annual General Meeting (AGM) of the Company being held on Monday, September 24, 2018 at 11:00 am at 10<sup>th</sup> Floor, IFCI Tower 61, Nehru Place, New Delhi – 110019.

.....  
Signature of Shareholder / Proxy / Authorised Representative

Route Map



Prominent Land Mark: Nehru Place Metro Station

## DIRECTORS' REPORT

### TO THE MEMBERS

The Board of Directors of your Company have pleasure in presenting the 23<sup>rd</sup> Annual Report of the Company together with the Audited Financial Statement for the year ended on March 31, 2018.

### Financial Results

The Financial Results of your Company for the year under review are summarized as under:

Particulars	(Rs. in lacs)	
	Year ended 31.03.2018	Year ended 31.03.2017
Total Income	6,366.52	8,310.53
Financial Charges	4,485.58	5,621.31
Personnel and Other Expenses	1,096.75	1,083.56
Profit / (Loss) Before Provisions & Write-Offs	784.19	1,605.66
Provisions & Write-Offs	6,234.32	5,816.95
Profit / (Loss) Before Tax	(5,450.13)	(4,211.29)
Provision for Taxation	-	-
Deferred Tax	(1,796.65)	(1,094.52)
Profit/ (Loss) After Tax	(3,653.48)	(3,116.77)
Appropriations:		
Profit / (Loss) Brought down from Balance Sheet	(11,893.11)	(8,776.34)
Profit / (Loss) carried to Balance Sheet	(15,546.59)	(11,893.11)

### State of affairs of the Company

Your Company is a major provider of factoring services in India. Your Company also offers Corporate Loan for a tenor of upto five years. The FY 2017-18 has been a tough year for your Company, witnessing a reduction in income coupled with fresh slippages, culminating in net losses. However, things have improved in the later half of the financial year and in Q4 your Company posted PAT after a spell of 8 (eight) quarters. Your Company has also registered no slippages in the same quarter. During the year under report, your Company earned an income of Rs. 63.66 crore, reported an operating profit of Rs. 7.84 crore and on account of provisioning and write-off reported a net loss after tax of Rs. 36.53 crore.

The Government of India has notified a total of one hundred and ninety six systematically important NBFCs (including the Company), as 'Financial Institution' under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). In terms of the same, Your Company has initiated action under SARFAESI Act in 6 accounts, viz. VNR Infrastructures Limited, Maxx Moblink Private Limited, Accurate Transformer Limited,

Archon Engicon Limited, KEW Industries Limited, MVL Industries Limited and took possession of the mortgaged assets. In the account of Maxx Moblink Private Limited, your Company has sold the mortgaged property for an amount of Rs. 5.13 Crore, through e-auction on March 12, 2018. Your Company is taking further steps for realisation from the mortgaged assets.

Your Company is now focusing upon standard factoring deals with quality debtors and has done away with riskier variants. At the same time your Company is also targeting MSME customers having acceptable risk profile having quality debtors.

In view of Insolvency and Bankruptcy Code (IBC), 2016 being enacted, your Company, foresee strengthening of recovery mechanism and reduction in NPAs. In terms of IBC, 2016 & on being invited to file claim, your Company has submitted its claim before the Resolution Professional / Liquidator in 9 cases having the Principal exposure of Rs. 111 crore. Your Company is taking steps to fall in line with IBC, 2016, taking care of interest beneficial to your Company. As on date, IFCI Ltd. holds 99.74% equity shareholding in your Company, making it a subsidiary Company of IFCI Ltd.

**Your Company has also secured a US dollar line of \$20 million from Exim Bank which would augment its Export Factoring business.**

#### **Certificate of Registration as NBFC-Factor**

Your Company holds a Certificate of Registration as NBFC-Factor issued by Reserve Bank of India and is a Non-Deposit taking Systemically Important NBFC Factor (NBFC-ND- SI-Factor).

#### **Dividend**

With regard to the performance of your Company for the period ended on March 31, 2018 and in view of the losses for the year, no dividend on Equity Shares has been recommended by the Board for the year ended March 31, 2018. In view of loss incurred by the Company, the dividend on 9% Compulsory Convertible Cumulative Preference Shares and 10% Compulsory Convertible Cumulative Preference Shares amounting to Rs. 45.29 crore till date stands accumulated to the next year.

#### **Transfer to Reserves**

Your Company has not transferred any amount to General Reserve in Financial Year 2017-18, as it has incurred a loss after tax of Rs. (36.53) crore.

#### **Capital Structure / alteration of Share Capital**

The capital structure of your Company is given as under :

##### Authorized Share Capital

20,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 200,00,00,000/-

20,00,00,000 Preference Shares of Rs. 10/-each aggregating to Rs. 200,00,00,000/-

Issued, Subscribed and Paid-up

7,93,57,700 Equity Shares of Rs. 10/- each aggregating to Rs. 79,35,77,000/-

7,50,38,000 9% Compulsory Convertible Cumulative Preference Shares of Rs. 10/- each aggregating to Rs. 75,03,80,000/-

10,00,43,160 10% Compulsory Convertible Cumulative Preference Shares of Rs. 10/- each aggregating to Rs.1,00,04,31,600/-

The Board of Directors on March 20, 2018 had extended the conversion period of 9% Compulsory Convertible Cumulative Preference Shares of Rs. 10/- each aggregating to Rs. 75,03,80,000/- into equity shares of the Company for further period of 2 years from the expiry of 3 years from the date of Allotment.

During the Financial Year 2017-18, there is no change in the Authorised Capital of your Company.

**Change in status of your Company**

There is no change in status of your Company, during the financial year ended 31 March, 2018.

**Directors and Key Managerial Personnel**

The Board of Directors of your Company consists of five Directors as on March 31, 2018, which includes four Non-Executive Directors and one Managing Director. In terms of the provisions of Section 152 of the Companies Act, 2013, Dr. Emandi Sankara Rao, Non-Executive Chairman, will retire by rotation at the Annual General Meeting and being eligible offers himself for reappointment at the ensuing Annual General Meeting. Mr. Bikash Kanti Roy has been appointed as Managing Director w.e.f April 02, 2018, in place of Mr. Samik Dasgupta, who ceased as Managing Director w.e.f the said date. Further, Ms. Madhushree Nanda Agrawal has been appointed as Director w.e.f May 11, 2018. During the year under review the change in the composition of Board of Directors are as follows:

- i) Mr. Shrawan Nigam, Mr. Ajoy Kumar Deb and Mr. Vinod Kumar Gupta, Independent Directors, ceased as Independent Directors w.e.f. April 01, 2017 on account of expiry of their tenure as Independent Director;
- ii) Mr. Samik Dasgupta was appointed as Managing Director w.e.f. April 19, 2017, in place of Mr. Satbir Singh w.e.f. said date;
- iii) Mr. Dileep Kumar Jain, ceased as Nominee Director w.e.f. June 07, 2017 on account of withdrawal of nomination by IFCI Limited, the holding Company;
- iv) Mr. Bikash Kanti Roy, was appointed as Nominee Director (Nominee of IFCI Limited, the holding Company) w.e.f. June 07, 2017 and ceased as Nominee Director w.e.f. December 14, 2017 on account of withdrawal of nomination by IFCI Limited, the holding company;
- v) Dr. Emandi Sankara Rao, was appointed as Chairman and Nominee Director w.e.f. September 01, 2017 and Mr. Sanjeev Kaushik, resigned as Chairman and Nominee Director

- w.e.f. said date on account of withdrawal of his nomination by IFCI Limited, the holding Company;
- vi) Mr. Rajib Shekhar Sahoo, ceased as Independent Director w.e.f. September 10, 2017 on account of expiry of his tenure as Independent Director;
  - vii) Mr. Padmanabhan Raja Jaishankar was appointed as Additional Director w.e.f. November 7, 2017;
  - viii) Mr. Sachikanta Mishra was appointed as Nominee Director (Nominee of IFCI Limited, the holding Company) w.e.f. December 14, 2017;
  - ix) Mr. Arvind Kumar Jain was appointed as Additional Director w.e.f. February 12, 2018; and
  - x) Mrs. Bandana Mukhopadhyay ceased as Independent Director w.e.f. March 12, 2018, on account of expiry of her tenure as Independent Director.

### **Nomination & Remuneration Policy**

In compliance with the provisions of section 178 of the Companies Act, 2013, read with Rules made thereunder, your Company has constituted the Nomination and Remuneration Committee and framed a Nomination and Remuneration Policy.

As Per Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs, the Government companies are exempted to comply with the provisions of sub section (2), (3) and (4) of Section 178 of the Companies Act, 2013. Your Company being a Government Company is not required to disclose the Nomination and Remuneration Policy and carry out the evaluation of every Director's performance.

### **Particulars of Employees**

As per Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs, the Government companies are exempted to comply with the provisions of Section 197 of the Companies Act, 2013, read with Rules made thereunder. Your company being a Government Company is exempted to include the requisite information as a part of Director's Report.

### **Contracts or arrangements with Related Parties**

The Related Party Transactions during the year have been disclosed in the note no. 32 to the Notes to Accounts and as per Form No. AOC-2. The Related Party Transactions were in the normal course of business and were carried out at arm's length basis. There were no materially significant Related Party Transactions during financial year 2017-18. The Policy on Related Party Transactions as approved by the Board of Directors and Form AOC-2 is enclosed as Annexure I. The said Policy is also uploaded on the website of your Company at [www.ifcifactors.com](http://www.ifcifactors.com).

### **Extract of Annual Return**

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 is enclosed as Annexure-II in the prescribed form MGT-9 and forms part of this Report and placed on the website at [www.ifcifactors.com/investors](http://www.ifcifactors.com/investors)



## **Corporate Social Responsibility (CSR)**

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, your Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures in this regard are given in Annexure III which forms part of this Report. Further, the details of composition of the Corporate Social Responsibility Committee and other details are also provided in the Corporate Governance Report which forms part of this report.

Since the Company has incurred losses in FY 2016-17 as well as in the previous two preceding years, the Company is not mandatorily required to undertake CSR activities and spending the amount thereby. During FY 2017-18, owing to continued losses being suffered by your Company, your Company has transferred Rs. 10 lac to IFCI Social Foundation to incur in CSR activity. In accordance with the Guidelines on CSR & Sustainability for CPSEs, issued by the Department of Public Enterprises, your Company has deferred the CSR expenditure of an aggregate amount of Rs.91,92,410/- (Rs.6,68,150/- required to be spent during the Financial Year 2016-17, Rs.32,49,348/- required to be spent during the Financial Year 2015-16 and Rs. 52,74,912, required to be spent during the Financial Year 2014-15).

## **Human Resource Development**

Your Company's people-centric focus provides an open work environment fostering continuous improvement and development of skills. During the year under report, your Company witnessed some attrition. As on March 31, 2018, your Company had thirty two employees on its roll vis-à-vis thirty five employees as on March 31, 2018.

## **Fixed Deposits**

During the financial year ended March 31, 2018, your Company has not accepted any deposits from the public.

## **Number of meetings of the Board**

The Board meets at regular intervals and the maximum interval between any two meetings did not exceed one hundred and twenty one days. The Board met four times in the Financial Year 2017-18 viz., on May 12, 2017, July 24, 2017, November 09, 2017 and January 30, 2018.

## **Composition of Audit Committee**

The details of composition of Audit Committee forms part of the Corporate Governance Report appearing separately in the Annual Report.

Your Directors would further like to inform that there has been no matter where the Board has not accepted recommendations of the Audit Committee.

## **Board Evaluation**

Performance evaluation of the Board, its Committees and individual Directors was carried out. Based on the feedback from the Directors, the performance was evaluated at the meeting of the Board. As per Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs, the Nomination and Remuneration Committee of Government Companies have been exempted from carrying out the Performance Evaluation. In view of the said exemption available, no evaluation was carried by Nomination and Remuneration Committee.

## **Disclosure as per Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013**

Your Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the Financial Year 2017-18, your Company has not received any complaints on sexual harassment.

## **Documents Placed on the Website at [www.ifcifactors.com/investors](http://www.ifcifactors.com/investors)**

The following documents have been placed on the website of the Company :

- i) Details of our contact information of Investor Grievance Officer
- ii) Details of unpaid dividend
- iii) Contact details of Debenture Trustees
- iv) Corporate Social Responsibility Policy
- v) Cessation of Directors
- vi) Financial Statements
- vii) Details of Vigil Mechanism for directors and employees
- viii) The terms and conditions of appointment of Independent Directors
- ix) The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- x) Related Party Transactions Policy
- xi) Policy on Sexual Harassment Of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013
- xii) Document Handling and Preservation Policy
- xiii) Code of Business Conduct and Ethics for Board and Senior Management
- xiv) Disclosures to the Stock Exchange

## **Independent Directors' Declaration**

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Sec 149 of the Companies Act, 2013.

### **Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013 ('Act'), the directors hereby confirm that:

- i) in the preparation of the annual accounts for the Financial Year 2017-18, the applicable accounting standards have been followed and there are no material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis;
- v) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly;
- vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
- vii) Pursuant to the provisions of the Companies Act, 2013, no fraud was reported by auditors of the Company during FY 2017-18.

### **Particulars of Loans, Guarantees and Investments**

As your Company is engaged in the business of financing Corporates in the capacity of being a Non-Banking Financial Company, therefore the provisions of Section 186 of the Companies Act, 2013 except for Sub-Section (1) are not applicable to your Company.

### **Internal Financial Control**

The Internal Financial Controls with reference to financial statements adopted by the Company are adequate and operating effective.

### **Secretarial Audit Report**

The Board of Directors of your Company appointed M/s. Poonam Ahuja & Associates, Practising Company Secretaries, to conduct the Secretarial Audit and their Report is enclosed as Annexure IV. The Observation made by the Secretarial Auditors in their Secretarial Audit Report for the Financial Year 2017-18 is that due to the expiry of tenure of Mr. Rajib Shekhar Sahoo and Mrs. Bandana Mukhopadhyay w.e.f September 10, 2017 and March 12, 2018 as Independent Directors, the Composition of Independent Directors thereafter was not in line with the requirement of Independent Directors as laid down under the Companies Act, 2013. The management response to the observation is that a request has been made by IFCI Ltd., Holding

Company to Ministry of Finance for the extension of tenures of Independent Directors or appointment of new Independent Directors in the Company and the response in respect of which is awaited.

### **Risk Management**

Your Company has in place approved Risk Management Policy wherein all material risks faced by your Company are identified and assessed. Further, Risk Management is overseen by the Risk Management Committee/Audit Committee on a continuous basis. The Committee oversees your Company's processes and policies for determining risk tolerance and reviews management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis.

### **Material changes and commitment affecting financial position of the Company**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year till the date of this report.

### **Vigil Mechanism**

Your Company has established a Vigil Mechanism for Directors and employees to report their genuine concerns to the appropriate authorities of any instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy and provides safeguards against victimization of employees who avail the mechanism. The policy permits all the Directors and employees to report their concerns directly to the Chairman of the Audit Committee of the Company. During the year under review, no instance of protected disclosure has been made to the designated authority and no employee was denied access to the Audit Committee. The details of the Whistle Blower Policy/Vigilance Policy are available on the website of your Company at [www.ifcifactors.com](http://www.ifcifactors.com).

### **Subsidiaries/ Joint Venture/ Associate**

Your Company does not have any subsidiary/ joint venture/ associate company.

### **Rating for Term Borrowings**

Your Company's borrowings have been assigned the following ratings by Credit Analysis & Research Ltd. (CARE) and Brickwork:

*Long-Term Bank Facilities	<u>CARE Rating</u> - Care BBB (SO); Negative [Triple B (Structured Obligation); Outlook: Negative]
*Short-Term Bank Facilities	<u>CARE Rating</u> - Care A2+ (SO) [A Two Plus (Structured Obligation)]

Long Term instruments (NCD)

CARE Rating- Care BBB-; Negative  
(Triple B Minus; Outlook: Negative)

Brickwork

BWR BBB ( Outlook: Stable)

\*backed by Letter of Comfort from IFCI Ltd.

### Statutory Auditors & Auditors' Report

The Comptroller and Auditor General of India had appointed M/s. Chandiwala Virmani and Associates (DE0155) (Firm Regd. No. 000082N), as Statutory Auditors of your Company for the Financial Year 2017-18. The qualifications made by the Statutory Auditors in the Independent Auditor's Report on the Financial Statements for the year ended March 31, 2018 and management replies thereon are as follows:

	<b>Qualifications</b>	<b>Management's Reply</b>
A.	<b><u>Basis for Qualified opinion</u></b>  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 31 <sup>st</sup> March,2018 was also qualified in respect of this matter.	The said account was identified as NPA on December 31, 2017 as per RBI Policy and 100% provisioning will be made after account classified as a doubtful assets i.e. December 31, 2018 (after 12 month from the date of NPA classification).
B.	<b><u>Basis of Disclaimer of Opinion</u></b>  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.	As per Accounting Standard 22, Para 15 "Except in the situations stated in paragraph 17, deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which

<p>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.</p> <p>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.</p>	<p>such deferred tax assets can be realized". When DTA is created due to Unabsorbed depreciation and unabsorbed losses only then virtual certainty supported by convincing evidence that sufficient future taxable income will be available, shall be the point of consideration. However in case of IFL DTA is due to timing differences other than unabsorbed depreciation and unabsorbed losses, and hence the point of consideration is whether there is REASONABLE CERTAINETY that sufficient future taxable income will be available against which such deferred tax assets can be realized. Company has approx. Rs.400 cr assets under recovery mechanism, which it hopes to recover in next 2-3years. The Company has recovered Rs.23 cr in FY 16-17 &amp; Rs.41.0 cr in FY 17-18 from NPA and expect to recover Rs.50 cr (approx.) in current financial year. IFL has been profitable on the Operating level i.e Profit before Provisions and write off. Major losses have been on account of Provisions only, the provisions are being made against the NPA. The Company has very much hope to turn around in next 1 to 2 years and will utilize the DTA in the next 3-5 years. For above reference the Company has submitted CMA copy to the statutory auditors.</p>
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Your Company has received no comments from the C&AG under Section 143 (6) of Companies Act, 2013 on the Financial Statements for the year ended March 31, 2018. The review report received from C&AG is enclosed as Annexure VI.

Comptroller and Auditor General of India (C&AG) had appointed M/s. SVP & Associates, Chartered Accountants (DE2217)(FRN:-003838N), as Statutory Auditors of your Company for the Financial Year 2018-19.

## **Corporate Governance**

The report on Corporate Governance is appended herewith is enclosed and forms part of the Annual Report.

## **Energy Conservation, technology absorption and foreign exchange earnings and outgo**

Since the Company does not own any manufacturing facility, the other particulars relating to conservation of Energy and Technology Absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable. During the year under review, there was no foreign exchange fluctuation Income and expenditure in foreign exchange was Rs. 18,93,586/-

## **Disclosure of significant or material orders passed by regulators or Court impacting the going concern status of the Company**

There has been no order passed by any Regulator or Court impacting the going concern status of the Company and Company's operations.

## **Secretarial Standards**

The Company is compliant with applicable Secretarial Standards.

## **Acknowledgement**

The Directors wish to convey their appreciation to all the business associates for their support and contribution during the year. The Directors would also like to thank the employees, shareholders, customers, suppliers, alliance partners and bankers for the continued support given by them to the Company and their confidence reposed in the management.

For and on behalf of the Board of Directors

Date : 24.08.2018  
Place : New Delhi

Bikash Kanti Roy  
Managing Director  
DIN: 02171876

Sachikanata Mishra  
Nominee Director  
DIN : 02755068

Address : 10th Floor, IFCI Tower  
61, Nehru Place,  
New Delhi 110019

**Annexure-I**

**Form AOC-2**

[pursuant to section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014]

1. Details of contracts or arrangements or transaction not at arm's length basis. - NIL
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of contracts/arrangements/transactions
  - (d) Salient terms of the contracts or arrangements or transactions including the value
  - (e) Justification for entering into such contracts or arrangements or transactions
  - (f) Date(s) of approval by the Board
  - (g) Amount paid as advances
  - (h) Date on which the special resolution was passed in the General Meeting as required under first proviso to Section 188
  
2. Details of material contracts or arrangements or transaction at arm's length basis. –  
There were no contracts or arrangements or transactions at arm's length basis which were material in nature.
  - (a) Name(s) of the related party and nature of relationship
  - (b) Nature of contracts/arrangements/transactions
  - (c) Duration of the contracts/arrangements/transactions
  - (d) Salient terms of the Contracts or arrangements or transactions including the value, if any.
  - (e) Date(s) of approval by the Board:
  - (f) Amount paid as advances

For and on behalf of the Board of Directors

Date : 24.08.2018  
Place : New Delhi

Bikash Kanti Roy  
Managing Director  
DIN: 02171876

Sachikanata Mishra  
Nominee Director  
DIN : 02755068

Address : 10th Floor, IFCI Tower  
61, Nehru Place,  
New Delhi 110019



## **Policy on Related Party Transactions**

### **Introduction**

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This Policy deals with the Related Party Transactions (RPTs) in terms of RBI guidelines, Companies Act, 2013 and other applicable laws prescribing for formulation of RPT Policy.

### **Definitions**

**"Associate Company"**, in relation to another company, means a company in which that other company has significant influence, but which is not a subsidiary company of the company having such influence and includes a Joint Venture company.

*Explanation-* For the purpose of this clause, "significant influence" means control of at least 20% of total share capital, or of business decisions under an agreement.

**"Arm's length transaction"** means transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

**"Audit Committee" or "Committee"** means "Audit Committee" constituted by the Board of Directors of the company, from time to time, under provisions of the Companies Act 2013 and RBI Guidelines.

**"Board of Directors" or "Board"** means the Board of Directors of IFCI Factors Ltd., as constituted from time to time.

**"Company"** means IFCI Factors.

**"Government Company"** means any company in which not less than fifty one percent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is subsidiary company of such a Government Company .

**"Independent Director"** means a director of the Company, as appointed in terms of Section 149 of the Companies Act 2013.

**"Key Managerial Personnel"** in relation to a company, means-

- (i) Chief Executive Officer or the Managing Director or the Manager;
- (ii) Company Secretary;
- (iii) Whole-time Director;
- (iv) Chief Financial Officer; and
- (v) Such other officer of the Company as may be prescribed by the Ministry of Corporate Affairs (MCA) from time to time.

**"Policy"** means Policy on Related Party Transactions

**(A) "Related Party" as per Companies Act 2013 & Rules made thereunder**

- i. a director or his relative;
- ii. a key managerial personnel or his relative;
- iii. a firm, in which director, manager or his relative is a partner;
- iv. a private company in which a director or manager or his relative is a member or director;
- v. a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- vii. any person on whose advice, directions or instructions a director manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

viii. any company which is :

- (a) a holding, subsidiary or an associate company of such company; or
- (b) a subsidiary of a holding company to which it is also a subsidiary;

ix. A director (other than Independent Director) or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party]

**(B) As per the provisions of Accounting Standard:**

**Related Party / Parties** are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

**"Relative"** with reference to any person, means anyone who is related to another, if-

- (i) They are members of a Hindu Undivided Family;
- (ii) They are husband and wife; or
- (iii) One person is related to the other in such manner as may be prescribed

**List of relatives as per Rule 4 of Companies (Specification of Definition Details) Rules, 2014**

A person shall be deemed to be relative of another, if he or she is related to another in the following manner, namely:-

1. Father including 'Step-Father'
2. Mother including 'Step-Mother'
3. Son including 'Step-Son' , Son's wife.

4. Daughter including 'Daughter's husband'
5. Brother including 'Step-Brother'
6. Sister including 'Step-Sister'

**"Related Party Transactions"** A Related Party Transaction is transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

**"Control"** as per Companies Act 2013 & Rules made thereunder and Accounting Standard:

**(A) With reference to the provisions of the Companies Act, 2013**

Control shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders' agreement or voting agreements or in any other manner.

**(B) With reference to the provisions of Accounting Standard**

Control has been defined as – (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or

(b) Control of the composition of the Board of Directors in the case of a Company or of the composition of the corresponding governing body in case of any other enterprise, or

(c) a substantial interest in voting and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

**"Joint Ventures"** – A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

## **Dealing with Related Party Transactions**

### **A. Approvals**

#### **I. Approval by Audit Committee**

All Related Party Transactions (including any subsequent modifications thereof) shall require approval of the Audit Committee of Directors. However, the Audit Committee of Directors may grant omnibus approval for the RPTs proposed to be entered into by the Company subject to the following conditions:

- i) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval.
- ii) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: - (a) repetitiveness of the transactions (in past or in future); (b) justification for the need of omnibus approval.

- a. The Audit Committee may grant the omnibus approval in line with the policy on Related Party Transactions of the Company.
- b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of Company.
- c. Such omnibus approval shall specify:
  - i. The name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
  - ii. The indicative base price/current contracted price and the formula for variation in the price if any, and
  - iii. Such other conditions as Audit Committee may deem fit.
- d. Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- f. Where the need for RPT cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

In the event of inadvertent omission to seek the approval of the Related Party Transaction in accordance with the Policy, the matter shall be reviewed by the Audit Committee.

## **II. Approval by Board of Directors**

Except with the consent of the Board of Directors given by a resolution at a meeting of the board, the Company shall not enter into any contract or arrangement with a related party with respect to :

- i. Sale, purchase or supply of any goods or materials;
- ii. Selling or otherwise disposing of, or buying, property of any kind;
- iii. Leasing of property of any kind;
- iv. Availing or rendering of any services;
- v. Appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and Related Party Transactions.

### ***Explanation-***

the expression "office or place of profit" means any office or place-  
Where such office or place of profit is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the

remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the Company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

vii. Underwriting the subscription of any securities or derivatives thereof, of the company:

**Provided that** nothing of the above shall apply to any transactions entered into by the Company in its ordinary course of business other than the transactions which are not on an arm's length basis.

(Ordinary Course of Business shall include those business which forms part of the Main Object of the Memorandum of Association of the Company)

### **III. Approval by Shareholders**

1. All the transactions which are in excess of the limits specified in Section 188 of the Companies Act, 2013 and which are not in the ordinary course of business & arm's length basis shall require approval of shareholders by way of Resolution.

However, transactions between two Government Companies are exempted from the aforesaid shareholders approval required under point no.1 above.

2. No Member of the Company shall vote on such Resolution to approve any contract or arrangement which may be entered into by the Company, if such member is a related party. The Related Party here refers to such Party as may be Related Party in the context of the contract or arrangement for which the approval is required.

However, the following are exempted from compliance of point no.2 above :

- (i) Transactions between two Government Companies ; and
- (ii) Transactions between a holding company and its wholly owned subsidiary company whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

## Identification of Potential Related Party Transactions

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### Identification of Potential Related Party Transactions

- i. Each director and Key Managerial Personnel shall be responsible for giving notice to the Company about any potential RPTs, he/she may be interested.

### Pre-requisites for entering into Potential Related Party Transactions

#### A. Audit Committee / Board Level Pre-requisites

The Company shall enter into any contract or arrangement with a related party subject to the following conditions, namely:-

The agenda of the Board/ Audit Committee Meeting, as the case may be, at which the resolution is proposed to be moved shall disclose-

- i) The name of the related party and nature of relationship;
- ii) The nature, duration of the contract and particulars of the contract or arrangement;
- iii) The material terms of the contract or arrangement including the value, if any;
- iv) Any advance paid or received for the contract or arrangement, if any;
- v) The manner of determining the pricing and commercial terms, both included as part of contract and not considered as part of the contract;
- vi) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
- vii) And other information relevant or important for the Board to take a decision on the proposed transaction.

Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

#### B. Shareholders' Level Pre-requisites

For the approval of shareholders, a notice calling the General Meeting will be sent along with the explanatory statement to the Shareholders.

The Explanatory Statement to be annexed to the notice of a General Meeting convened for approval of the RPTs shall contain the following particulars, namely:-

- Name of the Related party;
- Name of the Director or Key Managerial Personnel who is related, if any;
- Nature of relationship;

Nature, material terms, monetary value and particulars of the contract or arrangement;  
Any other information relevant or important for the members to take a decision on the proposed resolution;

### **Transactions not previously approved**

In the event the Company becomes aware of an RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practicable before the Audit Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Audit Committee or the Board shall consider all relevant facts and circumstances regarding such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction, and the Company shall take such action as the Audit Committee / the Board deems appropriate under the circumstances.

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### **Disclosure Requirements**

#### **A. Disclosure by Board of Directors**

Every Director shall at the first Meeting of the Board in which he participates as a Director and thereafter at the first Meeting of the Board in every Financial Year or wherever there is any change in the disclosures already made, then at the first Board Meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firm, or other association of individuals which shall include the shareholding.

#### **B. Disclosure on Website**

The Company shall disclose the policy on Related Party Transactions on its website and a web-link shall be provided in the Annual Report.

#### **C. Disclosure in Board's Report**

Every contract or arrangement entered into by the Company under Section 188(1) of the Companies Act, 2013 requiring Board's and Company's subsequent approval by way of Resolution shall be referred to in the Board's Report to the shareholders along with the justification for entering into such contract or arrangement.

### **Non-approval or Related Party Transactions/Violation of Provision related to Related Party Transactions**

i. Where any contract or arrangement is entered into by a director or a KMP, without obtaining the consent of the Board or approval by a resolution in the general meeting as required and if it is not ratified by the Board or, as the case

may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement shall be voidable at the option of the Audit Committee / Board.

ii. Without prejudice to anything in the above para, it shall be open to the Company to proceed against a director or a KMP any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

For and on behalf of the Board of Directors

Date : 24.08.2018  
Place : New Delhi

Bikash Kanti Roy  
Managing Director  
DIN: 02171876

Sachikanata Mishra  
Nominee Director  
DIN : 02755068

Address : 10th Floor, IFCI Tower  
61, Nehru Place,  
New Delhi 110019



## ANNEXURE-II

## FORM MGT-9

Extract of Annual Return as on the financial year ended on 31 March, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

SI. No.	Particulars	Details
1.	CIN	U74899DL1995GOI074649
2.	Registration Date	14 December, 1995
3.	Name of the Company	IFCI Factors Limited
4.	Category / Sub-Category of the Company	Company limited by Shares/Government Company
5.	Address of the Registered office and contact details	10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019. Tel: 91 11 4164 2805  Fax: +91-11-4652 1435-36  email: <a href="mailto:manidev.sadh@gmail.com">manidev.sadh@gmail.com</a>
6.	Whether listed company Yes / No	Yes (Debentures of the Company are listed)
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, is providing electronic connectivity for the securities of the Company.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

SI. No	Name and description of main products / services	NIC code of the product/ service	% to total turnover of the Company
1.	Factoring	64990	60.98%
2.	Corporate Loans	64920	39.02%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S.No	Name and address of the company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	IFCI limited	L74899DL1993GOI053677	Holding Company	99.89%	2(46) of the Companies Act, 2013

**IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)**

**I. Category-wise shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.Promoters</b>	-	-	-	-	-	-	-	-	-
<b>(1)Indian</b>	-	-	-	-	-	-	-	-	-
a)Individual/HUF	8	-	8	0.00	8	-	8	0.00	-
b)Central Govt.	-	-	-	-	-	-	-	-	-
c)State Govt.	-	-	-	-	-	-	-	-	-
d)Bodies Corporate	-	-	-	-	-	-	-	-	-
e)Bank/FI	7,91,54,692	-	7,91,54,692	99.74	7,91,54,692	-	7,91,54,692	99.74	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A)</b>	7,91,54,700	-	7,91,54,700	99.74	7,91,54,700	-	7,91,54,700	99.74	-
<b>(1)</b>									
<b>(2)Foreign</b>									
a)NRIs-Individuals	-	-	-	-	-	-	-	-	-

b)Other Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-
d)Banks/FI	-	-	-	-	-	-	-	-	-
e)Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A) (2)</b>	7,91,54,700	-	7,91,54,700	99.74	7,91,54,700	-	7,91,54,700	99.74	-
<b>B.PUBLIC SHAREHOLDING</b>									
(1)Institutions	-	-	-	-	-	-	-	-	-
a)Mutual Funds	-	-	-	-	-	-	-	-	-
b)Banks/FI	-	-	-	-	-	-	-	-	-
c)Central Govt.	-	-	-	-	-	-	-	-	-
d)State Govt.	-	-	-	-	-	-	-	-	-
e)Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)Insurance Companies	-	-	-	-	-	-	-	-	-
g)FIIs	-	-	-	-	-	-	-	-	-
h)Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)Other Specify	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B) (1): (2)Non Institutions</b>	-	-	-	-	-	-	-	-	-
a)Bodies Corporate	-	90,000	90,000	0.11	-	90,000	90,000	0.11	-
i)Indian	-	-	-	-	-	-	-	-	-
ii)Overseas	-	-	-	-	-	-	-	-	-

b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	5,000	75,000	80,000	0.10	5,000	75,000	80,000	0.10	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	33,000	-	33,000	0.04	33,000	-	33,000	0.04	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B) (2):</b>	38,000	1,65,000	2,03,000	0.25	38,000	1,65,000	2,03,000	0.25	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	38,000	1,65,000	2,03,000	0.25	38,000	1,65,000	2,03,000	0.25	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	7,91,92,700	1,65,000	7,93,57,700	100	7,91,92,700	1,65,000	7,93,57,700	100	-

## II. Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	% change in share holding during the year
IFCI Limited*	7,91,54,700	99.74%	-	7,91,54,700	99.74%	-	-
Total	7,91,54,700	99.74%	-	7,91,54,700	99.74%	-	-

\*Including 8 shares held by nominees of IFCI Ltd.

**III. Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
i.	At the beginning of the year	7,91,54,700	99.74%	No change	
ii.	Date wise Increase/Decrease In Promoters Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment/ Transfer/bonus/sweat equity etc)	-	-	No change	
iii.	At the end of the year	7,91,54,700	99.74%	No change	

**IV. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2017		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Puri Constructions Pvt Ltd.	90000	0.11	Nil	Nil	90000	0.11
2.	Mr. Brij Kapoor	33000	0.04	Nil	Nil	33000	0.04
3.	Mr. Sushant Chabra	10000	0.01	Nil	Nil	10000	0.01
4.	Mr. GP Singh	10000	0.01	Nil	Nil	10000	0.01
5.	Mr. Vijay Roop Chand	10000	0.01	Nil	Nil	10000	0.01
6.	Mr. Daljit Singh	10000	0.01	Nil	Nil	10000	0.01
7.	Mrs. Deep Kaur	10000	0.01	Nil	Nil	10000	0.01
8.	Mr. Sanjay Kumar	5000	0.01	Nil	Nil	5000	0.01
9.	Mr. Amit Vadhera	5000	0.01	Nil	Nil	5000	0.01
10.	Mr. A.K. Mehta	5000	0.01	Nil	Nil	5000	0.01
11.	Mr. Bal Krishna Jaggi	5000	0.01	Nil	Nil	5000	0.01
12.	Mr. Rishi Talwar	5000	0.01	Nil	Nil	5000	0.01

**V. Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Nil	Nil	Nil	Nil
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

**VI. Indebtedness:**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (01.04.2017)</b>				
i) Principal Amount	3,268,462,064	1,250,000,000	-	4,518,462,064
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	83,390,496	75,747,935	-	159,138,431
<b>TOTAL (i+ii+iii)</b>	<b>3,351,852,560</b>	<b>1,325,747,935</b>	<b>-</b>	<b>4,677,600,495</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	562,896,370	-	-	562,896,370
Exchange Difference	-	-	-	-
<b>Net Change</b>	<b>(562,896,370)</b>	<b>-</b>	<b>-</b>	<b>(562,896,370)</b>
<b>Indebtedness at the end of the financial year (31.03.2017)</b>				
i) Principal Amount	2,708,879,958	1,250,000,000	-	3,958,879,958
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	80,076,232	75,747,935	-	155,824,167
<b>TOTAL (i+ii+iii)</b>	<b>2,788,956,190</b>	<b>1,325,747,927</b>	<b>-</b>	<b>4,114,704,125</b>

## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sr. No	Particulars of Remuneration		Mr. Satbir Singh (Managing Director)*	Mr. Samik Dasgupta (Managing Director)*
1	Gross Salary			
	1(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	198,336	2,903,592
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	812,314
	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	15,634
2	Stock Option		-	-
3	Sweat Equity		-	-
4	Commission		-	-
	-as a % of profit		-	-
	-others (specify)		-	-
5	Others, please specify : Retirement Benefits		-	-
	<b>Total</b>		<b>198,336</b>	<b>3,731,540</b>

\*Mr. Samik Dasgupta appointed as Managing Director and Mr. Satbir Singh ceased as Managing Director w.e.f April 19, 2017, the Remuneration was paid by way of reimbursement to IFCI Ltd., the holding Company.

### B. Remuneration to other directors:

(Amount in Rs.)

S No.	Name of the Directors	Fee for attending board/ committee meetings	Commission	Total
1.	Dr. Emandi Sankara Rao	-	-	-
2.	Mr. Sachikanta Mishra	-	-	-
3.	Mr. Arvind Kumar Jain	-	-	-
4.	Mr. Padmanabhan Raja Jaishankar	61,500	-	61,500
5.	*Mr. Dileep Kumar Jain	57,000	-	57,000
6.	Mr. Sanjeev Kaushik	-	-	-
7.	*Mr. Bikash Kanti Roy	37,500	-	37,500
8.	Mr. Rajib Sekhar Sahoo	61,500	-	61,500
9.	Mrs. Bandana Mukhopadhyay	265,500	-	265,500

\*Sitting fees is being paid to IFCI Ltd.

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :**

(Amount in Rs.)

Sr. No	Particulars of Remuneration		Key Managerial Personnel	
			Company Secretary (CS) Mr. Samir Raheja*	Chief Financial Officer (CFO) Mr. Manish Jain
1.	Gross Salary			
	1(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	617,190	1,094,158
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	245,001	280,676
	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option		-	-
3	Sweat Equity		-	-
4	Commission		-	-
	-as a % of profit		-	-
	-others (specify)		-	-
5	Others, please specify : Retirement Benefits		-	-
	<b>Total</b>		<b>862,191</b>	<b>1,374,834</b>

\*Mr. Samir Raheja resigned as Company Secretary w.e.f October 24, 2017

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

For and on behalf of the Board of Directors

Date : 24.08.2018

Place : New Delhi

Bikash Kanti Roy  
Managing Director  
DIN: 02171876

Sachikanata Mishra  
Nominee Director  
DIN : 02755068

Address : 10th Floor, IFCI Tower  
61, Nehru Place,  
New Delhi 110019



## **CORPORATE SOCIAL RESPONSIBILITY**

### **CORPORATE SOCIAL RESPONSIBILITY POLICY - OVERVIEW**

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: <http://www.ifcifactors.com/investors.html>.

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, the Company shall undertake the Corporate Social Responsibility Activities as defined under the Schedule VII to the Act.

The main objectives of CSR Policy are:

- (i) To directly or indirectly take up programs that benefit the communities in and around its workplace and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
- (ii) To generate through its CSR initiatives, a community goodwill for your Company and help reinforce a positive & socially responsible image of your Company as a corporate entity and as a good Corporate Citizen.
- (iii) Ensure commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders.

The terms of reference of the CSR Committee is as under:

- (i) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of Companies Act, 2013;
- (ii) To recommend the amount of expenditure to be incurred on the activities referred to in clause (i) above; and
- (iii) To monitor the Corporate Social Responsibility Policy of the company from time to time.

### **Composition of CSR Committee**

Members of the committee as on March 31, 2018\* are:

Mr. Sachikanta Mishra, Noninee Director, Member  
Mr. Samik Dasgupta, Managing Director as Member

\*The Composition of CSR Committee in the CSR meeting held on January 30, 2018

Mrs. Bandana Mukhopadhyay, Independent Director as Chairperson (Ceased as Independent Director due to expiry of her tenure w.e.f. March 12, 2018)  
Mr. Sachikanta Mishra, Nominee Director as Member  
Mr. Samik Dasgupta, Managing Director as Member

### 3. Average Net Profit of the Company for last three financial years

The Average Net Profit in accordance with the provisions of Section 198 of the Companies Act, 2013 read with rules made thereunder for the immediately three preceding years is Rs. (29,613,979)/-

### 4. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above):

Rs. (592,280)/-

### 5. Details of CSR Activities/Projects undertaken during the year:

#### a. Total amount to be spent for the financial year:

Rs. 1,01,92,410/- (including Rs. 6,68,150/- required to be spent during the Financial Year 2016-17, Rs.32,49,348/- required to be spent during the Financial Year 2015-16 and Rs. 62,74,912, required to be spent during the Financial Year 2014-15)

#### b. Amount unspent, if any: Rs. 91,92,410/-\* (including Rs. 6,68,150/- required to be spent during the Financial Year 2016-17, Rs.32,49,348/- required to be spent during the Financial Year 2015-16 and Rs. 52,74,912, required to be spent during the Financial Year 2014-15)

#### c. Manner in which the amount spent during the financial year:

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others 2. Specify the state and district where project/ Programme was undertaken	Amount outlay (budget) project or Programme wise (in Rs.)	Amount spent on the project/ programme 1.Direct expenditure on project or programmes 2.Overheads (in Rs.)	Cumulative expenditure upto to the reporting period (in Rs.)	Amount spent: Direct/ through implementing agency
1.	Rashriya Gramin Vikas Nigam(RGVN)- Construction of Toliets in the States of Bihar, Jharkhand, UP and Odisha under Swachhta Action Plan GOI	Other Welfare elements: Activity is covered under clause (i) of Schedule VII u/s 135 of Companies Act, 2013	1. Others 2. Bihar, Jharkhand, UP and Odisha	10,00,000	Nil*	Nil*	Implementing Agency, IFCI Social Foundation

\*During the FY 2017-18, the CSR expenditure of Rs. 10 lac was transferred by the Company to IFCI Social Foundation and the IFCI Social Foundation had allocated the CSR amount to the project mentioned above but has not spent the amount as on March 31, 2018, since the amount will be spent by them on achieving their targeted milestone.

**In case the Company has failed to spend the two per cent of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Boards' Report**

As the Company has incurred losses in FY 2016-17 as well as in the previous two preceding years, the Company is not mandatorily required to undertake CSR activities and spending the amount thereby. During the FY 2017-18, the Company has transferred Rs. 10,00,000 to IFCI Social Foundation to incur in CSR activity, in compliance with the CSR & Sustainability Guidelines issued by the Department of Public Enterprises, the Company has deferred CSR expenditure of Rs. 91,92,410 /-(including Rs. 6,68,150/- required to be spent during FY 2016-17, Rs. 32,49,348/- required to be spent during FY 2015-16 and Rs. 52,74,912/- required to be spent during FY 2014-15).

Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Arvind Kumar Jain, Chairman and Mr. Bikash Kanti Roy, Member of CSR Committee, do hereby confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

Date : 24.08.2018  
Place : New Delhi

Bikash Kanti Roy  
Managing Director  
DIN- 02171876

Arvind Kumar Jain  
Chairman of the CSR Committee  
DIN- 07911109

Address : 10th Floor,  
IFCI Tower  
61, Nehru Place,  
New Delhi 110019

FORM NO. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

**[Pursuant to section 204(1) of the Companies Act, 2013]  
[Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

The Members

**IFCI Factors Limited**

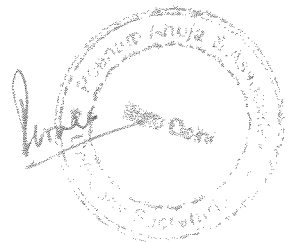
IFCI Tower, 10th Floor  
61, Nehru Place  
New Delhi- 110 019

We have conducted the Secretarial Audit, for the financial year starting from 1<sup>st</sup> April 2017 to 31<sup>st</sup> March, 2018 (hereinafter called the Audit Period), of the compliance of applicable statutory provisions and the adherence to good corporate practices by IFCI Factors Limited CIN: **U74899DL1995GOI074649** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of IFCI Factors Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **IFCI Factors Limited** for the financial year ended on **31<sup>st</sup> March, 2018**, according to the provisions of:

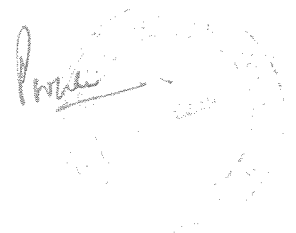
- (i). The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: (Not Applicable to the Company during the Audit Period)
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:-



- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. (Not Applicable to the Company during the Audit Period);
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (Not Applicable to the Company during the Audit Period);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. (Not Applicable to the Company during the Audit Period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable to the Company during the Audit Period);
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);
- i. Listing Agreement for Debt Securities and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- j. Other laws specifically applicable to the Company:
  - i. Guidelines Issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India for Central Public Sector Enterprises (CPSE) i.e. DPE Guidelines;
  - ii. The Factoring Regulation Act, 2011;
  - iii. Secretarial Standards issued by The Institute of Company secretaries of India ;and
  - iv. All the relevant Circulars and guidelines of Reserve Bank of India applicable to the Company.

During the period under review and as per the explanations and clarifications given to us and the representations made by the management, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to following Observations:

Due to the expiry of tenure of Mr. Rajib Shekhar Sahoo and Mrs. Bandana Mukhopadhyay w.e.f September 10, 2017 and March 12, 2018 as Independent Directors, the Composition of Independent Directors thereafter was not in line with the requirement of Independent Directors as laid down under the Companies Act, 2013 .

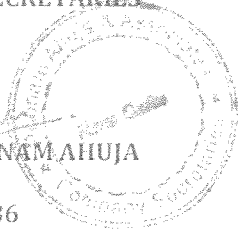


**We further report that:**

- (i). The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors except Independent directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- (ii). Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to Directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- (iii). Majority decisions are carried out with the unanimous consent, so therefore dissenting members' views are not required to be captured and recorded as part of the minutes; and
- (iv). There are adequate systems and processes in the Company, commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**FOR POONAM AHUJA & ASSOCIATES  
COMPANY SECRETARIES**

  
Dr. (CS) POONAM AHUJA  
FCS No. 4705  
C. P. No.: 6586



Date: 17<sup>th</sup> July, 2018  
Place: New Delhi

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.


'Annexure A'

The Members  
**IFCI Factors Limited**  
10<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi - 110019

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management.

FOR POONAM AHUJA & ASSOCIATES  
COMPANY SECRETARIES

  
Dr. (CS) POONAM AHUJA  
FCS No. 4705  
C. P. No.: 6586

Date: 17<sup>th</sup> July, 2018  
Place: New Delhi



Annexure-V  
संख्या / No. : MABD/CAD-II/17-1/2018-19/116  
भारतीय लेखा तथा लेखापरीक्षा विभाग  
कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा  
एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-II,  
नई दिल्ली  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
OFFICE OF THE DIRECTOR GENERAL OF  
COMMERCIAL AUDIT & EX-OFFICIO MEMBER,  
AUDIT BOARD - II, NEW DELHI

दिनांक / DATE 23.7.2018

सेवा में,

प्रबंध निदेशक,

आई.एफ.सी.आई फैक्टर्स लिमिटेड

आई.एफ.सी.आई. टावर, 10वाँ तल,

61, नेहरू प्लेस,

नई दिल्ली-110 019

विषय- कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2018 को समाप्त वर्ष के लिए आई.एफ.सी.आई फैक्टर्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2018 को समाप्त हुए वर्ष के लिए आई.एफ.सी.आई फैक्टर्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अग्रोषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,

(नन्दना मुंशी)

महानिदेशक वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II

नई दिल्ली

संलग्नक:- यथोपरि



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF IFCI FACTORS LIMITED FOR THE YEAR ENDED 31 MARCH  
2018.**

The preparation of financial statements of IFCI Factors Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 11 May 2018.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IFCI Factors Limited for the year ended 31 March 2018 under section 143(6)(a) of the Act.

**For and on behalf of the  
Comptroller & Auditor General of India**

*N. Munshi*  
(Nandana Munshi)  
Director General of Commercial Audit  
& Ex-officio Member, Audit Board-1,  
New Delhi

Place: New Delhi  
Date: 23.07.2018

ANNEXURE TO DIRECTORS' REPORT

**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

The Company's philosophy on Corporate Governance envisages attainment of better transparency and accountability in all facets of operations and all its interactions with its stakeholders including shareholders, employees, bankers and the auditors. The Company constantly endeavors to achieve standards of Corporate Governance in order to enhance the long term stakeholders' value and maintain good Corporate Governance. The Company has well established, transparent and fair administrative set up to provide for professionalism and accountability.

**2. BOARD OF DIRECTORS:**

**Composition, Category and Attendance of the Board of Directors**

As on March 31, 2018, the Board of the Company consisted of five Directors, out of whom four are Non-Executive Directors while one is Executive Director being the Managing Director.

The composition of the Board, number of Board Meetings held, attendance, number of Directorship and Chairmanship/ Membership of Committees in other Companies in respect of each Director as on March 31, 2018 is reproduced herein below:

Sl No	Name of Director	Category	Attendance Particulars			No. of Directorships/ Committee Memberships/ Chairmanships of other Companies		
			No. of Board Meetings during the tenure of Director		At AGM held on September 6, 2017	Other directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	Dr. Emandi Sankara Rao(a)	Non-Executive Chairman	2	2	Yes	3	-	-
2.	Mr. Sachikanta Mishra(b)	Non-Executive Director	1	1	N.A	1	-	-
3.	Mr. Arvind Kumar Jain(c)	Non-Executive Director	0	0	N.A	3	-	-
4.	Mr. Padmanabhan Raja Jaishankar(d)	Non-Executive Director	2	2	N.A	1	-	-
5.	Mr. Samik Dasgupta(e)	Managing Director	4	4	N.A	-	-	-
DIRECTOR CEASED TO BE DIRECTOR DURING THE YEAR 2017-18								
1.	Mr. Satbir Singh(f)	Managing Director	0	0	N.A	-	-	-
2.	Mr. Dileep Kumar Jain(g)	Non-Executive	1	1	N.A	2	-	-

		Director						
3.	Mr. Sanjeev Kaushik(h)	Non-Executive Chairman	2	2	N.A	7	-	-
4.	Mr. Bikash Kanti Roy(i)	Non-Executive Director	2	2	Yes			
5.	Mr. Rajib Sekhar Sahoo(j)	Independent Director	2	2	Yes	2	-	-
6.	Mrs. Bandana Mukhopadhyay(k)	Independent Director	4	4	Yes	-	-	-

(a) Dr. Emandi Sankara Rao was appointed as Nominee Director of IFCI Ltd. and also Non-Executive Chairman w.e.f. September 01, 2017.

(b) Mr. Sachikanta Mishra was appointed as Nominee Director of IFCI Ltd. w.e.f. December 14, 2017.

(c) Mr. Arvind Kumar Jain was appointed as Additional Director w.e.f. February 12, 2018.

(d) Mr. Padmanabhan Raja Jaishankar was appointed as Additional Director w.e.f. November 07, 2017.

(e) Mr. Samik Dasgupta was appointed as Managing Director w.e.f. April 19, 2017 and ceased w.e.f. April 02, 2018.

(f) Mr. Satbir Singh ceased to be Director and Managing Director w.e.f. April 19, 2017.

(g) Mr. Dileep Kumar Jain ceased to be Nominee Director of IFCI Ltd. w.e.f. June 07, 2017.

(h) Mr. Sanjeev Kaushik ceased to be Nominee Director of IFCI Ltd. and also Non- Executive chairman w.e.f. September 01, 2017.

(i) Mr. Bikash Kanti Roy was appointed as Nominee director of IFCI Ltd. w.e.f. June 07, 2017 and ceased w.e.f. December 14, 2017

(j) Mr. Rajib Sekhar Sahoo ceased as Independent director w.e.f. September 10, 2017.

(k) Mrs. Bandana Mukhopadhyay ceased as Independent Director w.e.f. March 12, 2018

Note:Mr. Shrawan Nigam, Mr. Vinod Kumar Gupta and Mr. Ajoy Kumar Deb ceased as Independent Directors w.e.f. April 01, 2017, consequent upon completion of their tenure.

#### **Notes:**

(i) Number of Meetings represents the Meetings held during the period in which the Director was member of the Board.

(ii) The details of Committees include only the Audit Committee and Stakeholders' Relationship Committee.

(iii) None of the Directors of the Company were members of more than ten committees or acted as Chairperson of more than five committees across all the Companies in which they were Directors.

(iv) Number of other Directorship is exclusive of companies under Section 8 of the Companies Act, 2013.

The Board met four times during the Financial Year 2017-2018 viz., on May 12, 2017, July 24, 2017, November 09, 2017 and January 30, 2018. The maximum interval between any two meetings did not exceed one hundred and twenty days.

#### **Brief resume of the Director seeking re-appointment**

Dr. Emandi Sankara Rao aged 57 years is a Nominee Director of IFCI Ltd., the holding company and Non- Executive Chairman of the Company. Dr. Emandi Sankara Rao is currently serving as MD&CEO of IFCI Ltd, a Government of India Undertaking. Dr. Rao is also the Chairman of IFCI

group companies and institutions namely Stock Holding Corporation of India Ltd, IFCI Venture Capital Funds Ltd, IFCI Factors Ltd, Management Development Institute – Gurgaon & Murshidabad and Institute of Leadership Development. He is an alumni of IIT Bombay (PhD), IIT Kharagpur (M. Tech), Pondicherry Central University (PGDBA) and Andhra University (B.E. Electrical Engineering).

Prior to IFCI Ltd, Dr.Rao has served for over 30 years with leading Financial Institutions – IIFCL and IDFC. He has extensive experience in Project & Corporate Finance, Private Equity, Investment Banking, Infrastructure Development and Long Term Resource Raising (Domestic & Foreign Capital). He was the Founder Director & CEO of IIFCL Asset Management Company Ltd and also the Founder Director & CEO of IIFCL Projects Limited and also was associated with the IDFC Group as Director & Business Head.

Dr.Rao has been a member in the Sub-Group on Infrastructure Finance (under RBI and erstwhile Planning Commission Working Group on Savings Formulation) of the 12th Five Year Plan, member of Sub-Group on Financing Urban Infrastructure in the 12th Five Year Plan, and a member in the Ministry of Finance – DFS Committee on Debt Market Development and contributed to several research & policy papers in various National and International Conferences & Workshops. Recently, he has been recognised by the globally renowned Asia Pacific Enterprise Awards for his contribution in the field of financial services. He is also on the Board of IFCI Limited, IFCI Venture Capital Funds Limited and Stock Holding Corporation of India Limited. He does not hold any securities in his own name and no share or convertible instrument in the Company is held by him, either in his name or in the name of any other person, on a beneficial basis. He is not a Chairman or Member of any of Committee constituted by the Board on which he is a Director.

## **AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

The terms of reference of Audit Committee are to examine the Financial Statements and the auditors' report thereon, to evaluate internal financial controls and risk management systems, to review and monitor the auditor's independence, performance and effectiveness of audit process, to approve or any subsequent modification of transactions with related parties, review the functioning of the Whistle Blower Mechanism, etc.

### **COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE**

The Audit Committee met four times during the Financial year 2017-18 at regular intervals on May 12, 2017, July 24, 2017, November 9, 2017 and January 30, 2018 and not more than four months lapsed between two meetings. The composition of the Audit Committee and attendance of Directors as on March 31, 2018 is shown below:

Name/ category	Position in Audit Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Padmanabhan Raja Jaishankar (a) Non- Executive Director	Member	2	2

Mr. Sachikanata Mishra(b) Non- Executive Director	Member	1	1
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2017-18			
Mrs. Bandana Mukhopadhyay(c) Independent Director	Chairperson	4	4
Mr. Rajib Sekhar Sahoo(d) Independent Director	Chairman	2	2
Mr. Dileep Kumar Jain(e) Non-Executive Director	Member	1	1
Mr. Bikash kanti Roy(f) Non-Executive director	Member	2	2

(a) Mr. Padmanabhan Raja Jaishankar was inducted as Member w.e.f. November 7, 2017.

(b) Mr. Sachikanata Mishra was inducted as Member w.e.f. December 19, 2017.

(c) Mrs. Bandana Mukhopadhyay was inducted as Member w.e.f. April 28, 2017 and Chairperson w.e.f. November 7, 2017 and ceased w.e.f. March 12, 2018.

(d) Mr. Rajib Shekhar Sahoo was ceased as Chairman w.e.f. September 10, 2017.

(e) Mr. Dileep Kumar Jain was ceased as Member w.e.f. June 7, 2017

(f) Mr. Bikash Kanti Roy was inducted as Member w.e.f. June 16, 2017 and ceased w.e.f. December 14, 2017.

### 3. NOMINATION & REMUNERATION COMMITTEE

#### TERMS OF REFERENCE

The terms of reference of Nomination and Remuneration Committee are to formulate the criteria for determining qualifications, positive attributes and independence of a director, to identify persons who are qualified to become directors and who may be appointed in senior management etc.

#### COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

During the Financial Year 2017-18, four meetings of Nomination and Remuneration Committee were held on May 11, 2017, July 24, 2017, November 09, 2017 and January 30, 2018. The composition of the Nomination and Remuneration Committee and attendance of Directors as on March 31, 2018 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Padmanabhan Raja Jaishankar(a) Non- Executive Director	Member	2	2
Mr. Sachikanata Mishra(b) Non- Executive Director	Member	1	1
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2017-18			
Mrs. Bandana Mukhopadhyay(c) Independent Director	Chairperson	4	4

Dr. Emandi Sankara Rao(d) Non-Executive Chairman	Member	0	0
Mr. Sanjeev Kaushik (e) Non-Executive Chairman	Member	0	0
Mr. Rajib Sekhar Sahoo(f) Independent Director	Member	2	1
Mr. Dileep Kumar Jain(g) Non-Executive Director	Member	1	1
Mr. Bikash Kanti Roy(h) Non-Executive Director	Member	2	2

- (a) Mr. Padmanabhan Raja Jaishankar was inducted as Member w.e.f. November 7, 2017.  
(b) Mr. Sachikanata Mishra was inducted as Member w.e.f. December 19, 2017.  
(c) Mrs. Bandana Mukhopadhyay was inducted as Chairperson w.e.f. April 28, 2017 and ceased w.e.f. March 12, 2018.  
(d) Dr. Emandi Sankara Rao was inducted as Member w.e.f. November 02, 2017 and ceased w.e.f. November 07, 2017, inducted as Member w.e.f. December 19, 2017 and ceased on the same date.  
(e) Mr. Sanjeev Kaushik was inducted as Member w.e.f. June 13, 2017 and ceased w.e.f. June 16, 2017.  
(f) Mr. Rajib Shekhar Sahoo was inducted as Member w.e.f. April 28, 2017 and ceased w.e.f. September 10, 2017.  
(g) Mr. Dileep Kumar Jain was ceased as Member w.e.f. June 7, 2017  
(h) Mr. Bikash Kanti Roy was inducted as Member w.e.f. June 16, 2017 and ceased w.e.f. December 14, 2017.

### Details of remuneration paid to Directors

The details of salary and sitting fees paid to the Directors for the year ended 31st March, 2018 are as under: (Amount in Rs.)

Sl. No.	Name	Salary	Perquisite	Profit In lieu of Salary	Sitting Fees	Total
1.	Dr. Emandi Sankara Rao(a) Non-Executive Chairman	-	-	-	-	-
2.	Mr. Sachikanta Mishra(b) Non-Executive Director	-	-	-	-	-
3.	Mr. Arvind Kumar Jain(c) Non-Executive Director	-	-	-	-	-
4.	Mr. Padmanabhan Raja Jaishankar (d) Non-Executive Director	-	-	-	61,500	61,500
5.	Mr. Samik Dasgupta(e) Managing Director	3,021,667	812,314	15,634	-	3,849,615
6.	Mr. Satbir Singh Managing Director(f)	198,336	-	-	-	198,336
7.	*Mr. Dileep Kumar Jain(g) Non-Executive Director	-	-	-	57,000	57,000
8.	Mr. Sanjeev Kaushik(h) Non-Executive Chairman	-	-	-	-	-
9.	*Mr. Bikash Kanti Roy(i) Non-Executive Director	-	-	-	37,500	37,500

10.	Mr. Rajib Sekhar Sahoo <i>(j)</i> Independent Director	-	-	-	61,500	61,500
11.	Mrs. Bandana Mukhopadhyay <i>(k)</i> Independent Director	-	-	-	265,500	265,500

\*Sitting fees is being paid to IFCI Ltd.

- (a) Dr. Emandi Sankara Rao was appointed as Nominee Director of IFCI Ltd. and also Non-Executive Chairman w.e.f. September 01, 2017.
- (b) Mr. Sachikanta Mishra was appointed as Nominee Director of IFCI Ltd. w.e.f. December 14, 2017.
- (c) Mr. Arvind Kumar Jain was appointed as Additional Director w.e.f. February 12, 2017.
- (d) Mr. Padmanabhan Raja Jaishankar was appointed as Additional Director w.e.f. November 07, 2017.
- (e) Mr. Samik Dasgupta was appointed as Managing Director w.e.f. April 19, 2017 and ceased w.e.f. April 02, 2018.
- (f) Mr. Satbir Singh ceased to be Director and Managing Director w.e.f. April 19, 2017.
- (g) Mr. Dileep Kumar Jain ceased to be Nominee Director of IFCI Ltd. w.e.f. June 07, 2017.
- (h) Mr. Sanjeev Kaushik ceased to be Nominee Director of IFCI Ltd. and also Non- Executive chairman w.e.f. September 01, 2017.
- (i) Mr. Bikash Kanti Roy was appointed as Nominee director of IFCI Ltd. w.e.f June 07, 2017 and ceased w.e.f. December 14, 2017.
- (j) Mr. Rajib Sekhar Sahoo ceased as Independent director w.e.f. September 10, 2017.
- (k) Mrs. Bandana Mukhopadhyay ceased as Independent Director w.e.f. March 12, 2018.

#### 4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

##### TERMS OF REFERENCE

The terms of reference of the Corporate Social Responsibility (CSR) Committee are to formulate and recommend to the Board, a Corporate Social Responsibility Policy, to recommend the activities, the amount of expenditure to be incurred on the activities referred in Corporate Social Responsibility Policy and to monitor Corporate Social Responsibility Policy etc.

##### COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

During the Financial Year 2017-18, the CSR Committee of Directors met on January 30, 2018. The composition of the CSR Committee and attendance of Directors as on March 31, 2018 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Sachikanta Mishra <i>(a)</i> Non-Executive Director	Member	1	1
Mr. Samik Dasgupta <i>(b)</i> Managing Director	Member	1	1
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2017-18			
Mrs. Bandana Mukhopadhyay <i>(c)</i> Independent Director	Chairperson	1	1
Mr. Satbir Singh <i>(b)</i> Managing Director	Member	0	0

Mr. Dileep Kumar Jain(e) Non-Executive Director	Member	0	0
Mr. Bikash Kanti Roy(f) Non-Executive Director	Member	0	0

- (a) Mr. Sachikanata Mishra was inducted as Member w.e.f. December 19, 2017.  
(b) Mr. Satbir Singh ceased to be the member w.e.f April 19, 2017 and Mr. Samik Dasguta was inducted as member w.e.f. April 28, 2017.  
(c) Mrs. Bandana Mukhopadhyay was inducted as Chairperson w.e.f. April 28, 2017 and ceased w.e.f. March 12, 2018.  
(d) Mr. Dileep Kumar Jain was ceased as Member w.e.f. June 07, 2017  
(e) Mr. Bikash Kanti Roy was inducted as member w.e.f. June 16, 2017 and ceased w.e.f. December 14, 2017

## 5. RISK MANAGEMENT COMMITTEE

The terms of reference of Risk Management Committee are to identify and monitoring key risk areas, devise the policy and strategy for integrated risk management, to critically assess the Company's business strategies and plans from a risk perspective, manage risks to which the Company is exposed, including credit, market, operational and reputational risks, etc. During the Financial Year 2017-18, the Risk Management Committee met twice on May 12, 2017 and January 30, 2018. The composition of the Risk Management Committee and attendance of Directors as on March 31, 2018 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Padmanabhan Raja Jaishankar(a) Non- Executive Director	Chairman	1	1
Mr. Sachikanata Mishra(b) Non- Executive Director	Member	1	1
Mr. Samik Dasgupta(c) Managing Director	Member	1	1
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2017-18			
Mr. Rajib Shekhar Sahoo(d) Independent Director	Chairman	1	1
Mr. Dileep Kumar Jain(e) Non- Executive Director	Member	1	1
Mr. Satbir Singh(c) Managing Director	Member	0	0
Mr. Bikash Kanti Roy(f) Non- Executive Director	Member	0	0

- (a) Mr. Padmanabhan Raja Jaishankar was inducted as Chairman w.e.f. November 7, 2017.  
(b) Mr. Sachikanata Mishra was inducted as Member w.e.f. December 19, 2017.



- (c) Mr. Satbir Singh ceased to be the member w.e.f. April 19, 2017 and Mr. Samik Dasguta was inducted as member w.e.f. April 28, 2017.
- (d) Mr. Rajib Shekhar Sahoo was inducted as Chairman w.e.f. April 28, 2017 and ceased w.e.f. September 10, 2017.
- (e) Mr. Dileep Kumar Jain was ceased as Member w.e.f. June 7, 2017
- (f) Mr. Bikash Kanti Roy was inducted as Member w.e.f. June 16, 2017 and ceased w.e.f. December 14, 2017.

## 6. COMMITTEE OF DIRECTORS

The terms of reference of Committee of Directors are to sanction financial assistance by way of factoring, advance against future receivables, corporate loans, working capital, settlement/settlement/restructuring of dues as per the Credit Policy of the Company, to borrow moneys, create charge on the assets and to allot the securities etc.

The Chairman of the Committee is an Independent Director. The Committee of Directors met fourteen times during the Financial Year 2017-18 on May 12, 2017, June 27, 2017, July 24, 2017, August 22, 2017, September 06, 2017, September 26, 2017, October 4, 2017, October 16, 2017, November 13, 2017, December 04, 2017, December 12, 2017, December 27, 2017, February 15, 2018 and March 09, 2018 The composition of the Committee of Director and attendance of Directors as on March 31, 2018 is shown below:

Name/ category	Position in Committee of Directors	No. of meetings during the tenure of member	
		Held	Attended
Mr. Sachikanta Mishra Non-Executive Director	Member	3	3
Mr. Samik Dasgupta Managing Director(b)	Member	14	14
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2017-18			
Mrs. Bandana Mukhopadhyay(c) Independent Director	Chairperson	14	14
Mr. Dileep Kumar Jain Non-Executive Director(d)	Member	1	1
Mr. Satbir Singh Managing Director(b)	Member	0	0
Mr. Bikash Kanti Roy(e) Non-Executive Director	Member	10	10

- (a) Mr. Sachikanata Mishra was inducted as Member w.e.f. December 19, 2017.
- (b) Mr. Satbir Singh ceased to be member w.e.f. April 19, 2017 and Mr. Samik Das Gupta was inducted as member w.e.f April 28, 2017
- (c) Mrs. Bandana Mukhopadhyay was inducted as Chairperson w.e.f. April 28, 2017 and ceased w.e.f. March 12, 2018.
- (d) Mr. Dileep Kumar Jain was ceased as Member w.e.f. June 07, 2017.
- (e) Mr. Bikash Kanti Roy was inducted as member w.e.f. June 16, 2017 and ceased w.e.f. December 14, 2017.

## 7. RECOVERY COMMITTEE

The terms of reference of Recovery Committee are to oversee the NPA recovery. The Committee met four times during the Financial Year 2017-18 at regular intervals on May 11, 2017, July 24, 2017, November 09, 2018 and January 30, 2018. The composition of the Recovery Committee and attendance of Directors as on March 31, 2018 is shown below:

Name/ category	Position in Committee of Directors	No. of meetings during the tenure of member	
		Held	Attended
Mr. Sachikanta Mishra <sup>(a)</sup> Non-Executive Director	Chairman	1	1
Mr. Samik Dasgupta <sup>(b)</sup> Managing Director	Member	3	3
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2017-18			
Mr. Satbir Singh <sup>(b)</sup> Managing Director	Member	0	0
Mrs. Bandana Mukhopadhyay <sup>(c)</sup> Independent Director	Chairperson	4	4
Mr. Bikash Kanti Roy <sup>(d)</sup> Managing Director	Member	2	2
Mr. Dileep Kumar Jain Non-Executive Director <sup>(f)</sup>	Member	1	1

(a) Mr. Sachikanata Mishra was inducted as Chairman w.e.f. December 19, 2017.

(b) Mr. Satbir Singh ceased to be member w.e.f. April 19, 2017 and Mr. Samik Das Gupta was inducted as member w.e.f. April 28, 2017.

(c) Mrs. Bandana Mukhopadhyay was ceased w.e.f. March 12, 2018.

(d) Mr. Bikash Kanti Roy was inducted w.e.f. June 16, 2017 and ceased w.e.f. December 14, 2017.

(e) Mr. Dileep Kumar Jain was ceased as Member w.e.f. June 7, 2017

## 8. GENERAL BODY MEETING

Financial Year	Date & time of AGM	Venue of the AGM
2016-17	06 <sup>th</sup> September 2017/ 11.00 A.M	IFCI Tower, 61 Nehru Place, New Delhi-110019
2015-16	15 <sup>th</sup> September 2016/ 11.00 A.M	IFCI Tower, 61 Nehru Place, New Delhi-110019
2014-15	08 <sup>th</sup> September, 2015/ 11.00 A.M	IFCI Tower, 61 Nehru Place, New Delhi-110019

**Following Special Resolutions were passed at the above AGMs:**

<b>AGM Date</b>	<b>Particulars of Special Resolutions</b>
06 <sup>th</sup> September, 2017	NIL
15 <sup>th</sup> September, 2016	NIL
08 <sup>th</sup> September, 2015	Approval/ Ratification of Appointment and remuneration paid to Mr. Bikash Kanti Roy as Managing Director
	Approval of appointment and Remuneration of Mr. Satbir Singh as Managing Director
	Offer and issue of Preference Shares on Right Basis

**9. DISCLOSURES**

- (i) The Company did not enter into transactions with the related parties that may potentially conflict with the interests of the Company at large during the year under review. Further, all the related party transactions were in the ordinary course of business and arm length price & have been disclosed in note no.32 of the Notes to Accounts of the Balance Sheet for the year ended March 31, 2018.
- (ii) There has been no non-compliance by the Company nor any penalties imposed on the Company by any authorities except a penalty of Rs. 2 lac was imposed by SEBI vide its order dated 05.01.2018 for Non-disclosure under SEBI (Substantial Acquisition of Shares and Takeover) Regulation, 2011 for the transactions dated April 21, 2014 in the scrip of Shiva Cement Ltd. The said penalty has been deposited with SEBI.
- (iii) The Company has a Whistle Blower Policy duly approved by the Board, which has been circulated to all the employees of the Company and also placed on the website of the Company viz. [www.ifcifactors.com](http://www.ifcifactors.com). Further, it is affirmed that no personnel has been denied access to the Audit Committee.
- (iv) During the year, no expenses which are of personal nature have been incurred for the Board of Directors and top management.
- (v) Administrative and Office Expenses during the year is 10% of the total expenses as against 9% for the last year. Increase in administrative expenses is mainly on account of increase in travelling expenses, Legal and Professional expenses, rent and repair & maintenance expenses etc. Further, the Financial Expenses are 80% of the total expenses as against 84% for the last year.

## **10. MEANS OF COMMUNICATION**

The Annual Report and other statutory information are being sent to shareholders. The financial results of the Company are generally published in Business Standard / Financial Express newspaper.

## **11. TRAINING OF BOARD OF DIRECTORS**

The Company furnishes a set of documents to the directors and informs them about the important data regarding recent developments about the performance of the Company, industry scenario & regulatory changes.

## **12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A separate section on Management Discussion and Analysis Report forms part of this report.

## **CODE OF CONDUCT**

The Board of Directors have laid down a Code of Business Conduct and Ethics for all Board members and Senior Management Personnel of the Company. The Code of Conduct has also been posted on the website of the Company viz. [www.ifcifactors.com](http://www.ifcifactors.com) The members of the Board and Senior Management Personnel have on 31st March, 2018 affirmed compliance with the Code of Business Conduct and Ethics. A declaration to this effect, duly signed by the Managing Director is annexed and forms part of this Report

### **DECLARATION BY THE MANAGING DIRECTOR**

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics framed for Directors and Senior Management, as approved by the Board, for the year ended 31st March, 2018.

Place : New Delhi  
Date : 24.08.2018

Bikash Kanti Roy  
Managing Director  
DIN : 02171876

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMY OVERVIEW

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19. FY2017-18 began in an uncertain environment with the economy coming to terms with the impact of demonetization that came into effect on 8 November 2016. FY2017-18 has witness the major reform initiative, one of those was Goods and Service Tax (GST) which was rolled out on July 01, 2017. GST will aid GDP growth by reducing the cost of doing business. GST has created a single market for providers of goods and services. The other major reform was the constitution of National Company Law Tribunal (NCLT) and Insolvency and Bankruptcy Code (IBC). This is likely to reduce the time taken to resolve stressed assets through a time bound resolution programme for referred accounts. While private activity remained somewhat subdued on account of the fall in consumer sentiment, the government showed its intent by taking long pending tough decisions in the interest of the country's future. Thus, India continued to witness steady economic growth despite a volatile internal and weak external environment.

### Industry Structure and Developments

Factoring industry has shown an overall growth with an increase in the number of factors and prospective clients across the globe. Since the last decade, industry has seen a tremendous growth due to client awareness and overall favourable conditions globally. As per the recorded numbers, factoring industry has been growing at an average 3% every year, globally.

Last year, however, has been an especially good one for the factoring industry. As per FCI, global factoring volume has shown an increase of 9% in the calendar year 2017 over the last year, whereas the average growth rate in the recent past was only about 3%. As per FCI data, Indian Factoring industry too, has shown a growth of about 10% over the last year, turning volumes of Euro 4.27 Billion.

As per FCI, preliminary world factoring statistics indicate that the industry has overall held its pace with many markets, showing significant continued growth. After two years of continuous declining factoring volumes, China has shown a phenomenal growth rate of 34% last year, thereby contributing significantly to an overall 17% increase in the Asia Pacific factoring volumes in 2017.

The largest factoring market continues to be Europe with 65% market share in 2017, followed by Asia Pacific with an increased share of 25.29%, while the Americas showed a declining trend with a total share of only about 8% last year.

The factoring business in India has shown a rising trend and is still evolving. While globally, it remains a widely acceptable proposition within the ambits of transaction banking; in India the business has witnessed several stumbling blocks during its course so far. However, the Indian

government has made several efforts to provide a facilitating regulatory environment for factoring business to develop and the desired effects are now emerging, with the SME segment being the biggest beneficiary, where the banks do not readily extend credit without tangible collaterals.

### Operational Performance

Amidst the challenging macroeconomic environment, your company witnessed a decrease in Funds In Use (FIU). Also, a few accounts turned into Non Performing Assets. This coupled old baggage of NPA's led to the Company incurring losses during the current financial year. During the year, your Company achieved a turnover of Rs. 1,030 crore (a decline of 24% Y-O-Y) and a gross income of Rs. 63.66 crore. Further, your Company incurred a loss before tax of Rs. 54.50 crore and a loss after tax of Rs. 36.53 crore.

The major financial parameters for the financial year ended 31.03.2018 vis-à-vis the previous financial year are tabulated below:

(Rs. in Crore)

Parameters	Year ended 31.03.2018	Year ended 31.03.2017
Turnover	1,030.87	1,363.06
<b>Funds in Use</b>		
Factoring Business	560.51	581.16
Other Business	144.90	173.77
Total Funds in use	705.41	754.93
Total Income	63.66	83.11
Profit / (Loss) Before Tax	(54.50)	(42.11)
Profit / (Loss) After Tax	(36.53)	(31.17)

### Segment wise / Product –wise Performance

The Company has extended both factoring and non-factoring facilities to its clients. The product wise exposure of the Company as on March 31, 2018 is as under:

Sr. No.	Particulars	Amount (Rs. in crore)
<b>A.</b>	<b>Factoring</b>	
1.	Domestic Sales Bill Factoring	543.77
2.	Export Sales Bill Factoring	-
3.	Advance Against Future Receivables	12.48

4.	Purchase Bill Factoring	4.26
	<b>Total (A)</b>	<b>560.51</b>
<b>B.</b>	<b>Non Factoring</b>	
	Corporate Loan	144.90
	<b>Total (B)</b>	<b>144.90</b>
	<b>Total (A+B)</b>	<b>705.41</b>

The Company has extended facilities across industry segment. Industry wise exposure of the Company as on March 31, 2018 is as under:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount (Rs. crore)</b>
1.	Small Scale Industries	18.26
2.	Medium & Large Industries	45.86
3.	Construction	59.87
4.	Advance to Capital Market	23.72
5.	Retail Trade	-
6.	Commercial Real Estate	71.90
7.	Infrastructure	113.13
8.	Transport Operators	29.90
9.	Consumer Durables	-
10.	Others	342.78
	<b>Total</b>	<b>705.41</b>

### **Opportunities**

- i) The Company is only operating in working capital space for the entire IFCI Group.
- ii) The Company has been extended rights under SARFAESI.
- iii) RBI has been indicating a favorable intent for factoring industry through various enabling circulars. To name a few RBI has prescribed Factoring to Non factoring product ratio of 50:50 and waived limits on amount to be extended on non-recourse Export Factoring.
- iv) The Company has joined Credit Guarantee Fund Scheme for Factoring, having a corpus of Rs. 500 crore, introduced by Ministry of Finance, to facilitate factoring transactions for MSMEs.
- v) Funding gap in more than 45 million SME's in the Country gives enormous opportunity as banks have not been able to meet the funding needs to this sector.

### **Threats**

- i) The Company does not have DRT access.
- ii) Provisioning requirement for the impaired assets to the extent of 100% is required to be made within 12 months due to unsecured nature of facilities which has adverse impact on the profitability of the Factoring entities.



## **Outlook**

The Company would strive to maintain its asset quality through vigilant monitoring, recovery of its non- performing assets, arrest further slippages of the accounts into NPA and grow its asset base with addition of quality assets.

The challenges and opportunities remain in general to the all the players within the factoring industry, and it hinges to a large extent on the management of NPA's and ensuing recovery made. The Factoring still has a lot of untapped potential, especially within the MSME sector. The government is also backing the development of this product, underlining its importance towards fueling industrial growth.

To conclude, we can say that there are better days in the offing for factoring industry, as we are on the threshold of a new beginning. The Factoring product holds promise and recent developments in the form of credit guarantee scheme under the aegis of Govt of India, revisiting of credit protection clause by IRDA, enhancing the ambit of SARFAESI Act, passing of Banking & Insolvency Bill, 2016 etc., would go a long way towards promoting the overall factoring industry.

## **Risks and concerns**

- i) More than 70% of overall asset base of the Company is unsecured.
- ii) Increased competition from banks consequent to permission to banks to undertake business of factoring in India.
- iii) Prolonged litigation involved in recovery of dues through cheque bouncing and civil cases.
- iv) Cost of funds for an NBFC is higher than banks resulting into shrinking margins and limited oftakes.

## **Internal Control Systems**

The Company has an Internal Control System which is commensurate with the size, scale and complexity of its operations.

## **Material developments in Human Resources / Industrial Relations front, including number of people employed**

The Company has continuously adopted structures that help attract best external talent and promote internal talent to higher roles and responsibilities. The Company's people centric focus providing an open work environment fostering continuous improvement and development helped several employees realize their career aspirations during the year.

During the year under report, your Company had witnessed some attrition. The Company had thirty two employees on its roll as on March 31, 2018 vis-à-vis thirty five employees as on March 31, 2017.

**Other disclosures**

Details of Environmental protection and conservation, technological conservation, renewable energy developments, foreign exchange and CSR are mentioned in the Directors' Report.



**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF IFCI FACTORS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **IFCI FACTORS LIMITED** ("the company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified audit opinion on the financial statements.

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

#### Basis for 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 31<sup>st</sup> 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 31<sup>st</sup> 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.

## 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 statement on the matters specified in paragraphs 3 and 4 of the Order
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 Qualified and disclaimer 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 Qualified Opinion and disclaimer paragraph as required by law have been kept by the Company so far as 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, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the possible effects of the matter described in the basis for Qualified and disclaimer Opinion paragraph.
  - f) On the basis of written representations received from the directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
  - g) The qualification related to the maintenance of accounts and other matters connected therewith are stated in the basis for Qualified and disclaimer Opinion Paragraph.
  - 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 "Annexure B"; and
  - 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 amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. As per 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 CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**



**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**

**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**

**ANNEXURE 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, 2018**

- 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. 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, the company has not given any loans and provided any guarantees and security as specified in Section 185 and 186 of the Companies Act, 2016 and accordingly provisions of Section 185 and 186 relating to loans are not applicable. The company has been complied with the provisions of section 186 of the Act, with respect to the investments made.
- v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, wherever applicable. Therefore the provisions of clause 3(v) of the Order are not applicable.
- vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services 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 31st March 2018 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(Rs. in Lacs)	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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 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 dt 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 CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**



**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**

**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE 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, 2018 in conjunction with our audit of the 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, 2018, 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 CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**



**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**

**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**

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 having lease deed(s) for its leasehold Properties.
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 waiver/write off of debtors/loan/interest etc. as approved by the Board of Directors during the year ended 31<sup>st</sup> March, 2018 are as follow:

S No	List of cases of write off/ waiver of debtors/loans/Interest During the financial year 2017-2018	Reason	Amount Involved (in Crores)		
			Principal	Interest	Total
1	Yegna Manojavam Drugs	Culmination of OTS Final Payment and NDC issues by IFL.	2.33	4.42	6.75
2	Impex Ferro Tech Limited	Culmination of OTS Final Payment and NDC issues by IFL.	1.81	1.34	3.15
3	Cheminnova Remedies Pvt. Ltd	Culmination of OTS Final Payment and NDC issues by IFL.	0.44	1.65	2.09
4	Ankit Metal and Power Limited	Culmination of OTS Final Payment and NDC issues by IFL.	2.20	1.69	3.89
	<b>Total</b>		<b>6.78</b>	<b>9.10</b>	<b>15.88</b>

Note : The above does not includes incomplete OTS Cases.

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 Govt. or other authorities.

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, rescheduled and renegotiated loan and adequate provision has been created during the year

**FOR CHANDIWALA VIRMANI & ASSOCIATES**

**Chartered Accountants**

**Firm Reg. No. 000082N**



**(DEEPAK GUPTA)**

**PARTNER**

**Membership No. 522806**

**Place: New Delhi**

**Dated: 11<sup>th</sup> Day of May, 2018**



IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOI074649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

**BALANCE SHEET AS AT MARCH 31, 2018**

PARTICULARS	Note No.	As at	As at
		March 31, 2018	March 31, 2017
		Rs.	Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	2,544,388,600	2,544,388,600
Reserves and Surplus	3	(1,275,100,176)	(909,752,139)
		1,269,288,424	1,634,636,461
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	1,920,649,876	2,492,981,715
Long-Term Provisions	5	45,489,478	44,991,499
		1,966,139,354	2,537,973,214
<b>Current Liabilities</b>			
Short-Term Borrowings	6	1,671,452,314	1,782,424,809
Trade Payables	7	36,734,121	48,505,023
Other Current Liabilities	8	976,708,929	975,298,438
Short-Term Provisions	9	12,618,224	40,533,572
		2,697,513,588	2,846,761,842
<b>TOTAL</b>		<b>5,932,941,366</b>	<b>7,019,371,517</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	10		
Tangible Assets		1,694,777	1,563,600
Intangible Assets		1,582,121	2,068,461
		3,276,898	3,632,061
Non-Current Investment	11	93,755,000	99,110,246
Deferred Tax Assets (net)	25	955,811,580	776,146,087
Long-Term Loans and Advances	12	709,547,977	843,933,099
Other Non-Current Assets	13	100,762,056	151,465,427
		1,863,153,511	1,874,286,920
<b>Current Assets</b>			
Current Investments	14	-	-
Trade Receivables	15	3,251,782,351	4,088,910,555
Cash and Cash Equivalents	16	350,510,475	382,097,363
Other Current Assets	17	467,495,029	674,076,679
		4,069,787,855	5,145,084,597
<b>TOTAL</b>		<b>5,932,941,366</b>	<b>7,019,371,517</b>

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements (Note No. 1 to 43)

As per our Audit Report of even date attached  
**For Chandiwala Virmani & Associates**  
 Chartered Accountants  
 Firm Registration No. 000082N

  
**(Deepak Gupta)**  
 Partner  
 Membership No. 522806

For and on behalf of Board of Directors

  
**(Bikash Kanti Roy)**  
 Managing Director  
 DIN: 02171876

  
**(Sachikanta Mishra)**  
 Nominee Director  
 DIN: 02755068

  
**(Manish Jain)**  
 Chief Financial Officer

Date: May 11, 2018  
 Place: New Delhi



IFCI FACTORS LIMITED

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2018

PARTICULARS	Note No.	Period Ended	Period Ended
		March 31, 2018	March 31, 2017
		Rs.	Rs.
<b>INCOME</b>			
Revenue from Operations	18	601,270,490	775,041,557
Other Income	19	35,381,038	56,011,356
<b>Total (A)</b>		<b>636,651,528</b>	<b>831,052,913</b>
<b>EXPENSES</b>			
Employee Benefits Expense	20	52,653,463	47,065,411
Operating, Administrative and Other Expenses	21	56,157,281	60,403,017
Finance Costs	22	448,558,195	562,130,546
Depreciation and Amortization Expense	10	863,930	887,975
<b>Total (B)</b>		<b>558,232,869</b>	<b>670,486,949</b>
<b>Profit Before Provisions &amp; Write Offs (A-B)</b>		<b>78,418,659</b>	<b>160,565,964</b>
Provisions & Write Offs	23	623,432,189	581,694,890
<b>Profit / (Loss) Before Tax</b>		<b>(545,013,530)</b>	<b>(421,128,926)</b>
<b>Tax Expenses:</b>			
Current Tax		-	-
Deferred Tax (Net)	25	(179,665,493)	(109,452,129)
<b>Profit / (Loss) After Tax</b>		<b>(365,348,037)</b>	<b>(311,676,797)</b>
<b>Earnings Per Share (Face Value - Rs. 10 per share)</b>	35		
Basic		(4.60)	(3.93)
Diluted		(1.44)	(1.22)

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements (Note No. 1 to 43)

As per our Audit Report of even date attached

For Chandiwala Virmani & Associates

Chartered Accountants

Firm Registration No. 000082N



(Deepak Gupta)

Partner

Membership No. 522806

Date: May 11, 2018

Place: New Delhi

For and on behalf of Board of Directors



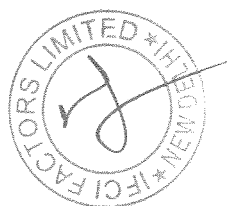
(Bikash Kanti Roy)  
Managing Director  
DIN: 02171876



(Manish Jain)  
Chief Financial Officer



(Sachikanta Mishra)  
Nominee Director  
DIN: 02755068



IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOI074649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2018

	Period Ended March 31, 2018 Rs.	Period Ended March 31, 2017 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	(545,013,530)	(421,128,926)
Adjustments for:		
Depreciation/Amortisation	863,930	887,975
Bad Debts Written Off	67,786,748	219,920,885
Reversal of Provision for Doubtful Debts	(212,955,996)	(324,783,222)
Provision for Standard Assets	(29,115,259)	15,759,828
Allowance for Bad and Doubtful Debts and Loans	792,361,450	677,497,399
Provision for Gratuity	801,434	1,050,382
Provision for Leave Encashment	896,458	1,032,953
Income From Mutual Fund	(23,735,087)	(7,997,532)
Operating Profit Before Working Capital Changes	51,890,148	162,239,742
Movement in Working Capital		
Increase/(Decrease) in Borrowings	(559,582,106)	(867,080,615)
Increase/ (Decrease) in Trade Payables & other Current Liabilities	(134,082,639)	(599,258,616)
(Increase)/Decrease in Trade Receivables	244,580,848	1,347,691,699
(Increase)/Decrease in Loans & Advances, Other Current & Non-Current Assets	337,025,294	342,089,437
Net Cash Used in Operations	(60,168,455)	385,681,647
Direct Tax Paid	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>(60,168,455)</b>	<b>385,681,647</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets / Capital Advance	(508,766)	(482,672)
Provision for Diminution in value of Non-Current Investments	5,355,246	12,500,000
Investment in Current and Non Current Investments	-	(93,755,000)
Income From Mutual Fund	23,735,087	7,997,532
<b>Net Cash Flow From Investing Activities</b>	<b>28,581,567</b>	<b>(73,740,140)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Preference Shares	-	-
<b>Net Cash Flow From Financing Activities</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(31,586,888)</b>	<b>311,941,505</b>
Opening Cash and Cash Equivalents	382,097,363	70,155,858
Closing Cash and Cash Equivalents	<b>350,510,475</b>	<b>382,097,363</b>

Note:

1 Components of Cash and Cash Equivalents:

Cash on Hand  
 Balances with Banks

	March 31, 2018	March 31, 2017
Cash on Hand	38,562	31,266
Balances with Banks	350,471,913	382,066,097
	<b>350,510,475</b>	<b>382,097,363</b>

2 Previous year figures have been re-grouped/re-arranged/re-classified wherever necessary to make them comparable with the current year figures.

As per our Audit Report of even date attached  
 For Chandiwala Virmani & Associates  
 Chartered Accountants  
 Firm Registration No. 000082N

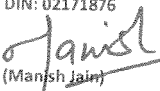
  
 (Deepak Gupta)  
 Partner  
 Membership No. 522806

Date: May 11, 2018  
 Place: New Delhi

For and on behalf of Board of Directors

  
 (Bikash Kanti Roy)  
 Managing Director  
 DIN: 02171876

  
 (Sachikanta Mishra)  
 Nominee Director  
 DIN: 02755068

  
 (Manish Jain)  
 Chief Financial Officer





**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**a) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Preparation of Financial Statements:**

The financial statements have been prepared on a going concern basis, on historical cost convention, in accordance with the Accounting Standards notified under the Companies Act, 2013 ("the Act") and after taking into account the applicable guidelines issued by the Reserve Bank of India (RBI) to Non Banking Financial Companies from time to time and in accordance with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

**b) Use of Estimates**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities as at the balance sheet date. The estimates and assumptions used in the accompanying financial statements are based on the management's evaluation of the relevant facts and circumstances as at the date of financial statements. Actual results may differ from the estimates and assumptions and any revision to accounting estimates is recognised in the period in which they actually materialise.

**c) Revenue Recognition**

Income from factoring and other financing activities is accounted on accrual basis except in the case of non-performing assets where income is accounted on realisation basis as per prudential guidelines laid down by the RBI.

**d) Classification of Assets and Provisioning**

i) All credit exposures are classified into performing and non-performing assets (NPAs) as per guidelines laid down by the RBI. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

ii) Provision for NPAs and restructured/rescheduled assets is made as per guidelines laid down by the RBI.

iii) Provision for standard assets is made @ 0.50%.

Additional provision is made against specific assets over and above what is stated above, if in the opinion of the management, increased provision is necessary.

iv) As per RBI rules and regulation at the time of becoming NPA 10% provision is to be made but as per IFL policy 15% provision is made.

v) IFL have provisioning and write off policy which was approved on dated 29/04/2013 aligned as per RBI policy. According to that in case of unsecured loan we have to make 15% provision on the date of accounts classified as sub standard and after 12 month we have to make 50% provision and after 18 month we have to make provision 100% (after classification account as a doubtful).

From April 2017 onwards RBI policy has become more strengthen. As per RBI policy on the date of account classification as sub-standard we have to make provision 10% and after 12 month we have to make provision 100% (after classification account as a doubtful). So we are following RBI policy as our policy has become outdated.



IFCI FACTORS LIMITED

CIN NO:-U74899DL1995GOI074649

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**e) Fixed Assets, Depreciation & Amortization**

**(i) Tangible**

Fixed Assets are stated at cost, less accumulated depreciation and impairment. Depreciation has been provided on straight line method (SLM) over the use full life of assets as prescribed under Schedule II to the Companies Act 2013.

**(ii) Intangible**

In accordance with Accounting Standard-26, Intangible Assets are valued at cost less accumulated amortization and any impairment losses. Expenditure on major software products is written off as prescribed under Schedule II to the Companies Act 2013.

**f) Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognised in the Statement of Profit and Loss. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

**g) Factored Debts**

Debts factored are shown as 'Trade Receivables'. The unpaid balance of debts factored and due to the clients on collection is included under 'Other Current Liabilities' as 'Contractual Liability against Collection of Trade Receivables'.

**h) Foreign Currency Transactions**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Gains/losses arising out of fluctuation in exchange rates on settlement are recognised in the Statement of Profit & Loss. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the year end and gains/losses on translation are provided for in the Statement of Profit and Loss. Premium/discount on hedging transactions is spread over the period to which it relates.

**i) Investments**

Investments are classified into long-term investments and current investments.

**a) Long-term investments:**

Long-term investments are stated at cost. A provision is made for diminution other than temporary on an individual basis.

**b) Current investments:**

Current Investments are stated at the lower of cost or market value.



IFCI FACTORS LIMITED

CIN NO:-U74899DL1995GOI074649

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**j) Taxation**

- a) Current Tax is determined and provided as the amount of tax payable in respect of taxable income for the year.
- b) Deferred Tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognised if there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax assets can be realised. Deferred taxes are reviewed for the carrying values at each balance sheet date.

**k) Employee Benefits**

**a) Defined Contribution Plan**

Employee benefits in the form of contribution towards Provident Fund and Family Pension Schemes are considered as defined contribution plan and the contributions are charged to the Statement of Profit and Loss of the year when the contribution to the respective funds are due.

**b) Defined Benefit Plan**

Retirement benefits in the form of Gratuity is considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

**c) Other Long Term Benefits**

Long term compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains/losses are immediately taken to Statement of Profit and Loss.

**l) Leases**

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit & Loss on straight line basis over the lease term.

**m) Provisions, Contingent Liabilities and Contingent Assets**

- a) Provisions are recognized for liabilities that can be measured only using a substantial degree of estimation, if:
  - (i) the Company has a present obligation as a result of past event.
  - (ii) a probable outflow of resources is expected to settle the obligation and
  - (iii) the amount of obligation can be reliably estimated.



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

Reimbursements expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

- b) Contingent liability is disclosed in the case of:
  - (i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
  - (ii) a possible obligation, unless the probability of outflow of resources is remote.
- c) Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.
- d) Contingent assets are neither recognized nor disclosed.

**n) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

**o) Share Issue Expenditure**

Expenses incurred in relation to issue of Shares, Debentures & Bonds (net of taxes) are charged to Securities Premium Account.

**p) Employee Stock Option Plan**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.



IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOI074649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
<b>2. SHARE CAPITAL</b>		
<b>Authorised:</b>		
200,000,000 Equity Shares of Rs.10 each (Previous Year 200,000,000 Equity Shares of Rs. 10 each)	2,000,000,000	2,000,000,000
200,000,000 Preference Shares of Rs.10 each (Previous Year 200,000,000 Preference Shares of Rs. 10 each)	2,000,000,000	2,000,000,000
<b>Issued, Subscribed and Paid up:</b>		
79,357,700 Equity Shares (Previous Year 79,357,700) of Rs.10 each fully paid up	793,577,000	793,577,000
75,038,000, 9% Compulsorily Convertible Cumulative Preference Shares (Previous Year 75,038,000) of Rs.10 each fully paid up	750,380,000	750,380,000
10,00,43,160, 10% Compulsorily Convertible Cumulative Preference Shares (Previous Year 10,00,43,160) of Rs.10 each fully paid up	1,000,431,600	1,000,431,600
<b>TOTAL</b>	<b>2,544,388,600</b>	<b>2,544,388,600</b>
<p>a. Out of above, 79,154,700 Equity Shares (Previous Year 79,154,700 Equity Shares) are held by IFCI Limited, Holding Company including 8 Equity Shares (Previous Year 8 Equity Shares) held by nominees of IFCI Limited.</p> <p>b. The Company has only one class of Equity shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one</p> <p>c. Out of 75,038,000, 9% Compulsorily Cumulative Convertible Preference shares of Rs. 10 each, 75,000,000 9% Compulsorily Cumulative Convertible Preference shares are held by IFCI Limited, the Holding Company.</p> <p>d. Out of 100,043,160, 10% Compulsorily Cumulative Convertible Preference shares of Rs. 10 each, 100,000,000 10% Compulsorily Cumulative Convertible Preference shares are held by IFCI Limited, the Holding Company.</p>		
<b>3. RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b>		
Opening Balance	100,820,478	100,820,478
Less: Expenses on increase in Authorised Capital (net of taxes)	-	-
Closing Balance	100,820,478	100,820,478
<b>Statutory Reserve Fund</b> (under section 45 IC of Reserve Bank of India Act)		
Opening Balance	175,573,439	175,573,439
Add: Transfer from Surplus Balance in Statement of Profit and Loss	-	-
Closing Balance	175,573,439	175,573,439
<b>General Reserve</b>		
Opening Balance	3,165,000	3,165,000
Less: Transfer to Statement of Profit and Loss	-	-
Closing Balance	3,165,000	3,165,000
<b>Surplus Balance in Statement of Profit and Loss</b>		
Opening Balance	(1,189,311,056)	(877,634,259)
Add: Profit / (Loss) for the period	(365,348,037)	(311,676,797)
Less: Appropriations	-	-
Transfer to Statutory Reserve Fund	-	-
Transitional Depreciation	-	-
Closing Balance	(1,554,659,093)	(1,189,311,056)
<b>TOTAL</b>	<b>(1,275,100,176)</b>	<b>(909,752,139)</b>



IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOI074649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
<b>4. LONG-TERM BORROWINGS</b>		
<b>Debentures / Bonds</b>		
<b>Secured #</b>		
Redeemable, Non-Convertible Bonds	581,000,000	1,000,000,000
<b>Unsecured</b>		
Redeemable, Non-Convertible Bonds	1,000,000,000	1,000,000,000
Perpetual, Non-Convertible Debenture - IFCI Ltd - Related Party (Tier-I Cap)	250,000,000	250,000,000
<b>Term Loans</b>		
<b>Secured *</b>		
- From Banks	89,649,876	242,981,715
<b>TOTAL</b>	<b>1,920,649,876</b>	<b>2,492,981,715</b>
# Secured by pari passu charge on corporate loan receivables & current assets other than factored receivables.		
* Secured by pari passu charge on factored receivables by way of hypothecation.		
<b>5. LONG TERM PROVISIONS</b>		
Leave Encashment	6,038,522	5,142,066
Gratuity	5,488,870	4,687,436
Contingent Provisions against Standard Assets	20,256,000	20,167,000
Sundry Liabilities Account (Interest Capitalisation)	13,706,086	14,994,997
<b>TOTAL</b>	<b>45,489,478</b>	<b>44,991,499</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>Secured*</b>		
Working Capital Demand Loan- From Banks	1,300,000,000	1,750,000,000
Short Term Loans		
- From Others	-	-
Cash Credit - From Banks	371,452,314	32,424,809
<b>TOTAL</b>	<b>1,671,452,314</b>	<b>1,782,424,809</b>
* Credit facilities are secured by pari passu charge on factored receivables by way of hypothecation.		
<b>7. TRADE PAYABLE</b>		
Sundry Creditors	36,734,121	48,505,023
<b>TOTAL</b>	<b>36,734,121</b>	<b>48,505,023</b>
<b>8. OTHER CURRENT LIABILITIES</b>		
Contractual Liability against Collection of Trade Receivables	452,072,838	558,032,329
Current Maturities of Long Term Debts (secured)		
- From Banks	152,777,768	243,055,540
- From Others	214,000,000	-
Interest Accrued on Borrowings:		
- Not due	155,824,160	159,138,427
Income Received in Advance	67,765	13,073,731
Unpaid Dividends	101,570	101,570
Other Liabilities	1,864,828	1,896,841
<b>TOTAL</b>	<b>976,708,929</b>	<b>975,298,438</b>
<b>9. SHORT TERM PROVISIONS</b>		
Leave Encashment	121,599	121,599
Gratuity	92,625	92,625
Contingent Provisions against Standard Assets	12,404,000	40,319,348
<b>TOTAL</b>	<b>12,618,224</b>	<b>40,533,572</b>



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

10. FIXED ASSETS

Description of Assets	Gross Block			Depreciation/Amortisation				Net Block		Amount in Rs	
	As at April 1, 2017 Rs.	Additions Rs.	Deductions Rs.	As at March 31, 2018 Rs.	As at April 1, 2017 Rs.	Transitional Depreciation Rs.	For the Period Rs.	Deductions/ Adjustments Rs.	As at March 31, 2018 Rs.		As at March 31, 2017 Rs.
Tangible: Furniture & Fixtures	847,213	70,000	-	917,213	333,070	-	90,814	-	423,884	493,329	514,143
Office Equipment	319,105	104,891	-	423,996	229,493	-	25,396	-	254,889	169,107	89,612
Computer Hardware	10,562,664	333,875	-	10,896,539	9,602,818	-	261,379	-	9,864,197	1,032,342	959,846
Vehicle	-	-	-	-	-	-	-	-	-	-	-
Intangible: Subtotal	11,728,982	508,766	-	12,237,748	10,165,382	-	377,589	-	10,542,971	1,694,777	1,563,600
Computer Software	8,360,971	-	-	8,360,971	6,292,510	-	486,340	-	6,778,850	1,582,121	2,068,461
Subtotal	8,360,971	-	-	8,360,971	6,292,510	-	486,340	-	6,778,850	1,582,121	2,068,461
Grand Total	20,089,953	508,766	-	20,598,719	16,457,891	-	863,929	-	17,321,820	3,276,899	3,632,062
Previous Year	19,607,281	482,672	-	20,089,953	15,569,916	-	887,975	-	16,457,891	3,632,062	4,037,365

Amount in Rs

85



IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOI074649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
<b>11. NON-CURRENT INVESTMENT</b>		
Non-Trade, Quoted		
- Net 4 India Limited 3,232,874 Equity Shares (Previous Year - 3,232,874 ) of Rs. 10 each fully paid up	20,743,679	20,743,679
- KEW Industries Limited 2,931,558 Equity Shares (Previous Year - 2,931,558) of Rs. 10 each fully paid up	4,611,567	4,611,567
Non-Trade, Unquoted		
- J M Financial Asset Reconstruction Company Pvt. Ltd. 26,605 Security Receipts of Rs. 1000 each fully paid up (Backed by NPA sold by the Company)	26,605,000	26,605,000
- Raytheon Assets Reconstruction Pvt. Ltd. 67150 Security Receipts of Rs. 1000 each fully paid up (Backed by NPA sold by the Company)	67,150,000	67,150,000
	<b>119,110,246</b>	<b>119,110,246</b>
Less : Provision for Diminution in value	25,355,246	20,000,000
<b>TOTAL</b>	<b>93,755,000</b>	<b>99,110,246</b>
Note:		
Book Value of Quoted Investment	25,355,246	25,355,246
Market Value of Quoted Investment	3,250,137	4,995,889
Book Value of Unquoted Investment	93,755,000	93,755,000
Market Value of Unquoted Investment	93,755,000	93,755,000
<b>12. LONG TERM LOANS AND ADVANCES</b>		
Term Loans (Considered Good)		
Considered Good		
- Secured *	636,221,303	766,828,836
- Unsecured	73,326,674	77,104,263
<b>Total</b>	<b>709,547,977</b>	<b>843,933,099</b>
Less : Provision for Bad and Doubtful Loans		
<b>TOTAL</b>	<b>709,547,977</b>	<b>843,933,099</b>
*Term Loans are secured against Bank Guarantee, mortgage of property & lien on shares.		
<b>13. OTHER NON-CURRENT ASSETS</b>		
(Unsecured, Considered Good)		
Security Deposits	8,000	8,000
Advance Income Tax (including earlier years) (Net of Provisions)	100,754,056	151,457,427
<b>TOTAL</b>	<b>100,762,056</b>	<b>151,465,427</b>
<b>14. CURRENT INVESTMENTS</b>		
Investment With Mutual Fund		
(Non-Trade, at cost or market price, whichever is less)	-	-
<b>TOTAL</b>	-	-





IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOI074649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018

	As at March 31, 2018 Rs.	As at March 31, 2017 Rs.
<b>15. TRADE RECEIVABLES</b>		
<b>Factored Debts:</b>		
Outstanding for over Six months(NPA)	3,362,255,624	3,033,651,343
Other Debts	2,694,985,334	3,335,957,211
<b>Total</b>	<b>6,057,240,958</b>	<b>6,369,608,554</b>
Less : Provision for Bad and Doubtful Debts	2,805,458,608	2,280,697,999
<b>TOTAL</b>	<b>3,251,782,351</b>	<b>4,088,910,555</b>
<b>Out of above</b>		
Considered Good		
- Secured *	621,351,828	824,543,594
- Unsecured	2,073,633,506	2,511,413,617
Considered Doubtful		
- Secured *	434,800,978	236,320,698
- Unsecured	2,927,454,646	2,797,330,645
<b>TOTAL</b>	<b>6,057,240,958</b>	<b>6,369,608,554</b>
*Trade Receivables are secured against Bank Guarantee, mortgage of property and lien on shares.		
<b>16. CASH AND CASH EQUIVALENTS</b>		
Balances with Banks	350,471,913	382,066,097
(Includes Rs. 101,570 (Previous Year Rs. 101,570) earmarked balances for Unpaid Dividend)		
Cash on Hand	38,562	31,266
<b>TOTAL</b>	<b>350,510,475</b>	<b>382,097,363</b>
<b>17. OTHER CURRENT ASSETS</b>		
(Unsecured, Considered Good unless otherwise stated)		
<b>Current Maturities of Long Term Loans</b>		
Considered Good		
- Secured *	282,098,113	391,564,858
- Unsecured	-	-
Considered Doubtful		
- Secured *	231,259,489	322,922,773
- Unsecured	226,063,607	179,320,775
<b>Total</b>	<b>739,421,209</b>	<b>893,808,406</b>
Less : Provision for Bad and Doubtful Loans	277,686,749	223,041,900
	461,734,460	670,766,506
Advances Recoverable in Cash or in Kind or for Value to be Received	5,760,569	3,310,173
<b>TOTAL</b>	<b>467,495,029</b>	<b>674,076,679</b>

\*Term Loans are secured against Bank Guarantee, mortgage of property & lien on shares.



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2018**

	Period Ended March 31, 2018 Rs.	Period Ended March 31, 2017 Rs.
<b>18. REVENUE FROM OPERATIONS</b>		
Discount and Service Charges	376,373,812	566,154,940
Interest Income on Term Loan	213,019,803	203,645,463
Application and Administration Charges	11,876,875	5,241,154
<b>TOTAL</b>	<b>601,270,490</b>	<b>775,041,557</b>
<b>19. OTHER INCOME</b>		
Factoring Bad Debts Recovered	3,200,000	47,897,228
Income from Mutual Funds	23,735,087	7,997,532
Exchange Fluctuation (Net)	-	16,596
Miscellaneous Income	8,445,951	100,000
<b>TOTAL</b>	<b>35,381,038</b>	<b>56,011,356</b>
<b>20. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Other Benefits	48,651,225	43,308,358
Contribution to Provident fund	2,620,704	2,684,806
Staff Welfare Expenses	1,381,534	1,072,247
<b>TOTAL</b>	<b>52,653,463</b>	<b>47,065,411</b>
<b>21. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent, Rates and Taxes	29,389,239	30,013,123
Printing and Stationery	732,781	863,581
Postage, Telephone and Fax	1,071,715	1,829,766
Travelling & Conveyance	2,518,100	2,401,721
Conferences & Seminar	117,425	-
Legal and Professional	11,952,590	13,476,648
Business Promotion	2,627,724	874,596
Repairs and Maintenance		
-Buildings	200,350	214,563
-Others	3,342,379	1,884,030
Import Factor Commission	1,290,160	5,252,651
Miscellaneous Expenses	2,914,818	3,592,338
<b>TOTAL</b>	<b>56,157,281</b>	<b>60,403,017</b>
<b>22. FINANCE COSTS</b>		
Interest Expense	424,618,634	542,049,827
Other Borrowing Costs	23,082,227	18,879,403
Bank Charges	857,334	1,201,316
<b>TOTAL</b>	<b>448,558,195</b>	<b>562,130,546</b>
<b>23. PROVISIONS &amp; WRITE OFFS</b>		
Bad Debts Written Off	67,786,748	219,920,885
Provision for Bad and Doubtful Debts Written Back	(212,955,996)	(324,783,222)
Provisions:		
-Standard Assets	(29,115,259)	15,759,828
-Bad and Doubtful Debts and Loans	792,361,450	677,497,399
Provision for Diminution in value of Non-Current Investments	5,355,246	12,500,000
Provision for Debentures	-	(19,200,000)
	<b>623,432,189</b>	<b>581,694,890</b>



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018****24. Contingent Liabilities & Commitments****24.1 Contingent Liabilities**

There is a contingent liability in respect to Dividend payable on Compulsorily Convertible Cumulative Preference Shares is Rs. **452,895,525** which has not been provided for as per sanction terms & conditions.

**24.2 Commitments**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. NIL (Previous year Rs. NIL).
- b) Undrawn commitments (in line with RBI circular dated December 26, 2011) Rs. 8,621,338 (Previous Year Rs. 34,353,185).

**25. Deferred Tax Assets (Net)**

The Deferred Tax Assets (Net) as on March 31, 2018 comprise of the following:

(Amount in Rs)

Particular	As at 31.03.2018	As at 31.03.2017
Leave Encashment	1,903,477	1,626,472
Gratuity	1,724,682	1,477,039
Provisions for Bad & Doubtful Debts and Loans	952,691,915	773,655,629
Depreciation	(508,494)	(613,053)
<b>Deferred Tax Assets (Net)*</b>	<b>955,811,580</b>	<b>776,146,087</b>
<b>Amount credited to Statement of Profit and Loss</b>	<b>179,665,493</b>	<b>109,452,129</b>

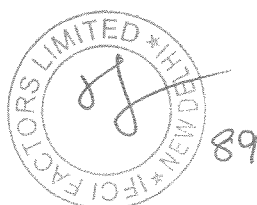
\*in case of Deferred Tax Assets of Rs.955,811,580/- ,in the opinion of the management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets

26. The Company has not received information from vendors regarding their status under "The Micro Small and Medium Enterprises Development Act, 2006" and hence disclosure related to amounts unpaid as at the year end together with interest paid/payable under this Act has not been given.
27. Letters seeking confirmation of outstanding balances of Trade Receivables, Loans and Advances as at March 31, 2018 have been sent to all the borrowers except cases under litigation. Confirmation in some cases is awaited. In some of the cases where agencies have informed different balances, reconciliation is underway.

**28. Auditors Remuneration:**

(Amount in Rs)

Particular	Year Ended 31.03.2018	Year Ended 31.03.2017
Audit Fee	520,000	520,000
Tax Audit Fee	80,000	50,000
Other Services	1,95,000	195,000
Out of Pocket Expenses	20,000	20,000
Service Tax/GST	1,46,700	114,750
<b>Total</b>	<b>9,61,700</b>	<b>899,750</b>



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

29. a) Detail of Bonds (Face Value Rs 1,000,000 each, redeemable at par)

(Amount in Rs)

No. of Bonds	Rate of Interest	Date of Redemption	Put/Call Option	As at 31.03.2018	As at 31.03.2017
1000	10.24%	May 17, 2023	No	1,000,000,000	1,000,000,000
411	10.20%	April 23, 2023	Yes (April 23, 2020)	411,000,000	411,000,000
170	10.25%	March 28, 2023	Yes (March 28, 2020)	170,000,000	170,000,000
214	10.15%	April 23, 2018	No	214,000,000	214,000,000
187	10.15%	March 28, 2018	No	-	187,000,000
18	10.25%	March 28, 2018	No	-	18,000,000

b) 12.50%, 500 Non-Convertible Debentures of Rs 500,000 each issued at par are perpetual in nature and the Company has 'Call Option' exercisable after June 6, 2022 (a minimum period of 10 years from the date of issue), subject to RBI regulations.

c) Terms of repayment of Long Term Loans:

(Amount in Rs)

From	Remaining Tenor	Repayment Term	Rate of Interest	As at 31.03.2018	As at 31.03.2017
Banks	Up to 1 Year	Monthly Repayment	11.60%,10.15%	152,777,768	243,055,540
Banks	1 Year – 2 Year	Monthly Repayment	11.60%,10.15%	89,649,876	152,710,706
Banks	2 Year – 4 Year	Monthly Repayment	11.60%,10.15%	-	90,271,009
Others	Up to 1 Year	Bullet Repayment	-	-	-
Others	1 Year – 2 Years	Bullet Repayment	-	-	-
Others	3 Years - 5 Years	Bullet Repayment	-	-	-

30. Foreign Exchange exposures that are not hedged by derivative instruments or otherwise are as follows:

Particulars	As at 31.03.2018	As at 31.03.2017
<u>Cash &amp; Bank Balances</u>		
Euro	-	-
USD	-	-
<u>Sundry Creditor</u>		
Euro	-	-
USD	-	-
GBP	-	-



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018****31. Segmental Information**

Based on the guiding principles given in the Accounting Standard 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India, the Company's primary business segment is financing. The Company operates in one geographical segment and no further disclosures as per AS-17 are required to be made.

**32. Related Party Disclosure:****A) Names of the Related Parties:**i) **Holding Company :-** IFCI Limitedii) **Subsidiaries, Associate and Joint Venture of the Holding Company**

Related Party	Relationship
IFCI Infrastructure Development Limited	Fellow Subsidiaries
IFCI Financial Service Limited	Fellow Subsidiaries
IFCI Venture Capital Funds Limited	Fellow Subsidiaries
MPCON Limited	Fellow Subsidiaries
Stock Holding Corporation of India Limited	Fellow Subsidiaries
IFCI Commodity Limited	Step down Fellow Subsidiaries
IFIN Credit Limited	Step down Fellow Subsidiaries
IIDL Realtors Private Limited	Step down Fellow Subsidiaries
IFIN Securities Finance Limited	Step down Fellow Subsidiaries
Assets Care & Reconstruction Enterprise Limited	Associate
Himachal Consultancy Organisation Limited	Associate
North India Technical Consultancy Organisation Limited	Associate
HARDICON Limited	Associate
Rajasthan Consultancy Organisation Limited	Joint Venture
IFCI Sycamore Capital Advisors Private Limited	Joint Venture

**iii) Key Management Personnel**

Mr. Bikash Kanti Roy (Managing Director) (w.e.f. 02nd April 2018)

Mr. Samik Dasgupta (Managing Director) (17<sup>th</sup> April, 2017 – 28 March 2018)Mr. Satbir Singh (Managing Director) (till 16<sup>th</sup> April 2017)Mr. Samir Raheja (Company Secretary) (17<sup>th</sup> July, 2015 – 24 Oct 2017)

Mr. Manish Jain (Chief Financial Officer) (w.e.f February 05, 2016)



IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOI074649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**B) Transactions with Related Parties and Balances thereof:**

Nature of Transaction	Amount in Rs)	
	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>Rent</b>		
To Holding Company	26,906,996	27,953,970
<b>Loan</b>		
From Holding Company		
Opening Balance	250,000,000	500,000,000
Add: Fresh Taken	-	-
Less: Repayments / Conversion	-	250,000,000
Closing Balance	250,000,000	250,000,000
<b>Interest</b>		
To Holding Company		
Opening Balance	-	6,697,947
Add: Interest for the year	-	26,530,820
Less: Repayments	-	33,228,767
Closing Balance	-	-
<b>Loan</b>		
To Fellow Subsidiaries (IFCI Venture Capital funds Ltd)		
Opening Balance		
Add: Fresh Given	150,000,000	-
Less: Repayments / Conversion	150,000,000	-
Closing Balance	-	-
<b>Interest</b>		
From Fellow Subsidiaries (IFCI Venture Capital funds Ltd)		
Opening Balance		
Add: Interest for the quarter	(23,15,528)	-
Less: Repayments	23,15,528	-
Closing Balan	-	-
<b>Reimbursement of Expenses:</b>		
To Holding Company		
- Managerial Remuneration	3,929,876	3,601,144
- Others	969,636	741,791
- Commission against Letter of comfort to Banks	9,924,875	14,023,708
To IFCI Financial Services Limited	288660	522,728
To NITCON Limited	-	60,000
<b>Remuneration Paid to Key Management Personnel</b>		
Mr. Samir Raheja	8,67,374	1,395,506
Mr. Manish Jain	1,389,834	1,248,553



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

<b>Balance Recoverable / (Payable) at year end:</b>		
To Holding Company	(5,303,824)	(276,537)
From IFCI Financial Services Limited	(8,61,393)	(58,840)

**33. Lease**

Office Premises are on operating lease with tenor upto 12 months and renewable on such terms and conditions as may be mutually agreed between the Company and the Lessor. Lease rentals paid are charged as rent in Statement of Profit and Loss.

**34. Earnings Per Share (EPS)**

Particulars	(Amount in Rs.)	
	Year Ended 31.03.2018	Year Ended 31.03.2017
Net Profit/(Loss) as per Statement of Profit and Loss (Rs.)	(365,348,037)	(311,676,797)
Net Profit/(Loss) for Equity Shareholders for Basic EPS (Rs.)	(365,348,037)	(311,676,797)
Net Profit/(Loss) for Equity Shareholders for Diluted EPS (Rs.)	(365,348,037)	(311,676,797)
Weighted Average no. of Equity Shares for Basic EPS	79,357,700	79,357,700
Add: Equity shares for conversion of preferences shares (CCCPS)	175,081,160	175,081,160
Weighted Average no. of Equity Shares for Diluted EPS	254,438,860	254,438,860
Basic Earnings per Share (Face Value - Rs. 10 per share) (Rs.)	(4.60)	(3.93)
Diluted Earnings per Share (Face Value - Rs. 10 per share) (Rs.)	(1.44)	(1.22)

**35. Expenditure in Foreign Currency:**

Particulars	(Amount in Rs)	
	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>Expenditure in Foreign Currency</b>		
Membership Fee and Subscription Fee	572,100	554,550
Import Factor Commission	1,290,160	5,252,651
Others	-	362,564

**36. Employees Benefits****i) Defined Contribution Plan:**

The Company has recognized Provident Fund and Family Pension Schemes contribution Rs. 2,620,704 (previous year Rs. 2,684,806) under defined contribution plan as an expense in the Statement of Profit and Loss.

**ii) Defined Benefit Plan:**

The Company has defined benefit plans in respect of gratuity and leave encashment. Valuation in respect of gratuity and leave encashment has been carried out by an independent actuary, as at the Balance sheet date on Project Unit Credit method.

The following table summarizes the components of net benefit/ expenses recognized in the Statement of Profit and Loss, the funded status and amounts recognized in the Balance Sheet for the respective plans:



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

a) **Principal Assumptions used in determining gratuity and post-employment benefits are:**

Actuarial Assumptions	Year Ended 31.03.2018	Year Ended 31.03.2017
Discounting Rate	8.00%	8.00%
Future Salary Increase	6.00%	6.00%
Retirement age	60 Years	60 Years
Mortality Rate	IALM (2006-2008)	IALM (2006-2008)
Ages	Withdrawal rate (%)	Withdrawal rate (%)
- Up to 30 Years	3	3
- From 31 to 44 years	2	2
- Above 44 years	1	1

b) **Changes in the Present Value of Obligation:**

(Amount in Rs)

Particulars	Gratuity		Leave Encashment	
	31.03.2018 8	31.03.2017 7	31.03.2018 8	31.03.2017 7
a) Present value of obligation as at beginning of the year	4,780,061	3,729,679	5,263,665	4,230,712
b) Interest cost	352,290	298,374	387,932	338,457
c) Past Service cost	-	-	-	-
d) Current Service cost	759,950	787,185	875,714	916,133
e) Benefits paid	(235,240)	(240,029)	(940,326)	(916,840)
f) Actuarial (gain)/ loss on obligation	(75,066)	204,852	573,136	695,203
g) Present value of obligation as at end of the year	5,581,495	4,780,061	6,160,121	5,263,665

c) **Fair Value of Plan assets:**

(Amount in Rs)

Particulars	Gratuity		Leave Encashment	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
a) Fair Value of Plan Assets as at beginning of the year	-	-	-	-
b) Expected return	-	-	-	-
c) Past Service cost	-	-	-	-
d) Contribution	-	-	-	-
e) Benefits paid	-	-	-	-
f) Fair Value of Plan Assets as at end of the year	-	-	-	-
g) Funded status	(5,581,495)	(4,780,061)	6,160,121	5,263,665



94



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**d) Actuarial gain/loss recognized:**

(Amount in Rs)

Particulars	Gratuity		Leave Encashment	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
a) Actuarial (gain)/loss for the year-Obligation	(75,066)	204,852	(573,136)	(695,203)
b) Actuarial (gain)/loss for the year-Plan assets	-	-	-	-
c) Actuarial (gain)/ loss recognized in the year	(75,066)	204,852	(573,136)	(695,203)

**e) Amounts to be recognized in the Balance Sheet:**

(Amount in Rs)

Particulars	Gratuity		Leave Encashment	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
a) Present value of obligation as at end of the year	5,581,495	4,780,061	6,160,121	5,263,665
b) Fair Value of Plan Assets as at end of the year	-	-	-	-
c) Funded status	(5,581,495)	(4,780,061)	6,160,121	5,263,665
d) Net Liability recognized in the Balance Sheet	(5,581,495)	(4,780,061)	6,160,121	5,263,665

**f) Expenses recognized in the Statement of Profit and Loss:**

(Amount in Rs)

Particulars	Gratuity		Leave Encashment	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
a) Current Service cost	759,950	787,185	875,714	916,133
b) Past service cost	-	-	-	-
c) Interest cost	352,290	298,374	387,932	338,457
d) Return on the plan assets	-	-	-	-
e) Net Actuarial (gain)/loss recognized in the year	(75,066)	204,852	573,136	695,203
f) Expenses/(Income) recognized in the Statement of Profit and Loss	1,037,174	1,290,411	1,836,782	1,949,793

**37. Disclosure in terms of Notification No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated November 10, 2014 issued by Reserve Bank of India are as under:**

**A. Capital:**

(Amount in Rs)

Items	As at 31.03.2018	As at 31.03.2017
CRAR (%)	15.95%	22.10%
CRAR - Tier I Capital (%)	11.55%	19.60%



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

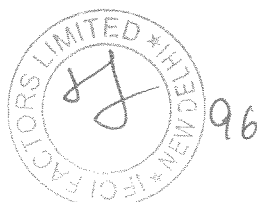
CRAR - Tier II Capital (%)	4.40%	2.50%
Amount of subordinate debt raised as Tier-II capital	Nil	Nil
Amount raised by issue of Perpetual Debt Instruments	Nil	Nil
% of Perpetual Debt to Tier I Capital (ex-Perpetual debt)	41.18%	22.37%

**B. Investments:**

Particulars		As at 31.03.2018	As at 31.03.2017
Value of Investment			
Gross Value of Investments			
(a)	In India	119,110,246	119,110,246
(b)	Outside India,	-	-
Provisions for Diminution in value			
(a)	In India	25,355,246	20,000,000
(b)	Outside India,	-	-
Net Value of Investments			
(a)	In India	93,755,000	99,110,246
(b)	Outside India.	-	-
Movement of provisions held towards depreciation on investments			
(i)	Opening balance	20,000,000	26,700,000
(ii)	Add : Provisions made during the year	53,55,246	12,500,000
(iii)	Less : Write-off / write-back of excess provisions during the year	-	19,200,000
(iv)	Closing balance	25,355,246	20,000,000

**C. Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction:**

Particulars	As at 31.03.2018	As at 31.03.2017
(i) No. of accounts	-	2
(ii) Aggregate value (net of provisions) of accounts sold to SC/ RC	-	43,615,708
(iii) Aggregate consideration	-	110,300,000
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	66,684,292



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**D. Details of Assignment transactions undertaken:**

Particulars	As at 31.03.2018	As at 31.03.2017
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

**E. Details of Non-performing Financial Assets Purchased:**

Particulars	As at 31.03.2018	As at 31.03.2017
(i)(a) No. of accounts purchased during the year	Nil	Nil
(i)(b) Aggregate outstanding	Nil	Nil
(ii)(a) Of these, number of accounts restructured during the year	Nil	Nil
(ii)(b) Aggregate outstanding	Nil	Nil

**F. Details of Non-performing Financial Assets Sold:**

Particulars	As at 31.03.2018	As at 31.03.2017
(i) No. of accounts sold	-	2
(ii) Aggregate outstanding	-	311,020,886
(iii) Aggregate consideration received	-	110,300,000

**G. Exposure to Real Estate Sector:**

Category		(Amount in Rs)	
		As at 31.03.2018	As at 31.03.2017
a)	Direct exposure		
	(i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
	(ii) Commercial Real Estate -		



3

IFCI FACTORS LIMITED

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or Warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	74,77,16,077	875,928,644
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	A Residential,	-	-
	B Commercial Real Estate.	-	-
b)	indirect exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

h) Exposure to Capital Market:

		(Amount in Rs.)	
Particulars		As at 31.03.2018	As at 31.03.2017
(i)	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	25,355,246	25,355,246
(ii)	Advances against shares/bonds/debenture or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	Nil	Nil
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary securities	188,008,929	109,297,792



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	329,934,826	154,173,911
(v)	Secured and unsecured advances to the stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	Nil	Nil
(vi)	Loan sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues.	Nil	Nil
(viii)	All exposure to Venture Capital Funds both registered and unregistered)	Nil	Nil
<b>Total exposure to capital market</b>		<b>543,299,001</b>	<b>288,826,949</b>

- i) **Details of Single Borrower Limit / Group Borrower Limit exceeded by the Company:**  
 During the year, the Company has not exceeded the prudential exposure limit in respect of fresh sanctions. However, in some cases as stated below, sanction limit/outstanding balance are exceeding the prudential exposure limit in respect of cases sanctioned in earlier years.

(Amount in Rs.)

Particulars	Sanctioned Limit	Outstanding Balance
CONCAST STEEL & POWER LIMITED	250,000,000	250,007,856

#The exposure increased due to merger of concast steel limited and concast exim limited into concast steel & power limited

- j) Certificated of Registration no. as issued by Reserve Bank of India - B-14.01248  
 k) No penalty has been imposed by RBI and any other regulators during the year.

- l) **Rating assigned by credit rating agencies and migration of ratings during the year:**



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

Rating Agency	CARE Ratings	
	As at 31.03.2018	As at 31.03.2017
Instruments/Facilities		
Long Term bank facilities *	CARE BBB (SO); Negative (Triple B (Structured Obligation); Outlook: Negative)	CARE BBB+ (SO); Negative (Triple B Plus (Structured Obligation); Outlook: Negative)
Short Term bank facilities*	CARE A2+ (SO) ((A two Plus (Structured Obligation))	CARE A1 (SO) ((A One (Structured Obligation))
Long Term Non-Convertible Debentures	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)

\*Structured Obligation -----&gt; Backed by Letter of Comfort from IFCI Limited.

Rating Agency	Brickwork Ratings	
	As at 31.03.2018	As at 31.03.2017
Instruments/Facilities		
Secured Non-Convertible Debentures	BWR BBB : Pronounced BWR BBB PLUS (Outlook NEGATIVE)	BWR A : Pronounced BWR A Minus (Outlook Stable)
Unsecured Non-Convertible Debentures	BWR BBB : Pronounced BWR BBB PLUS (Outlook NEGATIVE)	BWR A : Pronounced BWR A Minus (Outlook Stable)

**m) Provisions and Contingencies:**

(Amount in Rs)

Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss account	As at 31.03.2018	As at 31.03.2017
Provisions for depreciation on Investment	-	(1,92,00,000)
Provision for Diminution in value of Non-Current Investments	53,55,246	12,500,000
Provisions towards NPA	579,405,454	352,714,177
Provision made towards Income tax		
Provision for Standard Assets	(29,115,259)	15,759,828

**n) Draw Down from Reserves:**

Particulars	As at 31.03.2018	As at 31.03.2017
Depreciation	-	-
Securities Premium	-	-



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

## o) Concentration of Advances, Exposures and NPAs:

## a) Concentration of Advances

(Amount in Rs.)	
Total Advances to twenty largest borrowers	3,018,272,582
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	42.78%

## b) Concentration of Exposures

(Amount in Rs.)	
Total Exposure to twenty largest borrowers / customers	3,029,460,233
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	37.49%

## c) Concentration of NPAs

(Amount in Rs.)	
Total Exposure to top four NPA accounts	664,151,429

## d) Sector-wise NPAs:

(Amount in Rs.)		
Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
1	Agriculture & allied activities	-
2	MSME	486,287,972
3	Corporate borrowers	2,884,135,600
4	Services	449,155,147
5	Unsecured personal loans	-
6	Auto loans	-

## e) Movement of NPA:

(Amount in Rs.)			
Particulars		As at 31.03.2018	As at 31.03.2017
(i)	Net NPAs to Net Advances (%)	18.54%	20.46%
(ii)	<b>Movement of NPAs (Gross)</b>		
	(a) Opening balance	3,535,894,891	3,190,865,315



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

	(b)	Additions during the year	644,334,680	763,426,455
	(c)	Reductions/write-offs during the year	(360,650,851)	(418,396,879)
	(d)	Closing balance	3,819,578,720	3,535,894,891
(iii)	<b>Movement of Net NPAs</b>			
	(a)	Opening balance	1,032,154,982	1,039,839,584
	(b)	Additions during the year	(148,026,770)	85,929,055
	(c)	Reductions/write-offs during the year	(147,694,855)	(93,613,657)
	(d)	Closing balance	736,433,357	1,032,154,982
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>			
	(a)	Opening balance	2,503,739,909	2,151,025,731
	(b)	Provisions made during the year	792,361,450	677,497,400
	(c)	Write-off / write-back of excess provisions	(212,955,996)	(324,783,222)
	(d)	Closing balance	3,083,145,363	2,503,739,909

**p) Disclosure of Complaints:**

Sr.No.	Details of Investor Complaints	No. of Complaints
(a)	Number of Investor Complaints pending at the beginning of the year	Nil
(b)	Number of Investor Complaints received during the year	Nil
(c)	Number of Investor Complaints disposed off during the year	Nil
(d)	Number of Investor Complaints remaining unresolved at the end of the year	Nil

38. Disclosure in terms of Paragraph 13 of Prudential Norms as per Notification No.DNBS.193 DG (VL)-2007 dated February 22, 2007 issued by Reserve Bank of India.

(A) Loans and advances availed, inclusive of interest accrued thereon but not paid:

(Amount in Rs)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Outstanding	Overdue	Outstanding	Overdue
a) Debentures/ Bonds				
- Secured	864,543,384	-	1,080,624,398	-
- Unsecured	1,325,747,931	-	1,325,747,931	-
b) Deferred Credits				
		-	-	-





**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

c) Term Loans (including demand loan)	1,542,427,644	-	2,238,803,352	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other Loans (Cash Credit and Overdraft)	371,452,314	-	32,424,809	-

The Company has not defaulted in repayment of dues to any Financial Institution or Bank.

**(B) Break up of Loans and Advances including Bills Receivables:**

(Amount in Rs)

Particular	As at 31.03.2018	As at 31.03.2017
a. Secured	2,205,731,711	2,542,180,759
b. Unsecured	5,300,478,433	5,565,169,300
<b>Total</b>	<b>7,506,210,144</b>	<b>8,107,350,059</b>

**(C) Break up of Leased Assets and stock on hire and other assets counting towards loan activities:**

(Amount in Rs)

Particular	As at 31.03.2017	As at 31.03.2018
1. Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	-	-
(b) Operating lease	-	-
2. Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
3. Other loans counting towards AFC activities:		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

**(D) Break up of Investments:**

(Amount in Rs)

Particular	As at 31.03.2018	As at 31.03.2018
<b>Long Term Investment</b>		
<u>Quoted:</u>		
(i) Shares : Equity		
: Preference		
(ii) Debentures and Bonds	25,355,246	25,355,246
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other	-	-
<u>Unquoted:</u>	-	-



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

H. Note on Restructuring as on March 31, 2018

Type of Restructuring

Asset Classification	Under CDR Scheme										Total			Total	Loss	Total
	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful			
1	Restructured Accounts as on April 01, 2017	No. of borrowers Amount outstanding	1	-	-	-	-	1	-	-	4	1	1	2	5	
		Provision thereon	127,035,672	-	-	-	-	127,035,672	199,764,781	316,015,907	127,035,672	425,458	115,825,668	199,764,781	443,051,579	
		No. of borrowers Amount outstanding	31,357,997	-	-	-	-	31,357,997	199,764,781	272,406,681	31,357,997	341,900	72,300,000	199,764,781	303,764,678	
2	Fresh restructuring during the year	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	
3	Upgradations to restructured standard category	No. of borrowers Amount outstanding	-	-	-	-	-	-	2	4	-	1	1	2	4	
		Provision thereon	-	-	-	-	-	-	1,552,529	1,634,642	-	-	82,113	1,552,529	1,634,642	
		No. of borrowers	-	-	-	-	-	-	25,400,000	26,952,529	-	-	25,400,000	1,552,529	26,952,529	
4	Restructured standard advances which ceases to attract higher provisioning and / or additional risk weight and hence need not be shown as restructured standard advances at the beginning of the next year	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	
5	Downing additions of restructured accounts during the year	No. of borrowers Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Write Offs of restructured accounts during the year	No. of borrowers Amount outstanding	1	-	-	-	-	1	-	-	-	-	-	-	1	
		Provision thereon	3,248,672	-	-	-	-	3,248,672	-	-	-	-	-	-	3,248,672	
		No. of borrowers	229,630	-	-	-	-	229,630	-	-	-	-	-	-	229,630	
8	Restructured accounts as on March 31, 2018	No. of borrowers Amount outstanding	1	1	1	1	1	1	2	4	1	1	1	2	5	
		Provision thereon	123,787,000	425,458	115,907,781	201,317,310	123,787,000	123,787,000	201,317,310	317,650,549	123,787,000	425,458	115,907,781	201,317,310	441,437,549	
			31,128,367	341,900	97,700,000	201,317,310	31,128,367	31,128,367	299,359,210	299,359,210	31,128,367	341,900	97,700,000	201,317,310	330,487,577	



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

(i) Shares : Equity		
: Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other	-	-
	93,755,000	93,755,000

 (E) Borrower group-wise classification of assets financed (including contractual obligations):  
 (Amount in Rs)

Particulars	Amount net of Provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	2,205,731,711	2,217,333,070	4,423,064,781
<b>Total</b>	<b>2,205,731,711</b>	<b>2,217,333,070</b>	<b>4,423,064,781</b>
(Previous Year)	2,542,180,759	3,061,429,391	5,603,110,150

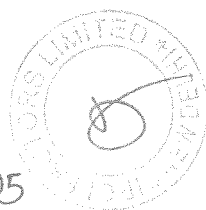
 (F) Investor group wise classification of all investment (current and long term) in shares and securities (both quoted and unquoted):  
 (Amount in Rs)

Category	Market Value / Break up of fair value of NAV	Book Value (Net of provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in same group	-	-
(c) Other related parties	-	-
2. Other than related parties	97,005,137	93,755,000
(previous year)	98,750,889	99,110,246

(G) Other Information:

(Amount in Rs)

Particulars	As at 31.03.2018	As at 31.03.2017
3. Gross Non-Performing Assets		
(a) Related Parties		-
(b) Other than Related Parties	3,819,406,065	3,535,894,891
4. Net Non-Performing Assets		
(a) Related Parties		-
(b) Other than Related Parties	736,260,702	1,032,154,982
5. Assets acquired in satisfaction of debts	-	-



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**39. Monitoring of Fraud**

In terms of RBI circular No. DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated March 02, 2012, the Company has identified and reported to Reserve Bank of India five fraud accounts amounting to Rs.3022.29 lacs during the current year (Previous year – Rs. 323,286,587).

40. Advances do not include write-off cases against which legal proceedings in the nature of criminal and / or civil or pending. Legal expenses on these cases are being incurred and debited to profit & Loss account.
41. Previous year's figures have been regrouped / rearranged wherever considered necessary.
42. Revenue from operation includes Rs.5.08 crore recovery on sale of security in case of NPA Maxx Moblink Pvt Ltd.
43. Company spent Rs.10 Lacs out of CSR provision made of Rs.10,192,410 and balance amount Rs.91,92,410/- remain deferred as on 31.3.18

As per our audit report of even date attached

**For Chandiwala Virmani & Associates.**

Chartered Accountants  
Firm Registration No. 000082N



(Deepak Gupta)  
Partner  
Membership No. 522806

**For and on behalf of Board of Directors**



(Bikash Kanti Roy)  
Managing Director  
DIN – 02171876



(Sachikanta Mishra)  
Nominee Director  
DIN- 02755068



(Manish Jain)  
Chief Financial Officer

Date: 11.05.2018  
Place: New Delhi

