

**IFCI FACTORS LIMITED**



**22<sup>ND</sup> ANNUAL REPORT**

**2016-17**

## Corporate Information

### Board of Directors

Mr. Sanjeev Kaushik  
Mr. Bikash Kanti Roy  
Mr. Rajib Sekhar Sahoo  
Mrs. Bandana Mukhopadhyay  
Mr. Samik Dasgupta

Chairman (Nominee Director, IFCI Ltd.)  
Nominee Director, IFCI Ltd.  
Independent Director  
Independent Director  
Managing 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)  
[amitkaul@ifcifactors.com](mailto:amitkaul@ifcifactors.com)

### Sr. Associate Vice President & Company Secretary

Mr. Samir Raheja

### 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-Second (22<sup>nd</sup>) Annual General Meeting of the Members of IFCI Factors Limited will be held on Wednesday, September 6, 2017 at 10<sup>th</sup> Floor, IFCI Tower, 19, Nehru Place, New Delhi-110019 at 11:00 a.m 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, 2017 and the report of the Board of Directors and Auditors thereon.
2. To fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2017-18 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 2017-18, as may be deemed fit."

3. To appoint a Director in place of Mr. Sanjeev Kaushik (DIN: 02842527), who retires by rotation and being eligible, offers himself for re-appointment.

By Order of Board of Directors

July 24, 2017  
New Delhi

Samir Raheja  
Sr.AVP & Company Secretary

IFCI Factors Limited  
Registered Office:  
10<sup>th</sup> Floor, IFCI Tower, 61,  
Nehru Place, New Delhi – 110019  
CIN: U74899DL1995GOI074649  
Phone: +91-11-41642840  
Website: www.ifcifactors.com  
Email: amitkaul@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 on all working days except Saturdays, Sundays and Holidays between 11:00 a.m. to 1:00 p.m. 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 205A (5) of the then Companies Act, 1956, ("the previous Act"), 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 Subsection (1) of Section 205C of the previous Act. 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 Mr. Sanjeev Kaushik, Nominee Director, is given in the Corporate Governance Report.

**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: amitkaul@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 22<sup>nd</sup> Annual General Meeting of the Company, to be held on Wednesday, September 6, 2017 at 10<sup>th</sup> floor, IFCI Tower, Nehru Place, New Delhi at 11:00 a.m 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, 2016 and the report of Board of Directors and Auditors thereon.		
2.	Fixing the Remuneration of the Statutory Auditors of the Company for the financial year 2016-17 as appointed by the Comptroller & Auditor General of India		
3.	Appointment of Mr. Sanjeev Kaushik, retiring by rotation		

**Signed this ..... day of ....., 2017**

**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

Website: [www.ifcifactors.com](http://www.ifcifactors.com) Email: [amitkaul@ifcifactors.com](mailto:amitkaul@ifcifactors.com)

**ATTENDANCE SLIP**

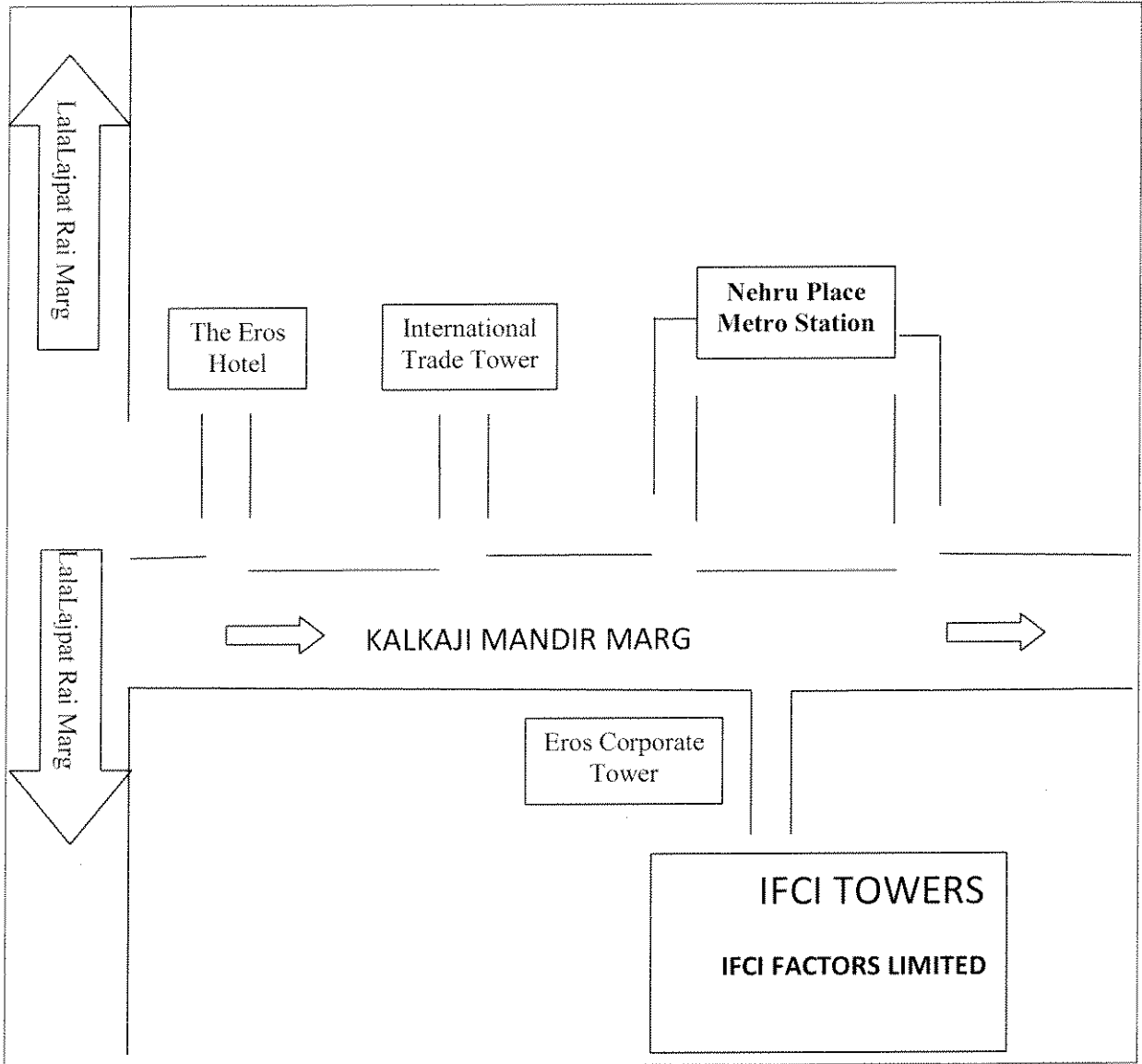
22<sup>nd</sup> Annual General Meeting held on Wednesday, September 6, 2017 at 11:00 a.m at 10<sup>th</sup> Floor, IFCI Tower 61, Nehru Place, New Delhi – 110019.

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 22<sup>nd</sup> Annual General Meeting (AGM) of the Company being held on Wednesday, September 6, 2017 at 11:00 a.m 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 22<sup>nd</sup> Annual Report of the Company together with the Audited Financial Statement for the year ended on March 31, 2017.

### Financial Results

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

(Rs. in lacs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Total Income	8,310.53	9,092.47
Financial Charges	5,621.31	5,706.22
Personnel and Other Expenses	1,083.56	1,274.94
Profit / (Loss) Before Provisions & Write-Offs	1,605.66	2,111.31
Provisions & Write-Offs	5,816.95	7,667.17
Profit / (Loss) Before Tax	(4,211.29)	(5,555.86)
Provision for Taxation	-	-
Deferred Tax	(1,094.52)	(1,188.52)
Profit/ (Loss) After Tax	(3,116.77)	(4,367.34)
Appropriations:		
Profit / (Loss) Brought down from Balance Sheet	(8,776.34)	(4,409.00)
Profit / (Loss) carried to Balance Sheet	(11,893.11)	(8,776.34)

### 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 Financial Year 2016-17 has been a tough year for your Company, witnessing a reduction in income coupled with fresh slippages, culminating in net losses. Overall, the Banking and Financial sector has been badly hit amidst the challenging macro-economic environment.

The Government of India has your notified a total of one hundred and ninety six systematically important NBFCs (including your Company), as 'secured lenders' under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). Therefore, your Company can now enforce the security interest on assets charged to it, without having to resort to either judicial or arbitral proceedings.

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

of Rs. 83.11 crore, reported an operating profit of Rs.16.06 crore and on account of provisioning and write-off reported a net loss after tax of Rs.(31.17) crore. During the year under report your Company has recovered an amount of Rs.58.57 crore from NPA & stressed assets, which is the highest amount recovered in the past three years. Further, in view of Insolvency and Bankruptcy Code, 2016 being enacted, your Company foresees strengthening of recovery mechanism and reduction in NPAs. As on date, IFCI Ltd., Government Company, holds 99.74% equity shareholding in the Company, making it a subsidiary Company of IFCI Ltd.

### **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, 2017 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, 2017. 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.28.56 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 2016-17, as it has incurred a loss after tax of Rs. (31.16) 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/-

During the Financial Year 2016-17, 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, 2017.

### **Directors and Key Managerial Personnel**

The Board of Directors of your Company consists of eight Directors as on March 31, 2017, which includes five Independent Directors, two Non-Executive Directors and one Managing Director. The tenure of Mr. Shrawan Nigam, Mr. Vinod Kumar Gupta and Mr. Ajoy Kumar Deb, Independent Directors has expired on April 1, 2017.

In terms of the provisions of Section 152 of the Companies Act, 2013, Mr. Sanjeev Kaushik, 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. Samik Dasgupta has been appointed as Managing Director w.e.f April 19, 2017, in place of Mr. Satbir Singh, who ceased as Director and Managing Director w.e.f the said date. Further, Mr. Bikash Kanti Roy has been appointed as Nominee Director w.e.f June 07, 2017, in place of Mr. Dileep Kumar Jain, who ceased as Nominee Director w.e.f the said date.

During the year under review the change in the composition of Board of Directors are as follows:

- i) Mr. Sudhir Garg, resigned as Director w.e.f December 08, 2016 on account withdrawal of nomination by IFCI Limited, the holding company;
- ii) Mr. Malay Mukherjee, resigned as Director and Chairman w.e.f December 12, 2016 on account withdrawal of nomination by IFCI Limited, the holding company;
- iii) Mr. Prasoon was appointed as an Additional Director w.e.f December 08, 2016 and ceased to be an Additional Director w.e.f December 30, 2016, on account withdrawal of nomination by IFCI Limited, the holding company;
- iv) Mr. Sanjeev Kaushik was appointed as Nominee Director (Nominee of IFCI Limited) and Chairman w.e.f December 30, 2016; and  
Mr. Dileep Kumar Jain was appointed as Nominee Director (Nominee of IFCI Limited) w.e.f December 30, 2016.

### **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 Companies 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 2016-17. 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.

### **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.

Owing to continued losses being suffered by your Company, no amount could not spent on CSR. 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.1,01,92,410/- (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. 62,74,912, 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 the attrition. As on March 31, 2017, your Company had thirty five employees on its roll vis-à-vis thirty nine employees as on March 31, 2016.

### **Fixed Deposits**

During the financial year ended March 31, 2017, 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 five times in the Financial Year 2016-17 viz., on April 29, 2016, July 30 2016, November 03, 2016, December 21, 2016 and February 01, 2017.

### **Composition of Audit Committee**

Your Company has in place an Audit Committee of Directors in compliance with the provisions of Companies Act, 2013. 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 all the Directors, the performance was evaluated at the meeting of the Board and the Independent Directors. 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 2016-17, your Company has not received any complaints on sexual harassment.

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

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 2016-17, 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; and
- 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.

### **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. Further, there were no qualification(s) or observation(s) or other remarks made by the Secretarial Auditors in the Secretarial Audit Report for the Financial Year 2016-17.

### **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                      CARE Rating - Care BBB (SO); Negative  
[Triple B (Structured Obligation);  
Outlook: Negative]

\*Short-Term Bank Facilities                      CARE Rating - Care A2+ (SO)  
[A Two Plus (Structured Obligation)]

Long Term instruments (NCD)                      CARE Rating- Care BBB-; Negative  
(Triple B Minus; Outlook: Negative)

Brickwork  
BWR A- (BWRA Minus)

\*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 2016-17. The qualifications made by the Statutory Auditors in the Independent Auditor's Report on the Financial Statements for the year ended March 31, 2017 and management replies thereon are as follows:

	<b>Qualifications</b>	<b>Management's Reply</b>
A.	We noticed that in the following cases, Company had disbursed the sanctioned amount to their holding Company i.e. IFCI Ltd. and associate/sister concern i.e. IFCI Venture Capital Fund Limited on behalf of its borrower(s) :	
i)	In case of Replenish Reality Pvt. Ltd. A sum of Rs.11.50 Crores was sanctioned and out of which a sum of Rs.3.65 crores was directly disbursed to IFCI Ltd. on behalf of borrower' group company namely Pipavav Marine & Offshore Ltd. (1.86 Crores) and for Pipavav Defence & Offshore Engg. (Rs.1.79 Crores). Both these companies had exposure with IFCI Limited and were stressed account in the books of IFCI Limited. No further balance disbursement was made to the borrower and account was become NPA subsequently.	The disbursement has been made in such cases only on the request of the respective client



ii)	In case of Critical Mass Multilink Ltd. A sum of Rs.7.50 Crores was sanctioned and was directly disbursed to IFCI Ltd. on behalf of borrower' group company namely Gujarat NRE Mineral Resources Ltd. The said company had exposure with IFCI Limited and was stressed account in the books of IFCI Limited.	The disbursement has been made in such cases only on the request of the respective client
ii)	<p>In case of Concast Steel and Power Limited which was stressed account itself, a sum of Rupees 67 Lakhs and 60 Lakhs was disbursed directly to IFCI Venture Capital Fund Ltd. instead of borrower. The total amount outstanding as on 31.03.2017 is 25.99 Crores in case of Concast Steel and Power Limited, which comprises Rs. 10.30 Crores to Concast Exim and Rs.15.69 Crores to Concast Steel and Power. Both the companies are unit of Concast Steel and Power Limited. , which also exceeds the exposure norms as prescribed by RBI.</p> <p>From the above transactions, it is apparent that the sanctioning/disbursement of loans to above borrower(s) had been made to accommodate/save the NPA of group companies of the borrowers in the books of holding/Associate/Sister Concern of the company.</p>	The disbursement has been made in such cases only on the request of the respective client
B.	In our opinion, Company has not identified two cases (both merged) as NPA i.e. (i) Concast Steel and Power Limited (15.69 Crores) (ii) Concast Exim Limited (10.30 Crores). CDR executed by other lenders on 31.03.2015 could not be implemented till date and whole net worth has been eroded. Hence Rs.1.75 Crore less provisions has been made on account of NPA. Further interest booked as interest income amounting to Rs. 0.99 Crore has not been reversed. So the income as well as advances has been overstated by Rs.2.24 Crores.	In these cases the client has been paying the interest regularly. The bill ageing is under control and as the client company is under CDR, in respect of which the Company has already made additional provisions of 9.5% amounting to Rs.246.90 lacs as a safeguard measure.

Comptroller and Auditor General of India (C&AG) 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.

## **Supplementary Audit by Comptroller and Auditor General of India**

Comptroller and Auditor General of India (CAG) has conducted the supplementary Audit of financial statements for the year ended March 31, 2017. CAG has not expressed any qualifications / adverse remarks in its report and the same is enclosed as Annexure V.

## **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 foreign exchange fluctuation Income (Net) of Rs. 16,596 and expenditure in foreign exchange was Rs. 61,69,765/-

## **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.

## **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 : 24.07.2017  
Place : New Delhi

Samik Dasgupta  
Managing Director  
DIN: 02763211

Bikash Kanti Roy  
Nominee Director  
DIN : 02171876

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 : 24.07.2017  
Place : New Delhi

Samik Dasgupta  
Managing Director  
DIN: 02763211

Bikash Kanti Roy  
Nominee Director  
DIN : 02171876

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: 24.07.2017  
Place : New Delhi

Samik Dasgupta  
Managing Director  
DIN: 02763211

Bikash Kanti Roy  
Nominee Director  
DIN : 02171876

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, 2017**

**[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:**

<b>SI. No.</b>	<b>Particulars</b>	<b>Details</b>
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 2840  Fax: +91-11-4652 1435-36  email: <a href="mailto:samir@ifcifactors.com">samir@ifcifactors.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:-

<b>SI. No</b>	<b>Name and description of main products / services</b>	<b>NIC code of the product/ service</b>	<b>% to total turnover of the Company</b>
1.	Factoring	64990	69%
2.	Corporate Loans	64920	31%

### 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 01.04.2016		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2017	
		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 (01.04.2016)</b>				
i) Principal Amount	4,135,542,679	1,250,000,000	-	5,385,542,679
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	99,558,690	75,747,935	-	175,306,625
<b>TOTAL (i+ii+iii)</b>	<b>4,235,101,369</b>	<b>1,325,747,935</b>	<b>-</b>	<b>5,560,849,304</b>
<b>Change in Indebtedness during the financial year</b>				
Addition				
Reduction	883,248,809	-	-	883,248,809
Exchange Difference				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year (31.03.2017)</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>

## VII. 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)
1	Gross Salary		
	1(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,710,635
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	563,963
	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	198,674
2	Stock Option		-
3	Sweat Equity		-
4	Commission		-
	-as a % of profit		-
	-others (specify)		-
5	Others, please specify : Retirement Benefits & Leave Salary		127,872
	<b>Total</b>		<b>3,601,144</b>

### B. Remuneration to other directors:

(Amount in Rs.)

S No.	Name of the Directors	Fee for attending board/ committee meetings	Commission	Total
1.	Mr. Shrawan Nigam	2,05,500	-	2,05,500
2.	Mr. Vinod Kumar Gupta	2,25,000	-	2,25,000
3.	Mr. Ajoy Kumar Deb	2,47,500	-	2,47,500
4.	* Mr. Sudhir Garg	1,33,500	-	1,33,500
5.	*Mr. Prasoon	12,000	-	12,000
6.	*Mr. Dileep Kumar Jain	49,500	-	49,500
7.	Mr. Rajib Sekhar Sahoo	46,500	-	46,500
8.	Mrs. Bandana Mukhopadhyay	75,000	-	75,000

\*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	1,059,542	1,033,917
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3,35,964	214,636
	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>1,395,506</b>	<b>1,248,553</b>

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

For and on behalf of the Board of Directors

Date : 24.07.2017

Place : New Delhi

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

Samik Dasgupta  
Managing Director  
DIN: 02763211

Bikash Kanti Roy  
Nominee Director  
DIN : 02171876

**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, 2017 are:

Mr. Ajoy K. Deb, Independent Director as Chairman

Mr. D.K.Jain, Nominee Director as Member

Mr. Satbir Singh, Managing Director as Member

The Composition of CSR Committee as on July 24, 2017 i.e the date of signing of Director's Report

Mrs. Bandana Mukhopadhyay, Independent Director as Chairperson

Mr. Bikash Kanti Roy, 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.3,34,07,498.

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

Rs. 6,68,150

### 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. 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)

#### 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	Cumulative expenditure upto to the reporting period (in Rs.)	Amount spent: Direct/ through implementing agency*
					1.Direct expenditure on project or programmes 2.Overheads (in Rs.)		
-	-	-	-	-	-	-	-

**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**

Due to continued losses being suffered by the Company, the Company could not spend any amount towards CSR expenditure during the Financial Year 2016-17. In compliance with the CSR & Sustainability Guidelines issued by the Department of Public Enterprises the Company has deferred the CSR expenditure of 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)

Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mrs. Bandana Mukhopadhyay, Chairman and Mr. Samik Dasgupta, 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 : 24.07.2017  
Place : New Delhi

Samik Dasgupta  
Managing Director  
DIN-02763211

Bandana Mukhopadhyay  
Chairman of the CSR Committee  
DIN-07114150

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, 2017**

[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 2016 to 31<sup>st</sup> March, 2017 (hereinafter called the Audit Period), of the compliance of applicable statutory provisions and the adherence to good corporate practices by IFCI Factors Limited CIN: U74899DL1995GO1074649 (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, 2017 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, 2017**, according to the provisions of:

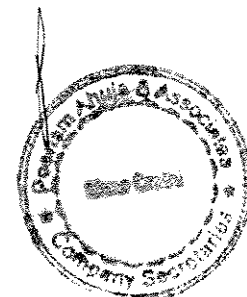
- (i). The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv). Foreign Exchange Management Act, 1999 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:

The Statutory Auditors have expressed qualified opinion in the Audit Report for the year ended March 31, 2017 that the Company had disbursed the sanctioned amount to its Holding Company i.e. IFCI Ltd. and Associate Company i.e. IFCI Venture Capital Fund Limited on behalf of its borrower(s) /group companies of borrower i.e. Replenish Reality Private Limited (Rs. 3.65 crores), Critical Mass



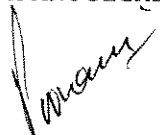


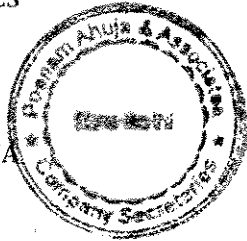
Multilink Limited (Rs. 7.50 crores) and Concast Steel and Power Limited (1.27 crores). Further, as per the explanation given by the management of the Company, the said transaction(s) were undertaken by taking necessary approvals, wherever applicable and has been carried out in its ordinary course of business.

**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. 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: 19<sup>th</sup> July, 2017  
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'

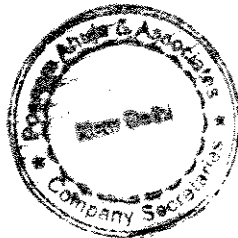
The Members  
**IFCI Factors Limited**  
10<sup>th</sup> Floor, IFCI Tower  
61, Nehru Place  
New Delhi - 110019

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: 19<sup>th</sup> July, 2017  
Place: New Delhi



संख्या / No. : MAB-II (CAD-II) 17-4/2017-18/8  
 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 19.7.2017

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 2017 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 2017 को समाप्त हुए वर्ष के लिए आई.एफ.सी.आई फैक्टर्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अंग्रेषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,

न. मुंशी  
 (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  
2017.**

The preparation of financial statements of IFCI Factors Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 12 May, 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of IFCI Factors Limited for the year ended 31 March, 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

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

**Place: Delhi  
Date: 19.07.2017**

ANNEXURE TO DIRECTORS' REPORT

**REPORT ON CORPORATE GOVERNANCE**

**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.

**BOARD OF DIRECTORS:**

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

As on March 31, 2017, the Board of the Company consisted of eight Directors, out of whom five are Independent Directors including one Woman Director, two Directors are Non-Executive 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, 2017 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 15, 2016	Other directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	Mr. Sanjeev Kaushik(a)	Non-Executive Chairman	1	0	N.A	6	-	
2.	Mr. Malay Mukherjee(b)	Non-Executive Chairman	3	2	Yes	6	-	-
3.	Mr. Dileep Kumar Jain(c)	Non-Executive Director	1	1	N.A	2	-	-
4.	Mr. Prasoon(d)	Non-Executive Director	1	1	N.A	3	-	
5.	Mr. Sudhir Garg(e)	Non-Executive Director	3	3	Yes	6	2	-
6.	Mr. Shrawan Nigam(f)	Independent Director	5	4	Yes	1	-	-
7.	Mr. Vinod Kumar Gupta(f)	Independent Director	5	5	Yes	-	-	-

8.	Mr. Ajoy Kumar Deb(f)	Independent Director	5	5	Yes	3	1	-
9.	Mr. Rajib Sekhar Sahoo	Independent Director	5	2	No	2	-	-
10	Mrs. Bandana Mukhopadhyay	Independent Director	5	5	Yes	-	-	-
11	Mr. Satbir Singh(g)	Managing Director	5	5	Yes	-	-	-

(a) Mr. Sanjeev Kaushik was appointed as Nominee Director of IFCI Ltd. and also Non-Executive Chairman w.e.f December 30, 2016

(b) Mr. Malay Mukherjee ceased to be Director and Non-Executive Chairman w.e.f December 12, 2016

(c) Mr. Dileep Kumar Jain was appointed as Nominee Director of IFCI Ltd. w.e.f December 30, 2016 and ceased w.e.f June 07, 2017

(d) Mr. Prasoon was appointed as an Additional Director w.e.f December 08, 2016 & ceased w.e.f December 30, 2016

(e) Mr. Sudhir Garg ceased to be Director w.e.f December 08, 2016

(f) 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

(g) Mr. Satbir Singh ceased to be Director and Managing Director w.e.f April 19, 2017 and Mr. Samik Dasgupta has been appointed as Managing Director w.e.f the said date

(h) Mr. Bikash Kanti Roy was appointed as Nominee Director of IFCI Ltd. w.e.f June 07, 2017

#### **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 five times during the Financial Year 2016-2017 viz., on April 29, 2016, July 30 2016, November 03, 2016, December 21, 2016 and February 01, 2017. The maximum interval between any two meetings did not exceed one hundred and twenty days.

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

Mr. Sanjeev Kaushik aged 48 years is a Nominee Director of IFCI Ltd., the holding company and Non- Executive Chairman of the Company. He is an Indian Administrative Service (IAS) Officer of the 1992 batch (Kerala cadre). An MBA in Finance from London Business School (UK) and Mechanical Engineer from BITS Pilani, Mr. Kaushik has worked for over a decade in Global Investment Banking on sabbatical from the IAS. He was Managing Director and Head of Research at HSBC Securities, India and Managing Director of Equities at Lehman Brothers, India. Earlier he has also worked in London as an Equity Analyst at Bank of America Securities (Europe) and as Corporate Finance Manager at ING Barings (UK).

Mr. Kaushik has handled Financial Markets in the Department of Economic Affairs, Ministry of Finance, where he handled policy and regulatory matters relating to Capital Markets, Foreign

Institutional Investment, Foreign Exchange Management and External Commercial Borrowing. He was Member Secretary of the Committee to Liberalise Depository Receipts, Member of the SEBI Committee on Harmonisation of Portfolio Flows and also of the SEBI Committee on Disclosure and Accounting.

Earlier he was Director, IMF, IFC and World Bank in the Ministry of Finance. Previous assignments in the IAS include Secretary of Kerala State for Ports and Managing Director & CEO of the \$2bn Vizhinjam International Seaport being set up in Kerala; Founding Director to establish the Indian Institute of Management, IIM at Calicut; and District Collector of Palghat district in the State of Kerala. Besides IFCI Ltd., He is also on the Board of IFCI Limited, India Infrastructure Finance Company Limited, Tourism Finance Corporation of India Limited, IFCI Venture Capital Funds Limited, Stock Holding Corporation of India Limited and IIFCL Projects 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 Chairman of the Committee is an Independent Director. The Audit Committee met four times during the Financial year 2016-17 at regular intervals on 29<sup>th</sup> April, 2016, 30<sup>th</sup> July, 2016, 3<sup>rd</sup> November, 2016 and 1<sup>st</sup> February, 2017 and not more than four months lapsed between two meetings. In addition to the members, the Statutory Auditors, Internal Auditors also attend the Audit Committee meetings. The composition of the Audit Committee and attendance of Directors as on March 31, 2017 is shown below:

Name/ category	Position in Audit Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Rajib Sekhar Sahoo Independent Director	Chairman	4	2
Mr. Shrawan Nigam Independent Director(a)	Member	4	3
Mr. Vinod Kumar Gupta Independent Director(a)	Member	4	4
Mr. Ajoy Kumar Deb Independent Director(a)	Member	4	4

Mr. Sudhir Garg Non-Executive Director <i>(b)</i>	Member	3	3
Mr. Prasoon Non- Executive Director <i>(c)</i>	Member	0	0
Mr. Dileep Kumar Jain Non-Executive Director <i>(d)</i>	Member	1	1

*(a)* Mr. Shrawan Nigam, Mr. Vinod Kumar Gupta and Mr. Ajoy Kumar Deb ceased to be the members w.e.f April 01, 2017

*(b)* Mr. Sudhir Garg ceased to be the member w.e.f December 08, 2016

*(c)* Mr. Prasoon was inducted as member w.e.f December 21, 2016 & ceased w.e.f December 30, 2016

*(d)* Mr. Dileep Kumar Jain was inducted as member w.e.f January 23, 2017 and ceased w.e.f June 07, 2017

*(e)* Mrs. Bandana Mukhopadhyay was inducted as member w.e.f April 28, 2017

*(f)* Mr. Bikash Kanti Roy was inducted as member w.e.f June 16, 2017

## 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

The Chairman of the Committee is an Independent Director. During the Financial Year 2016-17, five meetings of Nomination and Remuneration Committee were held on April 28, 2016, July 30, 2016, November 03, 2016, December 21, 2016 and January 31, 2017. The composition of the Nomination and Remuneration Committee and attendance of Directors as on March 31, 2017 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Vinod K. Gupta Independent Director <i>(a)</i>	Chairman	5	5
Mr. Shrawan Nigam Independent Director <i>(a)</i>	Member	5	4
Mr. Ajoy Kumar Deb Independent Director <i>(a)</i>	Member	5	5
Mr. Sudhir Garg Non-Executive Director <i>(b)</i>	Member	3	3
Mr. Prasoon Non- Executive Director <i>(c)</i>	Member	0	0
Mr. Dileep Kumar Jain Non-Executive Director <i>(d)</i>	Member	1	0



- (a) Mr. Shrawan Nigam, Mr. Vinod Kumar Gupta and Mr. Ajoy Kumar Deb ceased to be the members w.e.f April 01, 2017
- (b) Mr. Sudhir Garg ceased to be the member w.e.f December 08, 2016
- (c) Mr. Prasoon was inducted as member w.e.f December 21, 2016 & ceased w.e.f December 30, 2016
- (d) Mr. Dileep Kumar Jain was inducted as member w.e.f January 23, 2017 and ceased w.e.f June 07, 2017
- (e) Mrs. Bandana Mukhopadhyay was inducted as Chairperson w.e.f April 28, 2017
- (f) Mr. Rajib Sekhar Sahoo was inducted as member w.e.f April 28, 2017
- (g) Mr. Sanjeev Kaushik was inducted as member w.e.f. June 13, 2017 and ceased w.e.f June 16, 2017
- (h) Mr. Bikash Kanti Roy was inducted as member w.e.f June 16, 2017

### Details of remuneration paid to Directors

The details of salary and sitting fees paid to the Directors for the year ended 31st March, 2017 are as under: (Amount in Rs.)

Sl. No.	Name	Salary	Perquisite	Profit in lieu of Salary	Sitting Fees	Total
1.	Mr. Sanjeev Kaushik Non-Executive Chairman(a)	-	-	-	-	-
2.	Mr. Malay Mukherjee Non-Executive Chairman(b)	-	-	-	-	-
3.	Mr. Dileep Kumar Jain Nominee Director(c)	-	-	-	49,500	49,500
4.	*Mr. Prasoon Nominee Director(d)	-	-	-	12,000	12,000
5.	*Mr. Sudhir Garg Non-Executive Director(e)	-	-	-	133,500	133,500
6.	*Mr. Shrawan Nigam Independent Director(f)	-	-	-	205,500	205,500
7.	Mr. Vinod Kumar Gupta Independent Director(f)	-	-	-	225,000	225,000
8.	Mr. Ajoy Kumar Deb Independent Director(f)	-	-	-	247,500	247,500
9.	Mr. Rajib Sekhar Sahoo Independent Director	-	-	-	46,500	46,500
10.	Mrs. Bandana Mukhopadhyay Independent Director	-	-	-	75,000	75,000
11.	Mr. Satbir Singh Managing Director(g)	2,838,507 (including retirement benefits and leave salary)	563,963	198,674	-	3,601,144

\*Sitting fees is being paid to IFCI Ltd.

- (a) Mr. Sanjeev Kaushik was appointed as Nominee Director of IFCI Ltd. and also Non-Executive Chairman w.e.f December 30, 2016
- (b) Mr. Malay Mukherjee ceased to be Director and Non-Executive Chairman w.e.f December 12, 2016
- (c) Mr. Dileep Kumar Jain was appointed as Nominee Director of IFCI Ltd. w.e.f December 30, 2016 and ceased w.e.f June 07, 2017

- (d) Mr. Prasoon was appointed as an Additional Director w.e.f December 08, 2016 and ceased w.e.f December 30, 2016
- (e) Mr. Sudhir Garg was ceased to be Director w.e.f December 08, 2016
- (f) 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.
- (g) Mr. Satbir Singh ceased to be Director and Managing Director w.e.f April 19, 2017

## **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**

The Chairman of the Committee is an Independent Director. During the Financial Year 2016-17, the CSR Committee of Directors met once on January 31, 2017. The composition of the CSR Committee and attendance of Directors as on March 31, 2017 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Ajoy Kumar Deb Independent Director (a)	Chairman	1	1
Mr. Sudhir Garg Non-Executive Director (b)	Member	0	0
Mr. Satbir Singh Managing Director (c)	Member	1	1
Mr. Prasoon Non- Executive Director (d)	Member	0	0
Mr. Dileep Kumar Jain Non-Executive Director (e)	Member	1	0

- (a) Mr. Ajoy Kumar Deb ceased to be the member w.e.f April 01, 2017
- (b) Mr. Sudhir Garg ceased to be the member w.e.f December 08, 2016
- (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. Prasoon was inducted as member w.e.f December 21, 2016 and ceased w.e.f December 30, 2016
- (e) Mr. Dileep Kumar Jain was inducted as member w.e.f January 23, 2017 and ceased w.e.f June 07, 2017
- (f) Mrs. Bandana Mukhopadhyay was inducted as Chairperson w.e.f April 28, 2017
- (g) Mr. Bikash Kanti Roy was inducted as member w.e.f June 16, 2017

## 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 2016-17, the Risk Management Committee met only once on April 28, 2016. The composition of the Risk Management Committee and attendance of Directors as on March 31, 2017 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Vinod K. Gupta Independent Director (a)	Chairman	1	1
Mr. Shrawan Nigam Independent Director (a)	Member	1	1
Mr. Ajoy Kumar Deb Independent Director (a)	Member	1	1
Mr. Satbir Singh Managing Director (b)	Member	1	1

(a) Mr. Shrawan Nigam, Mr. Vinod Kumar Gupta and Mr. Ajoy Kumar Deb ceased to be the members w.e.f April 01, 2017

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

(c) Mr. Rajib Sekhar Sahoo was inducted as Chairman w.e.f April 28, 2017

(d) Mr. Dilleep Kumar Jain was inducted as member w.e.f April 28, 2017 and ceased w.e.f June 07, 2017

(e) Mr. Bikash Kanti Roy was inducted as member w.e.f June 16, 2017

## 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 nine times during the Financial Year 2016-17 on June 02, 2016, July 12, 2016, August 31, 2016, November 28, 2016, December 21, 2016, February 01, 2017, February 22, 2017, March 20, 2017 and March 31, 2017. The composition of the Committee of Director and attendance of Directors as on March 31, 2017 is shown below:

Name/ category	Position in Committee of Directors	No. of meetings during the tenure of member	
		Held	Attended
Mr. Shrawan Nigam Independent Director (a)	Chairman	9	9
Mr. Vinod Kumar Gupta Independent Director (a)	Member	9	9
Mr. Ajoy Kumar Deb Independent Director (a)	Member	9	8
Mr. Sudhir Garg Non-Executive Director (b)	Member	4	4
Mr. Satbir Singh Managing Director (c)	Member	9	9
Mr. Prasoon Non- Executive Director (d)	Member	0	0
Mr. Dileep Kumar Jain Non-Executive Director (e)	Member	4	4

(a) Mr. Shrawan Nigam, Mr. Vinod Kumar Gupta and Mr. Ajoy Kumar Deb ceased to be the members w.e.f April 01, 2017

(b) Mr. Sudhir Garg ceased to be the member w.e.f December 08, 2017

(c) 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

(d) Mr. Prasoon was inducted as member December 21, 2016 and ceased w.e.f December 30, 2016

(e) Mr. Dileep Kumar Jain was inducted as member w.e.f January 23, 2017 and ceased w.e.f June 07, 2017

(f) Mrs. Bandana Mukhopadhyay was inducted as Chairperson w.e.f April 28, 2017

(g) Mr. Bikash Kanti Roy was inducted as member w.e.f June 16, 2017

## RECOVERY COMMITTEE

The terms of reference of Recovery Committee are to oversee the NPA recovery. The Committee met four times during the Financial Year 2016-17 at regular intervals on April 28, 2016, July 30, 2016, November 03, 2016 and January 31, 2017. The composition of the Recovery Committee and attendance of Directors as on March 31, 2017 is shown below:

Name/ category	Position in Committee of Directors	No. of meetings during the tenure of member	
		Held	Attended
Mr. Vinod Kumar Gupta Independent Director (a)	Chairman	1	1
Mr. Malay Mukherjee Non- Executive Chairman (b)	Chairman	3	0
Mr. Shrawan Nigam Independent Director (c)	Member	3	2
Mr. Ajoy Kumar Deb Independent Director (d)	Member	4	4
Mr. Sudhir Garg Independent Director (e)	Member	3	3

Mr. Satbir Singh Managing Director <i>(f)</i>	Member	4	4
Mr. Prasoon Non- Executive Director <i>(g)</i>	Member	0	0
Mr. Dileep Kumar Jain Non-Executive Director <i>(h)</i>	Member	1	0
Mrs. Bandana Mukhopadhyay <i>(i)</i>	Member	1	1

*(a)* Mr. Vinod Kumar Gupta was inducted as Chairman w.e.f November 03, 2016 and ceased w.e.f April 01, 2017

*(b)* Mr. Malay Mukherjee ceased to be Chairman w.e.f November 03, 2016

*(c)* Mr. Shrawan Nigam ceased to be the member w.e.f November 03, 2016

*(d)* Mr. Ajoy Kumar Deb ceased to be the member w.e.f April 01, 2017

*(e)* Mr. Sudhir Garg ceased to be the member w.e.f December 08, 2016

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

*(g)* Mr. Prasoon was inducted as member w.e.f December 21, 2016 and ceased w.e.f December 30, 2016

*(h)* Mr. Dileep Kumar Jain was inducted as member w.e.f January 23, 2017 and ceased w.e.f June 07, 2017

*(i)* Mrs. Bandana Mukhopadhyay was inducted as member w.e.f December 21, 2016

*(j)* Mr. Bikash Kanti Roy was inducted as member w.e.f June 16, 2017

## GENERAL BODY MEETING

Financial Year	Date & time of AGM	Venue of the AGM
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
2013-14	10 <sup>th</sup> September, 2014/ 11.00 A.M.	IFCI Tower, 61 Nehru Place, New Delhi-110019

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

AGM Date	Particulars of Special Resolutions
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
10 <sup>th</sup> September, 2014	Sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the Company

	Increasing the borrowing powers of the Company exceeding paid up capital & free reserves
	Invitation to subscribe to securities by way of private placement

## **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, 2017.
- (ii) There has been no non-compliance by the Company nor any penalties imposed on the Company by any authorities.
- (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 9% of the total expenses as against 11% 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 84% of the total expenses as against 82% for the last year.

## **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.

## **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.

## **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, 2017 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, 2017.

Place : New Delhi  
Date : 24.07.2017

Samik Dasgupta  
Managing Director  
DIN : 02763211

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMY OVERVIEW

The Indian economy is currently recovering from the phase of sluggish growth and is characterized by tangible progress towards fiscal consolidation and strong macro-economic fundamentals. The Make in India campaign, government's initiative on bringing regulatory reforms to facilitate ease of doing business in India, thrust towards growth of infrastructure sector and financial inclusion will also demand NBFCs to shoulder the growth and development phase.

NBFCs in India have been complimenting the banks in rendering financial services and over the last few years have also been instrumental in bringing about financial inclusion in the country. NBFCs have a critical role playing in infrastructure financing, micro lending, asset backed lending, factoring and have a network which is far wider and granular than banks in some cases.

The contribution of NBFC to the economy has grown in leaps and bounds from 8.4% in 2006 to above 14% in March 2015.<sup>1</sup> In terms of financial assets, NBFCs have recorded a healthy growth—a compound annual growth rate (CAGR) of 19% over the past few years, comprising 13% of the total credit and expected to reach nearly 18% by 2018–19.

ICRA expects retail NBFC portfolio growth in FY2017 and FY2018 to be around 16-18% as compared with the 19.5% growth in FY2016. The expected moderation in growth factors in the decline in disbursement growth in Q3FY2017 and, a subdued recovery in Q4 FY2017 across key asset classes. Growth in FY2018 would also be impacted by the increasing competitive pressure from banks and the slower growth expected in some key asset classes (loan against property and microfinance). Further, NBFCs faced with higher delinquencies in some key asset classes – are expected to focus more on recoveries in Q4FY2017 and in H1FY2018, which would also impact incremental business volumes in the near to medium term.

### **Industry Structure and Developments**

Factoring industry is growing with the number of factors and prospective clients. Since last decade industry is seeing tremendous growth due to digitalization, awareness in clients and overall favourable conditions. As per the recorded numbers factoring industry is growing by average 3% every year globally.

Global factoring statistics shows Europe and Africa are fastest growing markets and Asia second biggest market in the world. International cross boarder factoring is a one of the key factor of this growth. Global factoring volume has already exceeded \$3 trillion in a single year as per the data from FCI.

As per FCI, preliminary world factoring statistics indicate that the Industry has overall held its pace with many markets showing significant continued growth. These advances have however been offset by a continued reduction of volume from China, where the downturn has also affected international figures of trade counterparty countries such as the USA - although in this



case the reduction appears to have mitigated with an increase in domestic business. Cross border two factor volumes in the first 2 months of 2017 seem to indicate that the most challenging times have passed and that this sector will return to positive territory this year.

The total volume estimated for 2016 amounts to 2,355 billion euro, which is marginally lower than in 2015 where it reached 2,367 billion euro. FCI Members account for 55% of the world estimated domestic volume, 82% of international and 61% of the total.

The largest factoring market continues to be represented by Europe with a total of 70.38% in 2015 and 71.14% in 2016 of all world, followed by Asia with a total of 13.36% in 2015 and 13.22% in 2016 and the Americas with a total of 13.34% in 2015 and 12.43% in 2016 of all world. The factoring business in India, has been a challenge and is still evolving, grappling with multiple issues, most notable being the alarming rise in the volume of stressed assets. 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. Though the Indian government has made efforts to provide a facilitating regulatory environment for factoring business to develop, the desired effects still seems to be a far cry.

### Operational Performance

Amidst the challenging macroeconomic environment, your company witnessed a decrease in Funds In Use (FIU). It was on account of few accounts turning into Non Performing Assets, which led to the Company incurring losses during the current financial year. During the year, your Company achieved a turnover of Rs. 1,363 crore (a decline of 29% Y-O-Y) and a gross income of Rs. 83.11 crore. Further, your Company incurred a loss before tax of Rs. 42.11 crore and a loss after tax of Rs. 31.17 crore.

The major financial parameters for the financial year ended 31.03.2016 vis-à-vis the previous two financial year are tabulated below:

(Rs. in Crore)

<b>Parameters</b>	<b>Year ended 31.03.2017</b>	<b>Year ended 31.03.2016</b>
Turnover	1,363.06	1,909.21
<b>Funds in Use</b>		
Factoring Business	581.16	681.55
Other Business	173.77	212.21
Total Funds in use	754.93	893.76
Total Income	83.11	90.93
Profit / (Loss) Before Tax	(42.11)	(55.56)
Profit / (Loss) After Tax	(31.17)	(43.67)

### 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, 2017 is as under:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b> (Rs. in crore)
<b>A.</b>	<b>Factoring</b>	
1.	Domestic Sales Bill Factoring	537.28
2.	Export Sales Bill Factoring	-
3.	Advance Against Future Receivables	29.23
4.	Purchase Bill Factoring	14.65
	<b>Total (A)</b>	<b>581.16</b>
<b>B.</b>	<b>Non Factoring</b>	
	Corporate Loan	173.77
	<b>Total (B)</b>	<b>173.77</b>
	<b>Total (A+B)</b>	<b>754.93</b>

The Company has extended facilities across industry segment. Industry wise exposure of the Company as on March 31, 2017 is as under:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Amount</b> (Rs. crore)
1.	Small Scale Industries	24.10
2.	Medium & Large Industries	60.99
3.	Construction	71.95
4.	Advance to Capital Market	30.39
5.	Retail Trade	3.44
6.	Commercial Real Estate	78.97
7.	Infrastructure	113.46
8.	Transport Operators	21.34
9.	Consumer Durables	-
10.	Others	350.29
	<b>Total</b>	<b>754.93</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 circulars. To name a few RBI has prescribed Factoring to Non factoring product ratio of 50:50 and 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) There is a funding gap in SME sectors as banks have not been able to meet the funding needs to this sector.

### **Threats**

- i) The Company does not have DRT access
- ii) NBFC Factor have to classify an asset as NPA where the invoices remain unpaid for a period more than 120 days and this would be progressively reduced to 90 days from the FY 2017-18.
- iii) Provisioning requirement for the impaired assets to the extent of 100% is required to be made within 16 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 offtakes.

### **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 a high attrition rate. The Company had thirty four employees on its roll as on March 31, 2017 vis-à-vis thirty nine employees as on March 31, 2016.

### **Other disclosures**

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



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**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 2017, 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.

**Basis for Qualified opinion**

- A. We Noticed that in the following cases, Company had disbursed the sanctioned amount to their holding Company i.e. IFCI Ltd. and associate/sister concern i.e. IFCI Venture Capital Fund Limited. on behalf of its borrower(s) :
- (i) in case of Replenish Reality Pvt Ltd. A sum of Rs.11.50 Crores was sanctioned and out of which a sum of Rs.3.65 crores was directly disbursed to IFCI Ltd. on behalf of borrower' group company namely Pipavav Marine & Offshore Ltd. (1.86 Crores) and for Pipavav Defence & Offshore Engg. (Rs.1.79 Crores). Both these companies had exposure with IFCI Limited and were stressed account in the books of IFCI Limited. No further balance disbursement was made to the borrower and account was become NPA subsequently.
  - (ii) in case of Critical Mass Multilink Ltd. A sum of Rs.7.50 Crores was sanctioned and was directly disbursed to IFCI Ltd. on behalf of borrower' group company namely Gujarat NRE Mineral Resources Ltd. The said company had exposure with IFCI Limited and was stressed account in the books of IFCI Limited.
  - (iii) in case of Concast Steel and Power Limited which was stressed account itself, a sum of Rupees 67 Lakhs and 60 Lakhs was disbursed directly to IFCI Venture Capital Fund Ltd. instead of borrower. The total amount outstanding as on 31.03.2017 is 25.99 Crores in case of Concast Steel and Power Limited, which comprises 10.30 Crores to Concast Exim and Rs.15.69 Crores to Concast Steel And Power. Both the companies are unit of Concast Steel and Power Limited. , which also exceeds the exposure norms as prescribed by RBI.

From the above transactions, it is apparent that the sanctioning/disbursement of loans to above borrower(s) had been made to accommodate/save the NPA of group companies of the borrowers in the books of holding/Associate/Sister Concern of the company.

- B. In our opinion, Company has not identified two cases (both merged) as NPA i.e. (i) Concast Steel and Power Limited (15.69 Crores) (ii) Concast Exim Limited (10.30 Crores). CDR executed by other lenders on 31.03.2015 could not be implemented till date and whole net worth has been eroded. Hence 1.25 Crore less provisions has been made on account of NPA. Further interest booked as interest income amounting to Rs. 0.99 Crore has not been reversed. So the income as well as advances has been overstated by 2.24 Crores.



**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 2017 and its Loss and its cash flow for the year ended on that date.

**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 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 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.
  - f) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - g) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
  - 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.

Chandiwala Virmani & Associates  
Chartered Accountants



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the company.
3. As per directions/sub directions issued by the C&AG of India under section 143(5) of the Companies Act 2013 , we report that :

**Directions**

- i. The company is having lease deed(s) for its leasehold Properties.
- ii. Cases of waiver/write off of debtors/loan/interest etc. are given hereunder:  
(a) A sum of Rs.18.90 Crores and Rs. 30.48 Crores has been waived on account of Principal and interest respectively during the year in 7 cases due to One Time Settlement (OTS).  
(b) A sum of Rs.21,99,20,885/- has been written off during the year in 2 cases i.e.Core Educations and Technologies Limited and Arch Pharma Limited due to sale of NPA to Asset Reconstruction Companies i.e.Raytheon Asset Reconstruction Pvt Ltd. and JM Financials Asset Reconstruction Pvt Ltd. due to poor chances of recovery in the opinion of management.  
(c) A sum of Rs.62,80,000/- were waived as facility Fee in 9 cases out of which 47,80,000/-related to income booked in the last financial Year 2015-16.
- iii. The company is a registered NBFC, therefore clause regarding maintenance of inventories is not applicable. No assets have been received as gift/grant(s) from the Govt.or other authorities by the company.

**Sub-Directions**

- iv. 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.

FOR CHANDIWALA VIRMANI & ASSOCIATES

Chartered Accountants

Firm Reg. No. 000082N

(BHARAT BHUSHAN)

PARTNER

Membership No. 087365

Place: New Delhi

Dated: May 12, 2017

Dr. Behl House, IInd Floor, 13, Daryaganj, Delhi-110002. Ph: 011-43587399  
Email: chandiwalagupta@yahoo.com





**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, 2017**

- 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 complied with the provisions of section 185 and 186 of the Act, with respect to the loans and 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,

Chandiwala Virmani & Associates  
Chartered Accountants



cess and any other statutory dues were in arrears as at 31st March 2017 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.)	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	3,36,464	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	11,49,380	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.

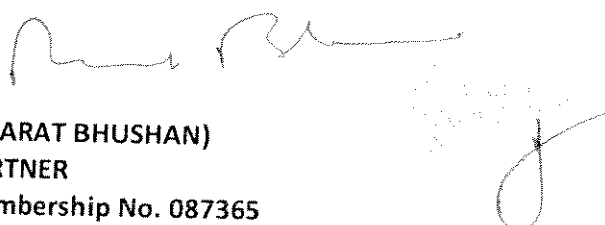
Dr. Behl House, IInd Floor, 13, Daryaganj, Delhi-110002. Ph: 011-43587399  
Email: chandiwalagupta@yahoo.com

Chandiwala Virmani & Associates  
Chartered Accountants



- 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) Company has obtained Certificate of registration under section 45-IA of the Reserve Bank of India Act, 1934. The company is registered with as "Non-Banking Financial Company-Factors".

**FOR CHANDIWALA VIRMANI & ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. 000082N

  
(BHARAT BHUSHAN)  
PARTNER  
Membership No. 087365  
Place: New Delhi  
Dated: May 12, 2017



**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, 2017 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 judgment, 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.

**Opinion**

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, 2017, 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

(BHARAT BHUSHAN)

PARTNER

Membership No. 087365

Place: New Delhi

Dated: May 12, 2017

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

BALANCE SHEET AS AT March 31, 2017

PARTICULARS	Note No.	As at March 31, 2017 Rs.	As at March 31, 2016 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	(909,752,139)	(598,075,342)
		1,634,636,461	1,946,313,258
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	2,492,981,715	2,330,000,000
Long-Term Provisions	5	44,991,499	44,202,104
		2,537,973,214	2,374,202,104
<b>Current Liabilities</b>			
Short-Term Borrowings	6	1,782,424,809	2,911,542,679
Trade Payables	7	48,505,023	75,033,945
Other Current Liabilities	8	975,298,438	1,448,972,592
Short-Term Provisions	9	40,533,572	23,479,804
		2,846,761,842	4,459,029,020
<b>ASSETS</b>	<b>TOTAL</b>	<b>7,019,371,517</b>	<b>8,779,544,382</b>
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	1,563,600	1,411,325
Intangible Assets		2,068,461	2,626,040
		3,632,061	4,037,365
Non-Current Investment	11	99,110,246	17,855,246
Deferred Tax Assets (net)	25	776,146,087	666,693,958
Long-Term Loans and Advances	12	843,933,099	873,525,824
Other Non-Current Assets	13	151,465,427	109,472,881
		1,874,286,920	1,671,585,274
<b>Current Assets</b>			
Current Investments	14	-	-
Trade Receivables	15	4,088,910,555	6,017,900,591
Cash and Cash Equivalents	16	382,097,363	70,155,858
Other Current Assets	17	674,076,679	1,019,902,659
		5,145,084,597	7,107,959,108
<b>TOTAL</b>		<b>7,019,371,517</b>	<b>8,779,544,382</b>

Summary of Significant Accounting Policies 1

The accompanying notes are an integral part of the financial statements (Note No. 1 to 44)

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

(Bharat Bhushan)  
 Partner  
 Membership No. 087365

Date: May 12, 2017  
 Place: New Delhi



For and on behalf of Board of Directors

(Samik Dasgupta)  
 Managing Director  
 DIN: 02763211

(D. K. Jain)  
 Nominee Director  
 DIN: 00380311

(Manish Jain)  
 Chief Financial Officer

(Samir Raheja)  
 Company Secretary

**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, 2017**

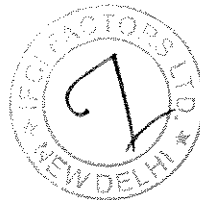
PARTICULARS	Note No.	Period Ended March 31, 2017 Rs.	Period Ended March 31, 2016 Rs.
<b>INCOME</b>			
Revenue from Operations	18	775,041,557	904,136,928
Other Income	19	56,011,356	5,110,063
<b>Total (A)</b>		<b>831,052,913</b>	<b>909,246,991</b>
<b>EXPENSES</b>			
Employee Benefits Expense	20	47,065,411	50,080,551
Operating, Administrative and Other Expenses	21	60,403,017	76,878,269
Finance Costs	22	562,130,546	570,621,916
Depreciation and Amortization Expense	10	887,975	535,193
<b>Total (B)</b>		<b>670,486,949</b>	<b>698,115,929</b>
<b>Profit Before Provisions &amp; Write Offs (A-B)</b>		<b>160,565,964</b>	<b>211,131,062</b>
Provisions & Write Offs	23	581,694,890	766,717,335
<b>Profit / (Loss) Before Tax</b>		<b>(421,128,926)</b>	<b>(555,586,273)</b>
<b>Tax Expenses:</b>			
Current Tax			
Deferred Tax (Net)	25	(109,452,129)	(118,852,328)
<b>Profit / (Loss) After Tax</b>		<b>(311,676,797)</b>	<b>(436,733,945)</b>
<b>Earnings Per Share (Face Value - Rs. 10 per share)</b>			
Basic	35		
Diluted		(3.93)	(5.50)
		(1.22)	(1.72)
Summary of Significant Accounting Policies	1		
The accompanying notes are an integral part of the financial statements (Note No. 1 to 44)			

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




**(Bharat Bhushan)**  
 Partner  
 Membership No. 087365

Date: May 12, 2017  
 Place: New Delhi



For and on behalf of Board of Directors

  
**(Samik Dasgupta)**  
 Managing Director  
 DIN: 02763211

  
**(D. K. Jain)**  
 Nominee Director  
 DIN: 00380311

  
**(Manish Jain)**  
 Chief Financial Officer

  
**(Samir Raheja)**  
 Company Secretary

IFCI FACTORS LIMITED  
 CIN NO:-U74899DL1995GOIO74649  
 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

CASH FLOW STATEMENT FOR THE PERIOD ENDED March 31, 2017

	Period Ended March 31, 2017 Rs.	Period Ended March 31, 2016 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax		
Adjustments for:	(421,128,926)	(555,586,273)
Depreciation/Amortisation	887,975	535,193
Bad Debts Written Off	219,920,885	236,085,670
Reversal of Provision for Doubtful Debts	(324,783,222)	(308,102,779)
Provision for Standard Assets	15,759,828	(40,358,994)
Allowance for Bad and Doubtful Debts and Loans	677,497,399	852,519,721
Provision for Gratuity	1,050,382	858,941
Provision for Leave Encashment	1,032,953	868,860
Income From Mutual Fund	(7,997,532)	-
Operating Profit Before Working Capital Changes	162,239,742	186,820,339
Movement in Working Capital		
Increase/(Decrease) in Borrowings	(867,080,615)	(364,653,976)
Increase/ (Decrease) in Trade Payables & other Current Liabilities	(599,258,616)	(363,126,553)
(Increase)/Decrease in Trade Receivables	1,347,691,699	271,628,467
(Increase)/Decrease in Loans & Advances, Other Current & Non-Current Assets	342,089,437	(856,754,337)
Net Cash Used in Operations	385,681,647	(1,126,086,060)
Direct Tax Paid	-	-
<b>Net Cash Flow From Operating Activities</b>	<b>385,681,647</b>	<b>(1,126,086,060)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets / Capital Advance	(482,672)	(652,714)
Provision for Diminution in value of Non-Current Investments	12,500,000	7,373,717
Investment in Current and Non Current Investments	(93,755,000)	19,200,000
Income From Mutual Fund	7,997,532	-
<b>Net Cash Flow From Investing Activities</b>	<b>(73,740,140)</b>	<b>25,921,003</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of Preference Shares	-	1,000,431,600
<b>Net Cash Flow From Financing Activities</b>	<b>-</b>	<b>1,000,431,600</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>311,941,505</b>	<b>(99,733,457)</b>
Opening Cash and Cash Equivalents	70,155,858	169,889,315
Closing Cash and Cash Equivalents	<b>382,097,363</b>	<b>70,155,858</b>

Note:

1 Components of Cash and Cash Equivalents:

Cash on Hand  
Balances with Banks

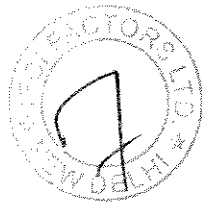
	March 31, 2017	March 31, 2016
Cash on Hand	31,266	20,511
Balances with Banks	382,066,097	70,135,347
	<b>382,097,363</b>	<b>70,155,858</b>

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

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

(Bharat Bhushan)  
 Partner  
 Membership No. 087365

Date: May 12, 2017  
 Place: New Delhi



For and on behalf of Board of Directors

(Samik Dasgupta)  
 Managing Director  
 DIN: 02763211

(Manish Jain)  
 Chief Financial Officer

(D. K. Jain)  
 Nominee Director  
 DIN: 00380311

(Samir Raheja)  
 Company Secretary



**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, 2017**

**1. 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.

**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 useful 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.



A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line.

**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, 2017**

**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.

**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.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**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.

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.

Provisions, Contingent Liabilities are reviewed by the management at each Balance Sheet date.

c) Contingent assets are neither recognised 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: U74899DL1995OC00745-9

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED March 31, 2017

	As at March 31, 2017 Rs.	As at March 31, 2016 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 vote per share</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 10,00,43,160, 10% Compulsorily Cumulative Convertible Preference shares of Rs. 10 each, 10,000,000 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	(877,634,259)	(440,900,314)
Add: Profit / (Loss) for the period	(311,676,797)	(436,733,945)
Less: Appropriations		
Transfer to Statutory Reserve Fund		
Transitional Depreciation		
Closing Balance	(1,189,311,056)	(877,634,259)
<b>TOTAL</b>	<b>(909,752,139)</b>	<b>(598,075,342)</b>

7

8

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, 2017

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
<b>4. LONG-TERM BORROWINGS</b>		
<b>Debentures / Bonds</b>		
<b>Secured #</b>		
Redeemable, Non-Convertible Bonds	1,000,000,000	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 Capital)	250,000,000	250,000,000
<b>Term Loans</b>		
<b>Secured *</b>		
- From Banks		
<b>TOTAL</b>	<u>242,981,715</u>	<u>80,000,000</u>
# Secured by pari passu charge on corporate loan receivables & current assets other than factored receivables.	<b>2,492,981,715</b>	<b>2,330,000,000</b>
* Secured by pari passu charge on factored receivables by way of hypothecation.		
<b>5. LONG TERM PROVISIONS</b>		
Leave Encashment		
Gratuity	5,142,066	4,046,500
Contingent Provisions against Standard Assets	4,687,436	3,669,087
Sundry Liabilities Account (Interest Capitalisation)	20,167,000	21,252,000
<b>TOTAL</b>	<u>14,994,997</u>	<u>15,234,517</u>
	<b>44,991,499</b>	<b>44,202,104</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>Secured*</b>		
Working Capital Demand Loan- From Banks		
Short Term Loans	1,750,000,000	2,375,000,000
- From Others		
(Includes Rs. Nil (Previous Year Rs. 250,000,000) from IFCI Ltd-Related Party)		250,000,000
Cash Credit - From Banks		
Bank Overdraft	32,424,809	286,542,679
<b>TOTAL</b>	<u>1,782,424,809</u>	<u>2,911,542,679</u>
* Credit facilities are secured by pari passu charge on factored receivables by way of hypothecation.		
<b>7. TRADE PAYABLE</b>		
Sundry Creditors		
<b>TOTAL</b>	<u>48,505,023</u>	<u>75,033,945</u>
	<b>48,505,023</b>	<b>75,033,945</b>
<b>8. OTHER CURRENT LIABILITIES</b>		
Contractual Liability against Collection of Trade Receivables		
Current Maturities of Long Term Debts (secured)	558,032,329	1,121,766,113
- From Banks		
Interest Accrued on Borrowings:	243,055,540	144,000,000
- Not due		
Income Received in Advance	159,138,427	175,306,625
Unpaid Dividends	13,073,731	5,711,649
Other Liabilities	101,570	101,570
<b>TOTAL</b>	<u>1,896,841</u>	<u>2,086,635</u>
	<b>975,298,438</b>	<b>1,448,972,592</b>
<b>9. SHORT TERM PROVISIONS</b>		
Leave Encashment		
Gratuity	121,599	184,212
Contingent Provisions against Standard Assets	92,625	60,592
<b>TOTAL</b>	<u>40,319,348</u>	<u>23,235,000</u>
	<b>40,533,572</b>	<b>23,479,804</b>



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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, 2017

10. FIXED ASSETS

Description of Assets	Gross Block			Depreciation/ Amortisation				Amount in Rs		
	As at April 1, 2016 Rs.	Additions Rs.	Deductions Rs.	As at March 31, 2017 Rs.	As at April 1, 2016 Rs.	Transitional Depreciation Rs.	For the Period Rs.	Deductions/ Adjustments Rs.	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
<b>Tangible:</b>										
Furniture & Fixtures	847,213	-	-	847,213	247,704	-	85,366	-	333,070	514,143
Office Equipment	267,630	51,475	-	319,105	195,892	-	33,601	-	229,493	89,612
Computer Hardware	10,131,467	431,197	-	10,562,664	9,391,389	-	211,429	-	9,602,818	959,846
Vehicle	-	-	-	-	-	-	-	-	-	740,078
Subtotal	11,246,310	482,672	-	11,728,982	9,834,985	-	330,397	-	10,165,382	1,563,600
<b>Intangible:</b>										
Computer Software	8,360,971	-	-	8,360,971	5,734,931	-	557,579	-	6,292,510	2,068,461
Subtotal	8,360,971	-	-	8,360,971	5,734,931	-	557,579	-	6,292,510	2,068,461
<b>Grand Total</b>	19,607,281	482,672	-	20,089,953	15,569,916	-	887,975	-	16,457,891	3,632,062
Previous Year	17,807,089	1,800,192	-	19,607,281	15,034,723	-	535,192	-	15,569,915	4,037,366
										2,772,366



**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, 2017**

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
<b>11. NON-CURRENT INVESTMENT</b>		
Non-Trade, Quoted		
- Net 4 India Limited	20,743,679	20,743,679
3,232,874 Equity Shares (Previous Year - 3,232,874 ) of Rs. 10 each fully paid up		
- KEW Industries Limited	4,611,567	4,611,567
2,931,558 Equity Shares (Previous Year - 2,931,558) of Rs. 10 each fully paid up		
Non-Trade, Unquoted		
- J M Financial Asset Reconstruction Company Pvt. Ltd.	26,605,000	-
26,605 Security Receipts of Rs. 1000 each fully paid up (Backed by NPA sold by the Company)		
- Raytheon Assets Reconstruction Pvt. Ltd.	67,150,000	-
67150 Security Receipts of Rs. 1000 each fully paid up (Backed by NPA sold by the Company)		
	<b>119,110,246</b>	<b>25,355,246</b>
Less : Provision for Diminution in value	20,000,000	7,500,000
<b>TOTAL</b>	<b>99,110,246</b>	<b>17,855,246</b>
Note:		
Book Value of Quoted Investment	25,355,246	25,355,246
Market Value of Quoted Investment	4,995,889	13,584,976
Book Value of Unquoted Investment	93,755,000	-
Market Value of Unquoted Investment	93,755,000	-
<b>12. LONG TERM LOANS AND ADVANCES</b>		
Term Loans (Considered Good)		
Considered Good		
- Secured *	766,828,836	978,035,545
- Unsecured	77,104,263	76,297,457
<b>Total</b>	843,933,099	1,054,333,002
Less : Provision for Bad and Doubtful Loans	-	180,807,178
<b>TOTAL</b>	<b>843,933,099</b>	<b>873,525,824</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)	151,457,427	109,464,881
<b>TOTAL</b>	<b>151,465,427</b>	<b>109,472,881</b>
<b>14. CURRENT INVESTMENTS</b>		
Debenture Application Money- in Arch Pharmalabs Limited	-	19,200,000
Less: Provision	-	(19,200,000)
<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, 2017**

	As at March 31, 2017 Rs.	As at March 31, 2016 Rs.
<b>15. TRADE RECEIVABLES</b>		
<b>Factored Debts:</b>		
Outstanding for over four months(NPA)	3,033,651,343	2,568,199,106
Other Debts	3,335,957,211	5,369,022,032
<b>Total</b>	<b>6,369,608,554</b>	<b>7,937,221,138</b>
Less : Provision for Bad and Doubtful Debts	2,280,697,999	1,919,320,547
<b>TOTAL</b>	<b>4,088,910,555</b>	<b>6,017,900,591</b>
<b>Out of above</b>		
Considered Good		
- Secured *	824,543,594	1,869,661,095
- Unsecured	2,511,413,617	3,499,360,937
Considered Doubtful		
- Secured *	236,320,698	233,813,304
- Unsecured	2,797,330,645	2,334,385,802
<b>TOTAL</b>	<b>6,369,608,554</b>	<b>7,937,221,138</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	382,066,097	70,135,347
(Includes Rs. 101,570 (Previous Year Rs. 101,570) earmarked balances for Unpaid Dividend)		
Cash on Hand	31,266	20,511
<b>TOTAL</b>	<b>382,097,363</b>	<b>70,155,858</b>
<b>17. OTHER CURRENT ASSETS</b>		
(Unsecured, Considered Good unless otherwise stated)		
<b>Current Maturities of Long Term Loans</b>		
Considered Good		
- Secured *	391,564,858	445,094,749
Considered Doubtful		
- Secured *	322,922,773	292,465,081
- Unsecured	179,320,775	330,201,128
<b>Total</b>	<b>893,808,406</b>	<b>1,067,760,958</b>
Less : Provision for Bad and Doubtful Loans	223,041,900	50,898,000
	670,766,506	1,016,862,958
Advances Recoverable in Cash or in Kind or for Value to be Received	3,310,173	3,039,701
<b>TOTAL</b>	<b>674,076,679</b>	<b>1,019,902,659</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, 2017**

	Period Ended March 31, 2017	Period Ended March 31, 2016
	Rs.	Rs.
<b>18. REVENUE FROM OPERATIONS</b>		
Discount and Service Charges	566,154,940	711,273,400
Interest Income on Term Loan	203,645,463	158,249,635
Application and Administration Charges	5,241,154	34,613,893
<b>TOTAL</b>	<b>775,041,557</b>	<b>904,136,928</b>
<b>19. OTHER INCOME</b>		
Factoring Bad Debts Recovered	47,897,228	5,000,000
Income from Mutual Funds	7,997,532	-
Exchange Fluctuation (Net)	16,596	12,871
Miscellaneous Income	100,000	97,192
<b>TOTAL</b>	<b>56,011,356</b>	<b>5,110,063</b>
<b>20. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Other Benefits	43,308,358	45,903,723
Contribution to Provident fund	2,684,806	3,093,743
Staff Welfare Expenses	1,072,247	1,083,085
<b>TOTAL</b>	<b>47,065,411</b>	<b>50,080,551</b>
<b>21. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES</b>		
Rent, Rates and Taxes	30,013,123	34,128,555
Printing and Stationery	863,581	847,607
Postage, Telephone and Fax	1,829,766	2,332,248
Travelling & Conveyance	2,401,721	3,098,702
Conferences & Seminar	-	102,600
Legal and Professional	13,476,648	12,271,206
Business Promotion	874,596	399,748
Repairs and Maintenance		
-Buildings	214,563	386,295
-Others	1,884,030	2,028,838
Import Factor Commission	5,252,651	11,022,963
Expenses On Increase Of Authorised Share Capital	-	3,869,000
Miscellaneous Expenses	3,592,338	6,390,507
<b>TOTAL</b>	<b>60,403,017</b>	<b>76,878,269</b>
<b>22. FINANCE COSTS</b>		
Interest Expense	542,049,827	563,667,942
Other Borrowing Costs	18,879,403	5,609,910
Bank Charges	1,201,316	1,344,064
<b>TOTAL</b>	<b>562,130,546</b>	<b>570,621,916</b>
<b>23. PROVISIONS &amp; WRITE OFFS</b>		
Bad Debts Written Off	219,920,885	236,085,670
Provision for Bad and Doubtful Debts Written Back	(324,783,222)	(308,102,779)
Provisions:		
-Standard Assets	15,759,828	(40,358,994)
-Bad and Doubtful Debts and Loans	677,497,399	852,519,721
Provision for Diminution in value of Non-Current Investments	12,500,000	7,373,717
Provision for Debentures	(19,200,000)	19,200,000
	<b>581,694,890</b>	<b>766,717,335</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, 2017****24. Contingent Liabilities & Commitments****24.1 Contingent Liabilities**

There is a contingent liability in respect to Dividend payable on Compulsorily Convertible Cumulative Preference Shares for Rs. 285,591,507 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. 34,353,185 (Previous Year Rs. 1,393,197).

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

The Deferred Tax Assets (Net) as on March 31, 2017 comprise of the following:

Particular	(Amount in Rs)	
	As at 31.03.2017	As at 31.03.2016
Leave Encashment	1,626,472	1,307,290
Gratuity	1,477,039	1,152,471
Provisions for Bad & Doubtful Debts and Loans	773,655,629	664,666,949
Depreciation	(613,053)	(432,752)
<b>Deferred Tax Assets (Net)*</b>	<b>776,146,087</b>	<b>666,693,958</b>
<b>Amount credited to Statement of Profit and Loss</b>	<b>109,452,129</b>	<b>118,852,328</b>

\* In case of Deferred Tax Assets of Rs.776,146,087, 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, 2017 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:**

Particular	(Amount in Rs)	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Audit Fee	520,000	520,000
Tax Audit Fee	50,000	50,000
Other Services	195,000	195,000
Out of Pocket Expenses	22,000	20,000
Service Tax	114,750	110,925
<b>Total</b>	<b>899,750</b>	<b>8,95,925</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, 2017**

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 31.03.2017	As at 31.03.2016
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	187,000,000
18	10.25%	March 28, 2018	No	18,000,000	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)

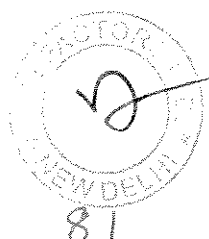
From	Remaining Tenor	Repayment Term	Rate of Interest	As at 31.03.2017	As at 31.03.2016
Banks	Up to 1 Year	Monthly Repayment	11.60%,10.15%	243,055,540	144,000,000
Banks	1 Year – 2 Year	Monthly Repayment	11.60%,10.15%	152,710,706	80,000,000
Banks	2 Year – 4 Year	Monthly Repayment	11.60%,10.15%	90,271,009	-
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 31.03.2017	As at 31.03.2016
<u>Cash &amp; Bank Balances</u>		
Euro	-	130,999.68
USD	-	483,249.42
<u>Sundry Creditor</u>		
Euro	-	1,759.35
USD	-	48,020.67
GBP	-	-

**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.



8

**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, 2017****32. Related Party Disclosure:****A) Names of the Related Parties:**

- i) **Holding Company :-** IFCI Limited
- ii) **Subsidiaries, Associate and Joint Venture of the Holding Company**

<b>Related Party</b>	<b>Relationship</b>
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
Tourism Finance Corporation of India Limited	Associate
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. Satbir Singh (Managing Director)  
Mr. Samir Raheja (Company Secretary)  
Mr. Manish Jain (Chief Financial Officer)



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**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, 2017**

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

(Amount in Rs)

Nature of Transaction	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>Rent</b>		
To Holding Company	27,953,970	31,900,137
<b>Loan</b>		
From Holding Company		
Opening Balance	500,000,000	1,250,000,000
Add: Fresh Taken	-	250,000,000
Less: Repayments / Conversion	250,000,000	1,000,000,000
Closing Balance	250,000,000	500,000,000
<b>Interest</b>		
To Holding Company		
Opening Balance	6,697,947	23,424,659
Add: Interest for the year	26,530,820	65,291,065
Less: Repayments	33,228,767	82,017,778
Closing Balance	-	6,697,947
<b>Reimbursement of Expenses:</b>		
To Holding Company		
- Managerial Remuneration	3,601,144	2,858,633
- Others	741,791	1,201,622
- Commission against Letter of comfort to Banks	14,023,708	-
To IFCI Financial Services Limited	522,758	-
To NITCON Limited	60,000	-
<b>Remuneration Paid to Key Management Personnel</b>		
Mr. Lalit Bansal	-	1,507,079
Mr. Ankur Agarwal	-	291,971
Mr. Samir Raheja	1,395,506	658,933
Mr. Manish Jain	1,248,553	250,952
<b>Balance Recoverable / (Payable) at year end:</b>		
To Holding Company	(276,537)	(432,377)
From IFCI Financial Services Limited	(58,840)	(525,872)

**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.



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**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, 2017****34. Earnings Per Share (EPS)**

Particulars	(Amount in Rs)	
	Year Ended 31.03.2017	Year Ended 31.03.2016
Net Profit/(Loss) as per Statement of Profit and Loss (Rs.)	(311,676,797)	(436,733,945)
Net Profit/(Loss) for Equity Shareholders for Basic EPS (Rs.)	(311,676,797)	(436,733,945)
Net Profit/(Loss) for Equity Shareholders for Diluted EPS (Rs.)	(311,676,797)	(436,733,945)
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.)	(3.93)	(5.50)
Diluted Earnings per Share (Face Value - Rs. 10 per share) (Rs.)	(1.22)	(1.72)

**35. Expenditure in Foreign Currency:**

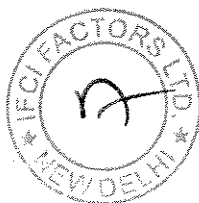
Particulars	(Amount in Rs)	
	Year Ended 31.03.2017	Year Ended 31.03.2016
<b>Expenditure in Foreign Currency</b>		
Membership Fee and Subscription Fee	554,550	561,525
Import Factor Commission	5,252,651	11,022,963
Others	362,564	436,994

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

The Company has recognized Provident Fund and Family Pension Schemes contribution Rs. 2,684,806 (previous year Rs. 3,093,743) 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.



**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, 2017**

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:

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

Actuarial Assumptions	Year Ended 31.03.2017	Year Ended 31.03.2016
Discounting Rate	7.37%	8.00%
Future Salary Increase	6.00%	6.00%
Retirement age	60 Years	58 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:

Particulars	(Amount in Rs)			
	Gratuity		Leave Encashment	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
a) Present value of obligation as at beginning of the year	3,729,679	2,870,738	4,230,712	3,361,852
b) Interest cost	298,374	244,013	338,457	285,758
c) Past Service cost	-	-	-	-
d) Current Service cost	787,185	733,711	916,133	869,246
e) Benefits paid	(240,029)	(432,845)	(916,840)	(981,759)
f) Actuarial (gain)/ loss on obligation	204,852	314,062	695,203	695,615
g) Present value of obligation as at end of the year	4,780,061	3,729,679	5,263,665	4,230,712

c) Fair Value of Plan assets:

Particulars	(Amount in Rs)			
	Gratuity		Leave Encashment	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
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	(4,780,061)	(3,729,679)	(5,263,665)	(4,230,712)



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**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, 2017**

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

Particulars	(Amount in Rs)			
	Gratuity		Leave Encashment	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
a) Actuarial (gain)/loss for the year-Obligation	(204,852)	(314,062)	695,203	695,615
b) Actuarial (gain)/loss for the year-Plan assets	-	-	-	-
c) Actuarial (gain)/ loss recognized in the year	(204,852)	(314,062)	695,203	695,615

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

Particulars	(Amount in Rs)			
	Gratuity		Leave Encashment	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
a) Present value of obligation as at end of the year	4,780,061	3,729,679	5,263,665	4,230,712
b) Fair Value of Plan Assets as at end of the year	-	-	-	-
c) Funded status	(4,780,061)	(3,729,679)	(5,263,665)	(4,230,712)
d) Net Liability recognized in the Balance Sheet	(4,780,061)	(3,729,679)	(5,263,665)	(4,230,712)

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

Particulars	(Amount in Rs)			
	Gratuity		Leave Encashment	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
a) Current Service cost	787,185	733,711	916,133	869,246
b) Past service cost	-	-	-	-
c) Interest cost	298,374	244,013	338,457	285,758
d) Return on the plan assets	-	-	-	-
e) Net Actuarial (gain)/loss recognized in the year	204,852	314,062	695,203	695,615
f) Expenses/(Income) recognized in the Statement of Profit and Loss	1,290,411	1,291,786	1,949,793	1,850,619

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:**

Items	(Amount in Rs)	
	As at 31.03.2017	As at 31.03.2016
CRAR (%)	22.10%	22.32%
CRAR - Tier I Capital (%)	19.60%	19.72%
CRAR - Tier II Capital (%)	2.50%	2.60%
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)	22.37%	9.79%



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

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

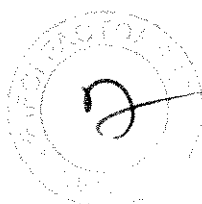
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****B. Investments:**

(Amount in Rs)

Particulars		As at 31.03.2017	As at 31.03.2016
Value of investment			
Gross Value of Investments			
(a)	In India	119,110,246	44,555,246
(b)	Outside India,	-	-
Provisions for Diminution in value			
(a)	In India	20,000,000	26,700,000
(b)	Outside India,	-	-
Net Value of Investments			
(a)	In India	99,110,246	17,855,246
(b)	Outside India.	-	-
Movement of provisions held towards depreciation on investments			
(i)	Opening balance	26,700,000	126,283
(ii)	Add : Provisions made during the year	12,500,000	26,573,717
(iii)	Less : Write-off / write-back of excess provisions during the year	19,200,000	-
(iv)	Closing balance	20,000,000	26,700,000

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

Particulars	As at 31.03.2017	As at 31.03.2016
(i) No. of accounts	2	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	43,615,708	Nil
(iii) Aggregate consideration	110,300,000	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	Nil
(v) Aggregate gain / (loss) over net book value	66,684,292	Nil



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, 2017**

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

Particulars	As at 31.03.2017	As at 31.03.2016
(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 31.03.2017	As at 31.03.2016
(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 31.03.2017	As at 31.03.2016
(i) No. of accounts sold	2	Nil
(ii) Aggregate outstanding	311,020,886	Nil
(iii) Aggregate consideration received	110,300,000	Nil



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**IFCI Factors Limited**

CIN NO:-U74899DL1995GO1074649

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017****G. Asset Liability Management Maturity Pattern of Assets and Liabilities:**

	1 day to 30/31 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 Years	(Amount in Rs) Total
<b>Liabilities:</b>									
Borrowings from Banks	13,888,888	20,833,332	20,833,332	1,812,499,996	157,424,801	236,037,255	6,944,460	-	2,268,462,064.00
Market Borrowings	-	-	-	-	205,000,000	214,000,000	-	1,831,000,000	2,250,000,000
<b>Total</b>	13,888,888	20,833,332	20,833,332	1,812,499,996	362,424,801	450,037,255	6,944,460	1,831,000,000	4,518,462,064
(Previous Year)	12,000,000	12,000,000	262,000,000	411,000,000	2,355,500,000	499,000,000	-	1,834,032,679	5,385,532,679
<b>Assets:</b>									
Advances	524,172,000	506,828,000	617,693,000	849,743,000	588,757,000	926,229,839	1,180,521,891	2,355,373,000	7,549,317,730
Investments	-	-	-	-	-	-	-	119,110,246	119,110,246
<b>Total</b>	524,172,000	506,828,000	617,693,000	849,743,000	588,757,000	926,229,839	1,180,521,891	2,474,483,246	7,668,427,976
(Previous Year)	727,624,000	959,186,000	840,698,000	1,138,603,000	655,656,000	1,568,216,000	1,002,500,000	2,089,621,231	8,982,104,231

Note: Amount is excluding interest.



**IFCI FACTORS LIMITED**

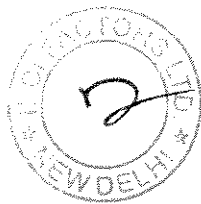
CIN NO:-U74899DL1995GOI074649

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

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

Category		(Amount in Rs)	
		As at 31.03.2017	As at 31.03.2016
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 -		
	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;	789,678,646	1,072,972,417
	(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).	-	-



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**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, 2017**

**I. Exposure to Capital Market:**

Particulars		(Amount in Rs)	
		As at 31.03.2017	As at 31.03.2016
(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	195,547,790	237,430,017
(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.	154,173,911	173,326,787
(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>375,076,947</b>	<b>436,112,050</b>



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**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, 2017**

**J. 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 one case as stated below, sanctioned limit/outstanding balance are exceeding the prudential exposure limit in respect of case sanctioned in earlier years.

Particulars	Sanctioned Limit	Outstanding Balance
Concast Steel & Power Limited#	250,000,000	259,898,398

#the exposure increased due to merger of the Concast Steel Limited and Concast Exim Limited into Concast Steel & Power Limited.

**K.** Certificated of Registration no. as issued by Reserve Bank of India - B-14.01248

**L.** No penalty has been imposed by RBI and any other regulators during the year.

**M.** Rating assigned by credit rating agencies and migration of ratings during the year:

Rating Agency	CARE Ratings	
	As at 31.03.2017	As at 31.03.2016
Instruments/Facilities		
Long Term bank facilities *	CARE BBB+ (SO); Negative (Triple B Plus (Structured Obligation); Outlook: Negative)	CARE A - (SO) (Single A Structured Obligation)
Short Term bank facilities*	CARE A1 (SO) ((A One (Structured Obligation))	CARE A1 (SO) ((A One (Structured Obligation))
Long Term Non-Convertible Debentures	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	CARE A- (Single A Minus)

\*Structured Obligation -----> Backed by Letter of Comfort from IFCI Limited.

Rating Agency	Brickwork Ratings	
	As at 31.03.2017	As at 31.03.2016
Instruments/Facilities		
Secured Non-Convertible Debentures	BWR A- : Pronounced BWR A Minus (Outlook Stable)	BWR A- : Pronounced BWR A Minus (Outlook Stable)
Unsecured Non-Convertible Debentures	BWR A- : Pronounced BWR A Minus (Outlook Stable)	BWR A- : Pronounced BWR A Minus (Outlook Stable)



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**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, 2017****N. Provisions and Contingencies:**

Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss account	(Amount in Rs)	
	As at 31.03.2017	As at 31.03.2016
Provisions for depreciation on Investment	(1,92,00,000)	1,92,00,000
Provision for Diminution in value of Non-Current Investments	12,500,000	7,373,717
Provisions towards NPA	352,714,177	544,416,942
Provision made towards Income tax	-	-
Provision for Standard Assets*	15,759,828	(40,358,994)

\*Additional Provisions have been made of Rs.24,690,348 for Concast Steel Limited and Concast Exim Limited on Rs.156,886,999 and Rs.103,011,399 respectability at the rate of 9.5%.

**O. Draw Down from Reserves:**

Particulars	(Amount in Rs)	
	As at 31.03.2017	As at 31.03.2016
Depreciation	-	-
Securities Premium	-	-

**P. Concentration of Advances, Exposures and NPAs:****a) Concentration of Advances**

(Amount in Rs)	
Total Advances to twenty largest borrowers	3,049,327,450
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	40.39%

**b) Concentration of Exposures**

(Amount in Rs)	
Total Exposure to twenty largest borrowers / customers	3,074,445,966
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	32.57%

**c) Concentration of NPAs**

(Amount in Rs)	
Total Exposure to top four NPA accounts	663,989,626



**IFCI FACTORS LIMITED**

CIN NO:-U74899DL1995GOI074649

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

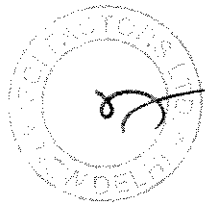
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

**d) Sector-wise NPAs:**

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector	(Amount in Rs)
1	Agriculture & allied activities		-
2	MSME		-
3	Corporate borrowers		193,697,566
4	Services		2,576,277,049
5	Unsecured personal loans		765,920,276
6	Auto loans		-

**e) Movement of NPA:**

Particulars		As at 31.03.2017	As at 31.03.2016
(i)	Net NPAs to Net Advances (%)	20.46%	15.32%
(ii)	<b>Movement of NPAs (Gross)</b>		
(a)	Opening balance	3,190,865,315	2,317,543,273
(b)	Additions during the year	763,426,455	1,209,360,059
(c)	Reductions/write-offs during the year	(418,396,879)	(336,038,017)
(d)	Closing balance	3,535,894,891	3,190,865,315
(iii)	<b>Movement of Net NPAs</b>		
(a)	Opening balance	1,039,839,584	710,934,483
(b)	Additions during the year	85,929,055	356,840,339
(c)	Reductions/write-offs during the year	(93,613,657)	(27,935,238)
(d)	Closing balance	1,032,154,982	1,039,839,584
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
(a)	Opening balance	2,151,025,731	1,606,608,790
(b)	Provisions made during the year	677,497,400	852,519,720
(c)	Write-off / write-back of excess provisions	(324,783,222)	(308,102,779)
(d)	Closing balance	2,503,739,909	2,151,025,731



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**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, 2017**

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 31.03.2017		As at 31.03.2016	
	Outstanding	Overdue	Outstanding	Overdue
a) Debentures/ Bonds				
- Secured	1,080,624,398	-	1,080,624,393	-
- Unsecured	1,325,747,931	-	1,325,747,935	-
b) Deferred Credits	-	-	-	-
c) Term Loans (including demand loan)	2,238,803,352	-	2,867,934,297	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other Loans (Cash Credit and Overdraft)	32,424,809	-	286,532,679	-

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 31.03.2017	As at 31.03.2016
a. Secured	2,542,180,759	3,819,069,773
b. Unsecured	5,565,169,300	6,240,245,325
<b>Total</b>	<b>8,107,350,059</b>	<b>10,059,315,098</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 31.03.2016
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	-	-



**IFCI FACTORS LIMITED**

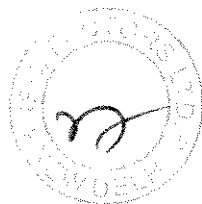
CIN NO:-U74899DL1995GOI074649

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017**

(D) Break up of Investments:

Particular	(Amount in Rs)	
	As at 31.03.2017	As at 31.03.2016
<b><u>Current Investment</u></b>		
1. <u>Quoted:</u>	-	-
(i) Shares : Equity	-	-
: Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other	-	-
<u>Unquoted:</u>	-	-
(i) Shares : Equity	-	-
: Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	19,200,000
(iv) Government Securities	-	-
(v) Other	-	-
<b><u>Long Term Investment</u></b>		
<u>Quoted:</u>		
(i) Shares : Equity	25,355,246	25,355,246
: Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other	-	-
<u>Unquoted:</u>		
(i) Shares : Equity	-	-
: Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Other (Security Receipts)	93,755,000	-



**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, 2017**

(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	2,542,180,759	3,061,429,401	5,603,610,160
<b>Total</b>	<b>2,542,180,759</b>	<b>3,061,429,401</b>	<b>5,603,610,160</b>
(Previous Year)	3,819,069,773	4,089,219,594	7,908,289,367

(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	98,750,889	99,110,246
(previous year)	13,584,977	17,855,246

(G) Other Information:

(Amount in Rs)

Particulars	As at 31.03.2017	As at 31.03.2016
3. Gross Non-Performing Assets		
(a) Related Parties	-	-
(b) Other than Related Parties	3,535,894,891	3,190,865,314
4. Net Non-Performing Assets		
(a) Related Parties	-	-
(b) Other than Related Parties	1,032,154,982	1,039,839,583
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, 2017**

39. Detail of Specified Bank Notes (SBN) held and transacted during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December 2016 as provided in the Table below :-

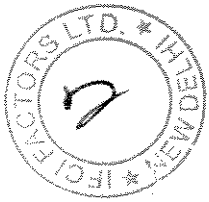
	SBNs	other denomination notes	(Amount in Rs) Total
Closing cash in hand as on 08.11.16	19,000	708.25	19,708.25
(+) Permitted receipts	11,000	2,42,361	253,361
(-) Permitted payments	-	115,390	115,390
(-) Amount deposited in Banks	30,000	-	30,000
Closing cash in Hand as on 30.12.2016	-	127,679.25	127,679.25



ICI Factors Limited  
 CIN No. U74890DL199901074649  
 10th Floor, ICI Towers, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017  
 40. Note on Restructured Accounts as on March 31, 2017

Asset Classification	Under CDR Scheme										Total		(Amount in Rs.)		
	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard		Doubtful	Loss
1 Restructured Accounts as on April 01, 2016	No. of borrowers Amount outstanding Provision thereon	1 121,977,546	-	251,805,178	2 289,882,726	-	4,056,396	262,890,206	199,852,453	2 466,688,035	1 121,977,546	4,056,396	261,880,206	362,157,652	2 756,678,281
2 Fresh restructuring during the year	No. of borrowers Amount outstanding Provision thereon	31,626,517	-	161,905,178	189,531,695	-	2,200,000	223,600,000	199,852,453	31,626,517	31,626,517	2,200,000	223,600,000	361,587,651	517,864,140
3 Upgradations to restructured standard category	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	1,956,152	112,328	2,068,480	-	-	1,956,152	112,328	2,068,480
4 Restructured advances which cease to attract higher provisioning and / or additional risk weight and hence need not be taken as restructured Related advances at the beginning of the next year	No. of borrowers Amount outstanding Provision thereon	-	-	-	-	-	-	2,000,000	112,328	2,112,328	-	-	2,000,000	112,328	2,112,328
5 Downgradations of restructured accounts during the year	No. of borrowers Amount outstanding Provision thereon	-	-	149,805,178	149,805,178	-	-	70,115,707	-	70,115,707	-	-	70,115,707	-	70,115,707
6 Write-Offs of restructured accounts during the year	No. of borrowers Amount outstanding Provision thereon	-	-	149,805,178	149,805,178	-	-	52,700,000	-	52,700,000	-	-	52,700,000	-	52,700,000
7 Reduction in Principal/Provision	No. of borrowers Amount outstanding Provision thereon	941,876	-	12,100,000	13,041,876	-	3,453,938	78,954,885	-	82,454,923	941,876	3,453,938	78,954,885	-	82,454,923
8 Restructured accounts as on March 31, 2017	No. of borrowers Amount outstanding Provision thereon	127,035,672	-	12,100,000	12,100,000	-	858,130	-	199,764,781	127,035,672	127,035,672	858,130	-	12,100,000	199,764,781
		31,357,997	-	-	31,357,997	-	423,458	135,825,668	199,764,781	31,357,997	31,357,997	423,458	135,825,668	199,764,781	303,764,678



**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, 2017**

**41. Monitoring of Fraud**

- a. 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 Four fraud accounts amounting to Rs.323,286,587 during the current year (Previous year – Rs. 83,690,000).
- b. Apart from above in 11 suspected fraud cases out of which in 11 cases criminal complaints have been filed by the company against borrower companies and other related persons at various police authorities for detection of frauds. These cases shall be reported to RBI on detection of fraud if any.

42. Company has deferred to spend the CSR funds to the tune of Rs.10,192,410 due to losses in the company.

43. Advances do not include write-off cases against which legal proceedings in the nature of criminal and / or civil are pending. Legal expenses incurred on these cases are debited to profit & Loss account.

44. Previous year's figures have been regrouped / rearranged wherever considered necessary.

As per our audit report of even date attached

**For Chandiwala Virmani & Associates.**

Chartered Accountants

Firm Registration No. 000082N



**(Bharat Bhushan)**

Partner

Membership No. 087365

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



**(Samik Dasgupta)**

Managing Director

DIN – 02763211



**(D.K.Jain)**

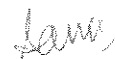
Nominee Director

DIN- 06777363



**(Manish Jain)**

Chief Financial Officer



**(Samir Raheja)**

Company Secretary

Date: May 12, 2017

Place: New Delhi

