IFCI FACTORS LIMITED



20TH ANNUAL REPORT

2014-15

Corporate Information

Board of Directors

Mr. Malay Mukherjee Mr. Sudhir Garg Mr. Shrawan Nigam Mr. Vinod Kumar Gupta Mr. Ajoy Kumar Deb Mr. Rajib Sekhar Sahoo *Mrs. Bandana Mukhopadhyay **Mr. Satbir Singh

Non-Executive Chairman Non-Executive Director Independent Director Independent Director Independent Director Independent Director Managing Director

*Mrs. Bandana Mukhopadhyay has been appointed as an Additional Director of the Company w.e.f. March 12, 2015 **Mr. Satbir Singh has been appointed as Managing Director w.e.f. August 10, 2015 for a period of one year.

Registered Office

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

Sr. Associate Vice President & Company Secretary

Mr. Lalit Bansal

Website & Email Id

www.ifcifactors.com

samir@ifcifactors.com

Chief Financial Officer

Mr. Samir Raheja

Auditors

M/s Chandiwala Virmani & Co. Chartered Accountants, New Delhi

Debenture Trustee

IL & FS Trust Company Limited The IL&FS Financial Centre, Plot C- 22, G Block, BandraKurla Complex, Bandra(E), Mumbai 400051

Bankers

Canara Bank Axis Bank Limited Chinatrust Commercial Bank The South Indian Bank Limited

Registrar

Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078

> Dena Bank IndusInd Bank Limited Andhra Bank Deutsche Bank AG

NOTICE

TO THE SHAREHOLDERS

NOTICE is hereby given that the Twentieth (20th) Annual General Meeting of Members of IFCI Factors Limited will be held on Tuesday, 8th day of September, 2015 at 11:00 a.m. at IFCI Tower, 10th Floor, 61 Nehru Place, New Delhi-110019, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited financial statement of the Company for the Financial Year ended March 31, 2015, the reports of the Board of Directors and Auditors thereon by passing, if deemed fit, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Financial Statements of the Company for the Financial Year ended March 31, 2015 including Audited Balance Sheet as at March 31, 2015 and the Statement of Profit & Loss of the Company for the year ended on that date, together with Reports of Board of Directors and Auditors and comments of Comptroller & Auditor General of India thereon under the provisions of Section 143(6) of the Companies Act, 2013 as presented to the meeting, be and are hereby considered and adopted."

2. To consider and fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2015-16 as appointed by the Comptroller & Auditor General of India (C&AG) by passing, if deemed fit, with or without modification(s), the following Resolution 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 / Audit Committee of Directors of the Company, be and is hereby, authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company as appointed by the Comptroller and Auditor General of India for the Financial Year 2015-16, as may be deemed fit."

3. To appoint a Director in place of Mr. Malay Mukherjee, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

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

"RESOLVED THAT Mrs. Bandana Mukhopadhyay (DIN: 07114150) who was appointed by the Board of Directors as an Additional Director of the Company with effect from March 12, 2015 under Section 161(1) of the Companies Act, 2013 ("the Act"), the Rules made thereunder, whose term of office expires at the 20th Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing the candidature of Mrs. Bandana Mukhopadhyay for the office of Director be and is hereby appointed as a Director of the Company."

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Act and the Rules made thereunder, Mrs. Bandana Mukhopadhyay, who has submitted a declaration that she meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 3 (three) years with effect from March 12, 2015."

5. To consider and, if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions, if any, (including any statutory modification or re-enactment thereof for the time being in force) ("the Act") and Rules made thereunder re-appointment of Mr.Bikash Kanti Roy (DIN: 02171876), as the Managing Director of the Company alongwith the following remuneration paid to him during his tenure as Managing Director of the Company from March 24, 2015 to August 9, 2015 be and is hereby approved / ratified :

Basic Salary: Rs.47,600/- per month in the pay scale of 42,300-1300-(3)-46200-1400 (3) 50,400-1600(1)-52000 (8 years).

Perquisites and Allowances: As per the letters bearing reference no. HR./139/2014-030406 dated March 31, 2014 & IFC/SAD/IFL/2014-15-150312086 dated March 12, 2015 received from IFCI Limited, holding company and as per the service rules applicable to the employees of IFCI Limited deputed/nominated as Directors on the Board of its subsidiaries, subject to the limits under applicable laws."

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

"RESOLVED THAT Mr. Satbir Singh (DIN : 06887978), who was appointed as an Additional Director of the Company by the Board of Directors with effect from August 10, 2015 in terms of Section 161 of the Companies Act, 2013 and Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has

received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation."

7. To consider and, if thought fit to pass with or without modification(s), the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 ('Act') and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act and Articles of Association of the Company and subject to the approval Central Government or other Government authority or agency or board, if any, the approval of the shareholders of the Company be and is hereby accorded to appoint Mr. Satbir Singh (DIN : 06887978) as Managing Director of the Company for a period of 1 (one) year with effect from August 10, 2015 at the following remuneration :

Basic Salary: Rs. 46,150/- per month in the pay scale of 39850-1200(2)-42250-1300(3)-46150(6 years)

Perquisites and Allowances: As per the letters bearing reference no. IFCI/S&AD/IFL/2015-150807396 & HR.139/2015-070801 both dated August 7, 2015 received from IFCI Limited, holding company and as per the service rules applicable to the employees of IFCI Limited deputed/nominated as Directors on the Board of its subsidiaries, including any variation thereof, subject to the limits under applicable laws.

RESOLVED FURTHER THAT where in any financial year the Company has no profits or inadequate profits then aforesaid remuneration shall be paid as minimum remuneration in compliance with Schedule V of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force).

RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee, Company Secretary and Chief Financial Officer thereof be and are hereby severally authorized to do all such acts, deeds and things as in its absolute discretion it may deem necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing Resolution and to seek such approval, consent from Central Government or other Government authority or agency, as may be required, time to time in this regard." 8. To consider and, if thought fit to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 13 sub-section (1), read with Section 61, 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and rules made thereunder, approval of the shareholders of the Company be and is hereby accorded to increase the Authorised Share Capital of the Company from the existing Rs. 300,00,000/-(Rupees three hundred crore only) divided into 20,00,000,000 (Twenty crore) Equity Shares of Rs. 10/- (Rupees Ten only) each and 10,00,00,000 (Ten crore) preference shares of Rs. 10/- (Rupees Ten only) to Rs. 400,00,000 (Rupees Four hundred crore only) divided into 20,00,000 (Twenty crore) Preference Shares of Rs. 10/- (Rupees the only) each.

RESOLVED FURTHER THAT the proposed Preference Shares shall also carry the rights as enumerated in the Articles or as may be decided by the terms of issue of such preference shares including compulsorily convertible cumulative preference shares.

RESOLVED FURTHER THAT the existing Clause V of Memorandum of Association of the Company be and is hereby substituted with the following:

"The Authorized Share Capital of the Company is Rs. 400,00,000 (Rupees Four hundred crore only) dividend into:

- (a) 20,00,00,000 (Twenty crore) Equity Shares of Rs. 10/- (Rupees ten) each; and
- (b) 20,00,000 (Twenty crore) Preference Shares of Rs. 10/- (Rupees ten) each.

RESOLVED FURTHER THAT Managing Director, Director(s), Chief Financial Officer and Company Secretary of the Company be and are hereby severally as well as jointly (wherever required) authorized for and on behalf of the Company to do all such acts, deeds and things as may be necessary, incidental and consequential in relation thereto."

9. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

"**RESOLVED THAT in** accordance with the provisions of Sections 55, 62 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 ("Rules") framed there under, as may be amended from time to time and such other rules as may be applicable and the enabling provisions of the Articles of Association of the Company and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such terms,

conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, the consent of the members be and is hereby accorded to the Board, to invite/offer/issue/allot 10.31 crore 10% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10/- each, aggregating Rs. 103.16 crore, for cash/consideration other than cash at par, on a 'Rights Basis' to the existing Equity shareholders of the Company, in the ratio of 1:1.3 i.e. 1.13 CCCPS of Rs. 10/- each for every 1 Equity Shares of Rs. 10/- each held in the Company in one or more tranches upto March 31, 2016.

RESOLVED FURTHER THAT in accordance with the provisions of Section 55 of the Act and rules made thereunder, the following terms and conditions of CCCPS be and are hereby approved:

- carry a preferential right vis-à-vis Equity Shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital;
- be non-participating in the surplus funds, surplus assets and profits, on winding-up which may remain after the entire capital has been repaid;
- be paid dividend on a cumulative basis;
- declaration of dividend, if any, on equity shares by the Company shall be subject to prior payment of dividend on Preference Shares;
- if dividend is declared on equity shares at a rate higher than that of CCCPS, then, dividend on CCCPS shall be paid at the same rate as declared to be paid on equity shares;
- be convertible into equity shares of the Company after a period of 3 years from date of issue/allotment; subject to a maximum further period of 2 years, and the conversion shall be governed by the extant regulatory guidelines at the time of conversion;
- the Conversion Price, at the time of conversion of CCCPS into Company's equity shares, shall be determined on arm's length basis at any internationally acceptable pricing methodology on mutually agreed terms;
- carry right to vote only on resolutions placed before the Company which directly affect the rights attached to the preference shares and any resolution for the winding up of the Company or for the repayment or reduction of its equity or preference share capital and the voting right on a poll shall be in a proportion to the share in the paid up preference

share capital of the Company and shall be subject to the provisions of Section 47(2) of the Act; and

• not be redeemed but shall be compulsorily convertible.

RESOLVED FURTHER that the Board or any Committee thereof of the Board, be and is hereby authorized to do all such acts, deeds and things and execute all such deeds, documents and writings, as it may in its absolute discretion deem necessary or incidental including paying such fees and incurring such expenses in relation thereto as it may deem appropriate and file documents, forms, etc, as required with the regulatory/statutory and sub-delegate all or any of the above powers/authorizations in favour of a Committee constituted by the Board for the aforesaid purpose, subject to such conditions as they may deem fit."

By Order of Board of Directors

New Delhi August 12, 2015 Samir Raheja Sr.AVP & Company Secretary

IFCI Factors Limited Registered Office: 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019 CIN: U74899DL1995GOI074649 Phone: +91-11-41642840 Fax: +91-11-4652 1435-36 Website: www.ifcifactors.com Email: samir@ifcifactors.com

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") 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 THE MEETING. 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 PERSON OR SHAREHOLDER.

- 2. Corporate members intending to send their authorised representatives to attend the Annual General Meeting (hereinafter "the Meeting") 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 Meeting.
- 3. The Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, setting out material facts relating to the Special Business to be transacted at the Meeting under Item Nos. 4,5,6,7,8 & 9 is annexed hereto.
- 4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
- 5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 6. All documents referred to in the accompanying Notice and/or the Statement are open for inspection by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturdays, till the date of the ensuing Annual General Meeting.
- 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. Those members who have not so far encashed their Dividend Warrants/Cheques for the Financial Year 2007-08 or any subsequent year/s, may immediately approach the Company for issuance of demand drafts in lieu thereof.
- 9. 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.
- 10. Members are requested to kindly communicate immediately any change in their address, if any, to the Managing Director/Company Secretary at the Registered Office of the Company.
- 11. Members are requested to intimate to the Company any queries regarding the accounts/notices at least ten days before the Annual General Meeting to enable the management to keep the information ready at the meeting.

Statement Pursuant to Section 102 of the Companies Act, 2013 ("The Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, the Board of Directors of the Company appointed Mrs. Bandana Mukhopadhyay as an Additional Director of the Company with effect from March 12, 2015.

Mrs. Bandana Mukhopadhyay, aged around 66 years is B.Sc in Physics, M.Sc in Anthropology, holds a Diploma in Radio and Television Production and M.Phil in Sociology (Martial Arts Tradition in India) a woman director on the Board of the company, is presently working as a project director in "NANRITAM" a Non profit earning welfare organization which is working for the upliftment of rural youth in Purulia. Prior to this she was engaged as Senior Consultant for developing an alternative system in education using ICT & Community Radio for vocational training at IGNOU. She has been associated with Art and Culture since 1972 and has been awarded with various accolades including Bharat Nirman Millenium Award for excellence as Media personality, Akashwani Annual Awards for Best Radio feature and Asian Broadcasting Union (ABU) Award for best feature in cultural theme.

In terms of the provisions of Section 161(1) of the Act, she would hold office up to the date of the ensuing Annual General Meeting. She is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. The Company has received a declaration from her that she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing her candidature for the office of Director of the Company. She possesses skills, experience and knowledge, inter-alia in the field of administration. In the opinion of the Board she fulfills the conditions prescribed for an Independent Director in the Act and the Rules made thereunder and she is independent of the management.

She is neither a director on the Board of any other Company nor she is the Chairman or Member of any Committee constituted by the Board of other companies. She does not hold any securities in her own name and no share or convertible instrument in the Company is held by her, either in her name or in the name of any other person, on a beneficial basis. A total 2 (two) Board Meetings were held during her tenure in the Financial Year 2014-15 and she has attended all the 2(two) Board Meetings and out of 3 (three) Board Meetings held in the Financial Year 2015-16 she has attended all the 3 (three) meetings. A sum of Rs.60,000/- was paid to her towards sitting fees for attending the meetings.

A copy of the Letter of Appointment of Mrs. Bandana Mukhopadhyay, Board Resolution and all other documents related to her appointment would be available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturdays, till the date of the ensuing Annual General Meeting.

Except Mrs. Mukhopadhyay, being an appointee, none of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution set out in Item No. 4 of the accompanying Notice.

Accordingly, your Directors propose the appointment of Mrs. Bandana Mukhopadhyay as an Independent Director of the Company for a term upto 3 (three) consecutive years commencing from March 12, 2015, not liable to retire by rotation and recommends the Resolution as set out in Item No. 4 of the accompanying Notice for the approval of the Shareholders at the ensuing Annual General Meeting.

Item No. 5, 6 & 7

Mr. Bikash Kanti Roy, aged about 47 years, is a Mechanical Engineer from Jadavpur Universuty and holds Associate Membership of the Chartered Institute of Management Accountants (CIMA), UK. He is having vast experience in Project Appraisal/ Analysis of corporate credit proposals, monitoring of standard assets, business opportunities, deal structuring, corporate advisory services, NPA resolution, regional accounting, administration and MIS functions etc.

He was first appointed as Director of the Company on March 24, 2014 and the Members in terms of the Resolution dated 10th September, 2014, passed at the Annual General Meeting appointed him as the Managing Director of the Company for a period of one year with effect from that date at a remuneration based on the letter bearing reference no. IFCI/SACC/2014-140319001 dated March 18, 2014 and HR.139/2014-03406 dated March 31, 2014, received from IFCI Limited, holding Company. His last drawn remuneration for the Financial Year 2014-15 was Rs. 34,83,862/- p.a.

Concurring with the recommendation/ approval of the Nomination and Remuneration Committee, based on qualifications, experience and contribution of Mr.Bikash Kanti Roy, the Board in its meeting held on March 12, 2015, subject to approval of shareholders re-appointed him as Managing Director for a further period of 2 (two) years w.e.f. March 24, 2015, at the remuneration as contained letter bearing reference no. IFC/SAD/IFL/2014-15-150312086 dated March 12, 2015 received from IFCI Limited, holding company and as per the service rules applicable to the employees of IFCI deputed/nominated as Directors on the Board of its subsidiaries, subject to the limits under applicable laws.

Mr. Bikash Kanti Roy was nominated / deputed on the Board of the Company by IFCI Limited, holding company. However, IFCI Limited, holding company, vide its letters no. IFCI/S&AD/IFL/2015-150807396 & HR.139/2015-070801 both dated August 7, 2015 nominated/deputed Mr. Satbir Singh (DIN :06887978) as the Director/Managing Director of the Company in place of Mr. Bikash Kanti Roy, prior to the expiry of his term and accordingly Mr. Bikash Kanti Roy ceases to be the Director/Managing Director of the Company w.e.f August 10, 2015. The appointment and remuneration of Mr. Bikash Kanti Roy during his tenure as Managing Director is being placed before the members for ratification / approval.

Mr. Bikash Kanti Roy is on the Board of Factor Association of India and does not hold the Chairmanship or Membership of any Committee constituted by the Board of other Companies. 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. A total number of 9 (nine) Board Meetings were held during the Financial Year 2014-15 and he has attended all the 9 (nine) Board Meetings and out of 2 (two) Board meetings were held during his tenure in the Financial Year 2015-16 he has attended all the 2 (two) meetings.

Copy of letters bearing reference no. IFCI/SACC/2014-140319001 dated March 18, 2014, HR.139/2014-03406 dated March 31, 2014 and IFC/SAD/IFL/2014-15-150312086 dated March 12, 2015, received from IFCI Limited, Board Resolution and all other documents relating to the appointment and remuneration paid to Mr. Bikash Kanti Roy, would be available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturdays, till the date of the ensuing Annual General Meeting.

Based on letters bearing reference no. IFCI/S&AD/IFL/2015-150807396 & HR.139/2015-070801 both dated August 7, 2015 received from IFCI Limited, holding company, upon the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company in terms of Section 161 of the Companies Act, 2013 ('Act') had appointed Mr. Satbir Singh as Additional Director w.e.f August 10, 2015 and also the Managing Director under Section 196, 197 and 203 of the Act read with Rules made thereunder with effect from that date for a period of 1 (one) year at the following remuneration, subject to the approval of shareholders :

Basic Salary: Rs. 46,150/- per month in the pay scale of 39850-1200(2)-42250-1300(3)-46150 (6 years)

Perquisites and Allowances: As per the letters bearing reference no. IFCI/S&AD/IFL/2015-150807396 & HR.139/2015-070801 both dated August 7, 2015 received from IFCI Limited, holding company and as per the service rules applicable to the employees of IFCI Limited deputed/nominated as Directors on the Board of its subsidiaries, including any variation thereof, subject to the limits under applicable laws.

Mr. Satbir Singh, Deputy General Manager, IFC Ltd., aged 57 years is a Certified Associate of Indian Institute of Bankers (CAIIB), holds Masters in Economics and Diploma in Financial Management from University of Mumbai. He started his career in 1980 with IFCI Limited and has experience of more than 30 years in financial sector. During his long tenure, he has gained vast knowledge in credit, appraisal, monitoring of assets, restructuring, management of non-performing assets, etc.

Mr.Singh has worked with IFCI Venture Capital Funds Ltd. as Chief Operating Officer from April 2014 to October 2014 where he looked after the operations of credit, legal, secretarial, human resources, etc.

Mr. Singh has also headed Lucknow Regional Office (LRO) of IFCI Limited for the period from April, 2015 to July, 2015. At LRO, he was responsible for the work relating to credit, legal and other administrative matters.

In terms of the provisions of Section 161(1) of the Act, he would hold office up to the date of the ensuing Annual General Meeting. He is not disqualified from being appointed as a Director/Managing Director and has given his consent to act as a Director. The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing his candidature for the office of Director of the Company.

In view of the provisions of Section 196, 197, 203 and any other applicable provisions, if any of the Companies Act, 2013 read with Schedule V thereto, the aforesaid appointment and remuneration of Mr. Satbir Singh is subject to the approval of shareholders of the Company.

He is neither a director on the Board of any other Company nor he is the Chairman or Member of any Committee constituted by the Board of other companies. 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. Out of 1 (one) Board Meeting held during his tenure in the Financial Year 2015-16, till the date of this report, he has attended that meeting.

Copy of letters bearing reference no. IFCI/S&AD/IFL/2015-150807396 & HR.139/2015-070801 both dated August 7, 2015, Articles of Association, Board Resolution and all other documents relating to the appointment and remuneration of Mr. Satbir Singh would be available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturdays, till the date of the ensuing Annual General Meeting.

Except Mr. Malay Mukherjee, CEO & Managing Director of IFCI Limited and Mr. Satbir Singh, the appointee himself, none of the Directors, Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5, 6 & 7 of the accompanying Notice.

Accordingly, your Directors propose the appointment of Mr. Satbir Singh as Director /Managing Director of the Company, not liable to retire by rotation and approval / ratification of appointment and remuneration paid to Mr.Bikash Kanti Roy during his tenure as Managing Director and recommend the Resolution as set out in Item no 5, 6 & 7 of the accompanying Notice for the approval of the shareholders.

The Information as required by second proviso (iv) of Paragraph B of Section-II of Part-II of Schedule-V of the Companies Act, 2013, a statement of information is given below :

I. GENERAL INFORMATION

1. Nature of Industry:

The Company is registered with the Reserve Bank of India (RBI) as "NBFC-Factor" and NBFC-ND and regulated by RBI as an NBFC-ND-SI, based on its asset size. Also, the Company is a registered Authorised Dealer (Category-III) with RBI.

The Company is into factoring business and its product offerings are comprised of factoring and factoring related products, viz. domestic sales and purchase bill factoring, advance against future receivables, export factoring and bill discounting under letters of credit, supported by allied financing services such as corporate loans. The Company with its significant experience in the factoring industry in India and its network of regional marketing representatives has built an extensive and diverse client base and expertise across industry sectors and geographies, particularly in the manufacturing sector. As SME clusters are scattered across India with concentration in Tier II and Tier III cities and towns, the Company has strategically located its representatives in six locations across India, viz., New Delhi, Mumbai, Kolkata, Chennai, Ahmedabad and Hyderabad.

The Company is also a member of Factors Chain International, which is a global network of factoring companies, whose common aim is to facilitate international trade through factoring and related financial services.

2. Date of expected date of commencement of commercial production

The Company was incorporated on December 14, 1995 and Commencement of Business Certificate was granted on December 14, 1995. The Company had since commenced its business.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable.

4. Financial performance based on given indicators

The Financial Performance of the Company is as follows:

			(Rs. in crores)
Particulars	FY 2014-15	FY 2013-14	FY 2012-13
Turnover	2,094	2,865	4,196
Profit Before	(88.14)	(49.24)	28.23
Тах			
Profit for the	(59.56)	(35.54)	19.23
period			

During the Financial Year 2014-15 the total turnover of the Company was Rs. 2,094 crore as against Rs. 2,865 crore in the financial year 2013-14. Further the Company incurred a loss after tax of Rs. 59.56 crore as against Rs. 35.53 crore in Financial Year 2013-14.

5. Foreign investments or collaborations, if any

Nil

II. Information about appointee:

1. Background Details:

Mr. Bikash K. Roy aged about 47 years is a Mechanical Engineer from Jadavpur University and holds Associate Membership of the Chartered Institute of Management Accountants (CIMA), UK. He is having vast experience in Project Appraisal / Analysis of corporate credit proposals, monitoring of standard assets, business opportunities and deal structuring, corporate advisory services, NPA resolution, regional accounting, administration and MIS functions, etc. He is also on the Board of Factor Association of India.

Mr. Satbir Singh, Deputy General Manager, IFC Ltd., aged 57 years is a Certified Associate of Indian Institute of Bankers (CAIIB), holds Masters in Economics and Diploma in Financial Management from University of Mumbai. He started his career in 1980 with IFCI Limited and has experience of more than 30 years in financial sector. During his long tenure, he has gained vast knowledge in credit, appraisal, monitoring of assets, restructuring, management of non-performing assets, etc.

Mr.Singh has worked with IFCI Venture Capital Funds Ltd. as Chief Operating Officer from April 2014 to October 2014 where he looked after the operations of credit, legal, secretarial, human resources, etc.

Mr. Singh has also headed Lucknow Regional Office (LRO) of IFCI Limited for the period from April, 2015 to July, 2015. At LRO, he was responsible for the work relating to credit, legal and other administrative matters.

2. Past Remuneration

Mr. Bikash Kanti Roy was appointed as the Managing Director w.e.f. March 24, 2014 and the remuneration received by him was Rs. 57,374 (Rupees Fifty seven thousand three hundred seventy four) in the financial year 2013-14 & Rs. 34,83,862/- p.a. (Rupees Thirty four lacs eighty three thousand eight hundred and sixty two only) in the Financial Year 2014-15.

Mr.Satbir Singh has been appointed as Managing Director w.e.f August 10, 2015 for a period of one year and the disclosure of his past remuneration is not applicable.

3. Recognition or awards

Mr.Bikash Kanti Roy and Mr. Satbir Singh are able and successful leaders with impeccable operational standards.

4. Job profile and his suitability

Role of Managing Director of the Company includes overall responsibility for the growth and direction to the Company. He provides the necessary strategic direction to all business lines/interests of the Company and contribution in building the Company through various stages of transformation in a constantly changing business environment and he is instrumental in the overall business development of the Company as well.

5. Remuneration proposed

Mr.Satbir Singh

The Board based upon the recommendations of Nomination and Remuneration Committee has approved the appointment and remuneration of Mr. Satbir Singh as Managing Director w.e.f August 10, 2015 for a period of one year subject to the approval of shareholders at the following remuneration

Basic Salary: Rs. 46,150/- per month in the pay scale of 39850-1200(2)-42250-1300(3)-46150(6 years)

Perquisites and Allowances: As per the letters bearing reference no. IFCI/S&AD/IFL/2015-150807396 & HR.139/2015-070801 both dated August 7, 2015 received from IFCI Limited, holding company and as per the service rules applicable to

the employees of IFCI Limited deputed/nominated as Directors on the Board of its subsidiaries, including any variation thereof, subject to the limits under applicable laws.

<u>Mr. Bikash Kanti Roy</u>

Approval / ratification of members is sought for the appointment, remuneration and perquisites paid to Mr.Bikash Kanti Roy, as per the letters bearing reference no. HR./139/2014-030406 dated March 31, 2014 & IFC/SAD/IFL/2014-15-150312086 dated March 12, 2015 and as per the service rules applicable to the employees of IFCI Ltd. deputed/nominated as Directors on the Board of its subsidiaries, including any variation thereof, subject to the limits under applicable laws.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

Taking into account the turnover of the Company and responsibilities of Managing Director the remuneration being proposed / approved /ratified / to be paid to them are reasonable and in line with the remuneration levels in the industry across the country.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.

Mr. Bikash Kanti Roy was nominated /deputed by IFCI Limited, the Holding Company and similarly Mr.Satbir Singh is also nominated / deputed by IFCI Limited and both have no pecuniary interest in the Company apart from receiving remuneration as Managing Director of the Company.

III. OTHER INFORMATION

1. Reason of loss or inadequate profits

Amidst the challenging macroeconomic environment, the Company witnessed a substantial reduction in average income generating assets during FY 2014-15 and further slippages, resulting into the Company incurring losses during the Financial Year under Report.

2. Steps taken or proposed to be taken for improvement

The Company has been following sound business practices and intensified its recovery efforts during the last fiscal, which would enable it to build quality asset portfolio, curtail further slippages and recover the amounts from NPAs. Systems and procedures have been streamlined. The Company has approved various policy papers and existing systems and procedures have been streamlined and new systems and procedures have

been approved and adopted, which were non-existent earlier. A new risk model has been put in place. Fresh sanctions and disbursements are being made with sound transaction structure and/or adequate security backing.

3. Expected increase in the productivity and profits in measurable terms

The management of the Company expects improvements in its earnings & profitability in the current Financial Year.

IV. DISCLOSURES

Information on the remuneration package of the managerial personnel

(i) All elements of remuneration packages such as salary, benefits, bonuses, stock options, pension, etc. of all the Directors:

Details with regard to salary, benefits and sitting fees paid to the Directors are disclosed in the Annual Report. The Company did not give any bonuses and stock options to the Directors.

(ii) Details of fixed component and performance linked incentives along with the performance criteria:

Details with regard to salary, benefits and sitting fees paid to the Directors are disclosed in the Annual Report. The Company does not give any performance linked incentives to the Directors.

(iii) Service contracts, notice period, severance fees:

Not Applicable.

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable:

The details of remunerations and other information is given in the MGT-9 (Extract of the Annual Return) being made part of the Directors' Report.

Except Mr. Satbir Singh, being an appointee and Mr. Malay Mukherjee, CEO & Managing Director of IFCI Limited, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5, 6 & 7 of the accompanying Notice.

Your Directors recommend the Resolution for approval of the Members.

Item no. 8

The Authorised Share Capital of the company as reflected in the Memorandum and Articles of Association as on date is Rs. 300,00,00,000/-(Rupees three hundred crore only) divided into

20,00,000 (Twenty crore) Equity Shares of Rs. 10/- (Rupees Ten only) each and 10,00,000 (Ten crore) preference shares. The Board of Directors of the Company in their meeting held on 12th August, 2015 subject to requisite approvals and consents resolved to raise additional capital. In view of the same, the Authorised Share Capital of the Company needs to be increased from Rs. 300,00,00,000/-(Rupees three hundred crore only) to Rs. 400,00,00,000 (Rupees Four hundred crore only) by addition of Rs. 100,00,000 (Rupees one hundred crore only) divided into 10,00,00,000 (10 crore) preference shares of the face value of Rs. 10/- (Rupees Ten only). Consequent upon the increase of Authroised Share Capital, Capital Clause contained in Clause V of the Memorandum of Association of the Company needs to be altered as indicated in Resolution No.8 contained in the Notice convening the Annual General Meeting.

A copy of the Memorandum and Articles of Association with the proposed alteration, Board Resolution and all other documents relating to the increase in the authorized capital would be available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on any working day excluding Saturdays, till the date of the ensuing Annual General Meeting.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item No.8 of the accompanying Notice.

Your Directors recommend the Resolution for approval of the Members.

Item No. 9

The Board of Directors at their meeting held on August 12, 2015 has recommended the invite/ offer/issue/allot 10.31 crore 10% Compulsorily Convertible Cumulative Preference Shares ("CCCPS") of Rs. 10/- each, aggregating Rs. 103.16 crore, for cash/consideration other than cash at par, on a 'Rights Basis' to the existing Equity shareholders of the Company, in the ratio of 1:1.3 i.e. 1.13 CCCPS of 10/- each for every 1 Equity Shares of 10 each held in the Company.

Section 55 of the Act read with Rule 9 of the Companies (Share Capital and Debentures) Rules, 2014 ("Rules") framed there under inter alia requires a company to obtain the prior approval of the Shareholders, by way of a Special Resolution for issuance of preference shares.

Thus, the approval of the shareholders is being sought by way of a Special Resolution to offer CCCPS.

A statement of disclosures as required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules, 2014 and the terms of issue of the CCCPS, are as under:

Sharel Sr. No	Category of the Shareholder(s) Promoters		Equity Shares 7,91,54,700	Preference Shares 7,50,00,000
Sr.			Equity Shares	Preference Shares
Share			No. of	No. of
	holding Pattern of the Comp	any as on dat	:e:	
		At the end of 3 years from the date of issue/allotment, the preference shareholders shall have the right to convert preference shares into equity, subject to the maximum further period of 2 years.		
Conversion Price and terms of conversion		Conversion of CCCPS will be based on the fair value to be determined by an independent valuer on arm's length basis at any internationally acceptable pricing methodology closer to the Conversion Date and as may be determined by the Board.		
Terms, redem				
Terms on eact	of issue and rate of dividend n share	Issued and offered on a Rights basis in accordance with the provisions of Section 62(1)(a) of the Act. A dividend of Rs. 1/- per share per annum, if declared, would be payable on a pro rata basis from the date of allotment		
	rrived at	convertible into Equity shares at price to be determined by an independent valuer on arm's length basis at any internationally acceptable pricing methodology closer to the Conversion Date and as may be determined by the Board.		
The ba	ed to be issued asis on which the price has		are issued at Par,	,
-	ice at which such shares are	The CCCPS ar	e proposed to be issue	ed at par.
Manner	r of issue of shares		re issued on a right isions of Section 62(1)	
Objectives of the issue To meet the 15% and au requirement			statutory requirement gment the capital bas of carrying out th ad growth	se and to meet the
Nature	of shares	Cumulative, Non-participating and Compulsory Convertible into equity shares.		
	to be issued and nominal f each share			
13500	size, number of preference	Instrument D	reference Shares	

	held by 8 (eight) individual nominees)		
2.	Public Shareholding	2,03,000	38,000
	Total	7,93,57,700	7,50,38,000
	Expected dilution in equity capital upon conversion of preference shares	by 10,31,65,010, or	ever, actual addition quity shares shall ing shareholders

The issue of CCCPS is in accordance with the provisions of the Memorandum and Articles of Association of the Company. There is no subsisting default in the redemption of preference shares issued by the Company.

A copy of the Memorandum and Articles of Association, Board Resolution and all other documents relating to issuance of preference shares would be available for inspection without any fees by the shareholders at the Registered Office of the Company during normal business hours on any working day excluding Saturdays, till the date of the ensuing Annual General Meeting.

Mr. Malay Mukherjee being the CEO & Managing Director of IFCI Ltd., the holding company may be deemed to be concerned or interested in the Resolution. None of the other Directors or Key Managerial Persons of the Company or their respective relatives, are concerned or interested in the passing of the above Resolution.

Your Directors recommend the Resolution for approval of the Members.

By Order of Board of Directors For IFCI Factors Limited

New Delhi August 12, 2015 -sd-Samir Raheja Sr.AVP & Company Secretary

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: 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019 Website: www.ifcifactors.com Email: <u>Samir@ifcifactors.com</u>

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:.....or failing him;

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

E-mail Id:.....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 20thAnnual General Meeting of the Company, to be held on the at A.M. at....... and at any adjournment thereof in respect of such resolution/s as are indicated below:

Resolutio n No.			Optional	
Ordinary Business		For	Against	
1.	Adoption of Financial Statements for the financial year ended March 31, 2015			
2.	Fixing the Remuneration of the Statutory Auditors of the Company for			

ear 2015-16 as appointed by the Comptroller & Auditor lia	
lia	
or minimalay muknergee, retiring by rotation	
of Mrs. Bandana Mukhopadhyay as an Independent	
of Mr.Satbir Singh as Additional Director	
and remuneration of Mr.Satbir Singh as Managing	
e Authorized Capital of the Company	
e of Preference Shares on Rights Basis	
f	of Mr. Malay Mukherjee, retiring by rotation of Mrs. Bandana Mukhopadhyay as an Independent fication of appointment and remuneration paid to nti Roy as Managing Director of Mr.Satbir Singh as Additional Director and remuneration of Mr.Satbir Singh as Managing e Authorized Capital of the Company te of Preference Shares on Rights Basis

Signed this day of, 2015

Affix Revenue Stamp not less than Rs. 0.15

Signature of Shareholder.....

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

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.

ATTENDANCE SLIP

Name of the Company: IFCI Factors Limited

CIN: U74899DL1995GOI074649

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

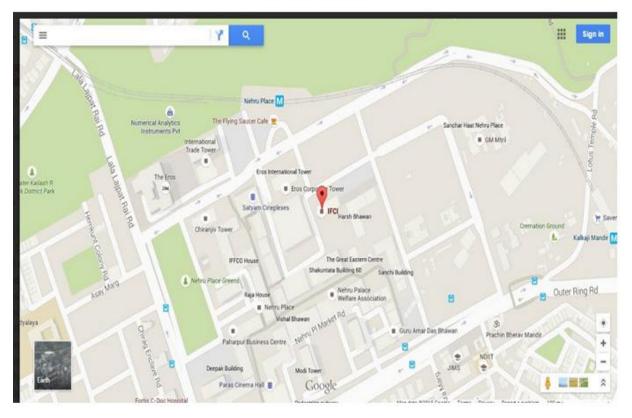
Members attending the Meeting in person or by Proxy are requested to complete the Attendance slip and hand it over at the entrance of the meeting room.

Full name of the Member (in block letters) Signature

Folio No.:	DP ID No.:*	Client ID No.:*
*Applicable for member	holding shares in electronic form	
	-	QQ

Full name of the proxy (in block letters) Signature

ROUTE MAP



Nearest Landmark : Opposite Nehru Place Metro Station

DIRECTORS' REPORT

TO THE MEMBERS

The Board of Directors of your Company are pleased to present the Twentieth Annual Report of the Company together with the Management Discussion and Analysis Report, Report on Corporate Governance and Audited Financial Statement of Accounts for the year ended on March 31, 2015.

1. Financial Results

Financial Results of your Company for the year under review are summarized as under: (Rs. In lacs)

Particulars	Year ended	Year ended
	31.03.2015	31.03.2014
Total Income	10,565.48	14,215.26
Financial Charges	7,013.82	9,157.45
Personnel and Other Expenses	1,132.88	1,371.11
Profit / (Loss) Before Provisions & Write-Offs	2,418.78	3,686.70
Provisions & Write-Offs	11,233.59	8,609.74
Profit / (Loss) Before Tax	(8,814.81)	(4,923.04)
Provision for Taxation	73.23	535.37
Deferred Tax	(2,931.92)	(1,904.48)
Profit/ (Loss) After Tax	(5,956.12)	(3,553.93)
Appropriations:		
Profit / (Loss) Brought down from Balance Sheet	1,557.00	5,110.93
Profit / (Loss) carried to Balance Sheet	(4,409.00)	1,557.00

2. State of affairs of the Company

During the year under report, your Company continues to be a major provider of factoring services in India. After registering sizeable growth year on year in business following its acquisition by IFCI Ltd., your Company had been in a phase of consolidation over FY 2013-14 and FY 2014-15 in the wake of the adverse economic environment. The FY 2014-15 had been a tough year for your Company amidst the challenging macro-economic environment and the Company witnessed a reduction in income generating assets and further slippages, resulting in the Company incurring a loss. During the year under Report, your Company achieved a turnover of Rs. 2,094 Crore (a decline of 26.91% Y-O-Y) and a gross income of Rs. 105.20 Crore (a decline of 21.33% Y-O-Y). Further, your Company incurred a loss before tax of Rs. 88.14 crore and a loss after tax of Rs. 59.56 crore.

The major financial parameters for the Financial Year ended March 31, 2015 vis-à-vis the previous financial year are tabulated below:

		(Rs. in Crore)
Parameters	Year ended 31.03.2015	Year ended 31.03.2014
Turnover	2,094	2,865
Funds in Use		
Factoring Business	689	736
Other Business	131	150
Total Funds in use	820	886
Total Income	105.65	142.15
Profit Before Tax	(88.14)	(49.23)
Profit After Tax	(59.56)	(35.54)

3. Dividend

With regard to the performance of your Company for the period ended on March 31, 2015 and in view of the losses for the year, no dividend has been recommended by the Board to be paid to the Members for Financial Year 2014-15. Further, on account of incurring losses, your Company has not declared any dividend on Compulsory Convertible Cumulative Preference Shares during the period under review.

4. Transfer to Reserves

Since the Board of Directors of your Company has not recommended any dividend on the Equity Shares of the Company for the Financial Year 2014-15, the provisions of Companies (Declaration and Payment of Dividend) Rules, 2014 are not applicable.

5. Capital Structure / alteration of Share Capital

The capital structure of your company is given as under :

Authorized Share Capital

20,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 200,00,00,000/-10,00,000 Preference Shares of Rs. 10/-each aggregating to Rs. 100,00,000/-

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/-. * During the year 2014-15, the Authorised Capital of the Company was increased from Rs. 150 crore to Rs. 300 crore. Further, during the year, the Company made Right Issue to the existing equity shareholders in ratio of 1:1 and thereafter allotted 7,50,38,000 9% Compulsory Convertible Cumulative preference shares of Rs. 10/- each of the Company to the existing equity shareholders of the Company, resulting in increase in the paid up capital of the Company from Rs. 793,577,000 to Rs. 1,543,957,000.

6. Change in Status of the Company

On account of IFCI Ltd., the holding company becoming a Government Company, in terms of the provisions of Section 2 (45) of the Companies Act, 2013 ('Act') your Company has also become a Government Company with effect from April 7, 2015.

7. Directors and Key Managerial Personnel

Your Company has eight (8) Directors consisting of five (5) Independent Directors, two (2) Non-Executive Directors and one (1) Managing Director as on March 31, 2015.

Mr. Malay Mukherjee, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mrs. Bandana Mukhopadhyay was appointed the Additional Director (Woman Director in terms of provisions of Section 149 of the Companies Act, 2013) on March 12, 2015, based on the recommendations of the Nomination & Remuneration Committee.

Pursuant to the provisions of Section 161(1) of the Act, Mrs. Bandana Mukhopadhyay holds office only up to the date of forthcoming Annual General Meeting (AGM) of the Company and is eligible for appointment as a Director. Your Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Bandana Mukhopadhyay for the office of Director of the Company. The Board recommends her appointment and accordingly Resolution seeking approval of the members for her appointment has been included in the Notice of forthcoming Annual General Meeting of the Company along with her brief profile.

Pursuant to the provisions of Section 203 of the Act, the appointment of Mr. Bikash Kanti Roy, Managing Director, Mr. Lalit Bansal, Chief Financial Officer and Mr. Rajiv L. Jha, Company Secretary, were formalized as the Key Managerial Personnel of the Company. During the year, Mr. Rajiv L. Jha resigned as the Company Secretary of the Company w.e.f. September 19, 2015 and Mr. Ankur Agarwal joined the Company as the Company Secretary of the Company w.e.f. March 02, 2015. Further after the close of the Financial Year, Mr. Ankur Agarwal resigned as the Company Secretary w.e.f. July 16, 2015 and Mr. Samir Raheja has been appointed as Company Secretary w.e.f. July 17, 2015.

Mr. Bikash Kanti Roy has been serving as the Managing Director since March 24, 2014. The Board of Directors at their meeting held on March 12, 2015 approved his re-appointment as

the Managing Director, subject to the approval of the shareholders for a further period of 2(two) years w.e.f March 24, 2015. However, IFCI Limited, the holding company, vide its letter no. IFCI/S&AD/IFL/2015-150807936 dated August 7, 2015 nominated/deputed Mr.Satbir Singh (DIN : 06887978) as the Director/Managing Director of the Company in place of Mr. Bikash Kanti Roy, prior to the expiry of his term and accordingly Mr. Bikash Kanti Roy ceases to be the Director/Managing Director of the Company w.e.f August 10, 2015. The appointment of and remuneration of Mr. Bikash Kanti Roy during his tenure as Managing Director and appointment and proposed remuneration of Mr.Satbir Singh, has been included in the Notice of forthcoming Annual General Meeting of the Company for the approval of members.

8. Disclosure of Nomination & Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee and in compliance of Section 178(3) of the Act framed a Nomination and Remuneration Policy for selection and appointment of Directors, Key Managerial Personnel, other employees, fixing their remuneration including criteria for determining qualifications, positive attributes, independence of a director and related matters as provided under the aforesaid section. The Nomination and Remuneration policy is enclosed at Annexure – I.

The composition and terms of reference of the Nomination & Remuneration Committee is covered in the Corporate Governance Report.

9. Contracts or arrangements with Related Parties

All Related Party Transactions that were entered during the financial year were in the ordinary course of the business of your Company and were on arm's length basis, details whereof are mentioned in Note no.33 to the Notes to Accounts forming part of the financial statements. There were no materially significant related party transactions entered by the Company with Promoters, Directors, Key Managerial Personnel or other persons which may have a potential conflict with the interest of the Company. Further, your Company did not enter into contract or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013. All such Related Party Transactions are placed before the Audit Committee for approval, wherever applicable. Form AOC-2 is enclosed in Annexure-II. The policy on Related Party Transactions and also on dealing with Related Party Transactions as approved by the Audit Committee and the Board of Directors is annexed herewith as Annexure-II and uploaded on the website of the Company and the link for the same is http://www.ifcifactors.com/investors.html.

10.Extract of Annual Return

The extract of Annual Return as provided under Sub-Section (3) of Section 92 of the Companies Act, 2013 (the "Act") is enclosed at Annexure-III in the prescribed form MGT-9 and forms part of this Report.

11.Corporate Social Responsibility (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established Corporate

Social Responsibility (CSR) Committee and statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as Annexure-IV. Further details of composition of the Corporate Social Responsibility Committee and other details are also provided in the said Corporate Governance Report which forms part of this report.

Owing to losses, your Company has deferred contribution for the Financial Year 2014-15 towards CSR Activities.

12. Human Resource Development

The Company has continuously adopted structures that help attract the 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 witnessed a high attrition rate and in order to augment its headcount, your Company recruited 18 officers across various verticals of the Company. As on March 31, 2015, your Company had 51 (Fifty one) employees on its roll vis-à-vis 49 (Forty nine) employees as on March 31, 2014.

13.Fixed Deposits

During the year under review, your Company has not accepted any deposits as per the provisions of Companies Act, 2013 and as such no amount of principal or interest was outstanding as of the Balance Sheet date.

14.Number of meetings of the Board

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business.

The notice of Board meetings is given well in advance to all the Directors. Usually, meetings of the Board are held in Delhi. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

The Board met nine times in the financial year 2014-2015 viz., on April 15, 2014, July 18, 2014, August 13, 2014, September 16, 2014, November 05, 2014, January 23, 2015, February 16, 2015, March 12, 2015 & March 31, 2015. The maximum interval between any two meetings did not exceed 120 days.

15.Committees of the Board

During the year, in accordance with the Companies Act, 2013, the Board re-constituted some of its Committees and also formed a Corporate Social Responsibility Committee. There are currently eight Committees of the Board, as follows:

- > Audit Committee
- Committee of Directors
- > Corporate Social Responsibility Committee
- > Asset Liability Management Committee
- > Nomination and Remuneration Committee
- Investor Grievance Committee
- Risk Management Committee
- Recovery Committee

The terms of reference, composition, meetings, attendance of the Audit Committee are detailed therein in the Corporate Governance Report.

16. Board Evaluation

The Board of Directors and Nomination and Remuneration Committee (NRC) has put in place an evaluation framework for evaluation of the Board, its Committees and of individual directors, in compliance with the provisions of Companies Act, 2013 and Rules made thereunder. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning, its Committees and Directors.`

Based on the evaluation process, the NRC/Board found the performance of Directors, Committees and the Board thereof satisfactory.

A separate meeting of the independent directors was convened, which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman.

17. Disclosure As Per Sexual Harrassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

The 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 2014-15, your Company has not received any complaints on sexual harassment.

18. Documents Placed on the Website (<u>www.ifcifactors.com</u>)

The following documents have been placed on the website in compliance with the Act:

- > Details of unpaid dividend as per Section 124(2)
- > Corporate Social Responsibility Policy as per Section 135(4)(a)
- Financial statements of the Company along with relevant documents as per third proviso to Section 136(1)
- > Details of vigil mechanism for directors and employees to report genuine concerns as per proviso to Section 177(10).
- The terms and conditions of appointment of independent directors as per schedule IV to the Act
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- > Related Party Transactions Policy as per guidelines issued by the Reserve Bank of India
- Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013

19.Independent Directors' Declaration

The definition of 'Independence' of Directors is derived from Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Section 149(6) of the Companies Act, 2013 :

- a) Mr. Shrawan Nigam
- b) Mr. Vinod Kumar Gupta
- c) Mr. Ajoy Kumar Deb
- d) Mr. RajibSekhar Sahoo
- e) Mrs. Bandana Mukhopadhyay

In compliance with the provisions of Section 149(7) of the Companies Act, 2013, the Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013. Further, there has been no change in the circumstances which may affect their status as independent director during the year.

20. Directors' Responsibility Statement

Pursuant to the requirement of Section 134(5) of the Act and based on the representations received from the management, the directors hereby confirm that:

- i. in the preparation of the annual accounts for the financial year 2014-15, the applicable accounting standards have been followed and there are no material departures;
- ii. they have 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 profit/loss of the Company for the financial year;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability 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. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21.Corporate Governance

Your Company is committed to achieve the good standards of Corporate Governance and adheres to the Corporate Governance requirements set by the Regulators/applicable laws. Accordingly, your Board functions as trustees of the shareholders for ensuring the long term economic value for its shareholders is achieved while balancing the interest of all the stakeholders.

A separate section on Corporate Governance standards followed by your Company is enclosed and forms part of the Annual Report.

22. Particulars of Loans, Guarantees and Investments

Your Company has provided loans, guarantees and investments under Section 186 of the Act during the Financial Year 2014-15. Pursuant to Section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of securities by a Non Banking Financial Company in the ordinary course of its business are exempted from disclosure in the Annual Report.

23. Internal Control

Your Company had laid down a set of standards, processes and structure which enable implementing internal financial control across the organisation and ensure that the same are adequate and operating effectively.

24. Risk Management

Your Company has in place approved Risk Management Policies wherein all material risks faced by your Company are identified and assessed. Further, Risk Management is overseen by the Risk Management Committee/Audit Committee of the Company 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.

25. 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 of the Company till the date of this report.

26. Vigil Mechanism

The Company has established a vigil mechanism for Directors and employees to report their genuine concerns. Your Company has established a mechanism called 'Vigil Mechanism' for directors and employees to report to the appropriate authorities 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 employee was denied access to the Audit Committee. The details of the Whistle Blower Policy/Vigilance Policy are available on the website of the Company (www.ifcifactors.com).

27. Particulars of Remuneration

The information required under Section 197 of the Act and the Rules made there-under, in respect of employees of the Company is follows :

SI. No.	Particulars	Details		
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Name of the Director	Directors Ratio to Median Remuneration	
	,	Mr. Malay Mukherjee	Nil	
		Mr. Sudhir Garg (paid to IFCI Ltd.)	1:1.65	
		Mr. Vinod Kumar Gupta	1:2.39	

		Mr. Ajoy Kumar 1:2.15	
		Deb Mr. Rajib Sekhar 1:11.62	
		Sahoo Mrs. Bandana 1:18.81	
		Mukhopadhyay Mr. Shrawan 1:2.72 Nigam	
		Mgan Mr. Bikash Kanti 1:0.17 Roy, Managing Director	
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company	Shri Bikash Kanti 38.49% Roy, Managing Director	
	Secretary or Manager, if any, in the financial year	Shri Lalit Bansal, 3.67% Chief Financial Officer	
		Shri Rajiv L.Jha (up to 19.09.2014)(20.04%)Shri Ankur Agarwal, Company Secretary (w.e.f 02.03.2015)(due to difference in basic salary, pay scale remaining same)	
3.	Percentage increase in the median remuneration of the employees in the Financial Year	4.69%	
4.	Total No. of Permanent employees on the rolls of the Company	51	
5.	Explanation on the relationship between average increase in remuneration and company performance	On an average the employees received an increase of about 3.98% which is below the market trends Keeping in view the weak economic scenario, the performance of your Company was also not encouraging and it suffered a loss during the Financial Year	
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the company	In view of the weak economic scenario the performance of the company was not encouraging and the Company suffered a loss during the Financial Year On an average the increase in the average remuneration to the KMP was 17.58%. The bifurcation of KMP wise increase of Remuneration is covered herein above.	

7.	Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year. Variations in the net worth of the company	Your Compa not listed on			ty Shares are Exchanges.
	as at the close of the current financial year and previous financial year		14.4	8%	
8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and	% increase in % increase in remuneration of remuneration of employees other KMPs		muneration of	
	point out if there are any exceptional circumstances for increase in the managerial remuneration	3.91%	1	I	17.3670
9.	Comparison of each remuneration of the Key Managerial Personnel (KMP) against the performance of the Company	Name of KMP	% Increa from Last F		% of Profit/ (Loss) since last FY
		Mr.Bikash Kanti Roy, Managing Director	38.49	%	(67.63%)
		Mr. Lalit Bansal, CFO	3.67% (67.63%)		(67.63%)
		* Mr. Ankur Agarwal, Company Secretary (w.e.f 02.03.2015)	(20.04	1%)	(67.63%)
10.	The key parameters for any variable component of remuneration availed by the directors	HR./139/201 31, 2014 150312086 received fro	4-0304 & IFC/ dated m IFCI	06 /SAE Mai I Lii	reference no. dated March D/IFL/2014-15- rch 12, 2015 mited, holding olicy of IFCI

		Limited
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable
12.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company has approved its Nomination and Remuneration policy in its Board Meeting held on August 13, 2014. All the appointments/ remuneration is being offered/ fixed on the basis of the approved remuneration policy of the Company.

28. Particulars of Employees

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2015.

(A) Personnel who are in receipt of remuneration aggregating not less than Rs. 60,00,000 per annum and employed throughout the financial year:

During the financial year 2014-15 or any part therefore, there was no employee who was in receipt of remuneration of 60 lacs or above.

(B) Personnel, who have worked for the part of the financial year, and who are in receipt of remuneration for any part of that year, at a rate which in the aggregating was not less than Rs. 5,00,000 per month

During the financial year 2014-15 or any part therefore, there was no employee who had worked for a part of the financial year and who was in receipt of remuneration for any part thereof, at a rate which in the aggregating was not less than Rs.5,00,000 per month.

(C) Personnel who were drawing remuneration in excess of Managing Director and holding Equity Shares of the Company in excess of 2%.

During the financial year 2014-15 or any part therefore, there was no employee who if employed throughout the financial year or part thereof was in receipt of remuneration in that year which, in aggregate, or as the case may be, at the rate which, in aggregate, was in excess of that drawn by the Managing Director and held by himself or alongwith his spouse and dependent children, not less than 2% of the Equity Shares of your Company.

29. Subsidiaries/ Joint Venture/ Associate

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

30. Ratings for Term Borrowings

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

Facilities Rating Agency : CARE RATING	Rating	Remarks
Long-term Bank Facilities*	Care A- (SO) [Single A Minus (structured obligation)]	Reaffirmed
Short-Term Bank Facilities	Care A (SO) [A One (Structured Obligation)]	Reaffirmed
Long term Bank Facilities	CARE BBB (Triple B)	Reaffirmed
Long Term instruments (NCD)	Care BBB (Triple B)	Reaffirmed
Commercial Paper (CP) *	Care A1 (SO) [A One (Structured Obligation)]	Reaffirmed

*backed by Letter of Comfort from IFCI Ltd.

31. Statutory Auditors & Auditors' Report

During the year under Report, the Comptroller and Auditor General of India (C&AG) appointed M/s Chandiwala Virmani and Associates (DE0155), as the Statutory Auditors of the Company for the FY 2014-15.

Further, your Company has received a letter (bearing Ref. No./CA. V/COY/CENTRAL GOVERNMENT,IFCIFL(0)/273 dated July 9, 2015) from the office of the Comptroller and Auditor General of India appointing M/s Chandiwala Virmani and Associates (DE0155), Dr. P.N. Behl House, 2nd Floor, 13, Daryaganj, Delhi-110002, as the Statutory Auditors of your Company for the Financial Year 2015-16.

There were no qualification(s) or observation(s) or other remarks made by the Statutory Auditors in the Independent Auditor's Report of your Company for the Financial Year 2014-15 submitted by the Statutory Auditors viz. M/s. Chandiwala Virmani & Associates (Firm Regd. No. DE0155).

Your Company has received no comments [from the Comptroller & Auditor General of India (C&AG) under Section 143 (6) of the Companies Act, 2013] on the annual accounts of the Company for the Financial Year 2014-15 based on the No Review Report from C&AG, and the same is hereby annexed as Annexure V before the Members pursuant to 143(6) of the Companies Act, 2013.

32. Secretarial Audit Report

The Board of Directors of the Company appointed M/s. Arun Kumar Gupta, Practising Company Secretary, to conduct the Secretarial Audit and his Report on Company's Secretarial Audit is appended to this Report as Annexure VI. Further, there were no qualification(s) or observation(s) or other remarks made by the Secretarial Auditors viz. M/s. Arun Kumar Gupta in the Secretarial Auditor's Report of your Company for the Financial Year 2014-15.

33. Corporate Governance Report

The report on Corporate Governance is annexed and forms an integral part of the Annual Report.

34. Energy Conservation, technology absorption and foreign exchange earnings and outgo

The provisions of Section 134(3) (m) of the Companies Act, 2013, and the Rules made there under relating to conservation of energy, technology absorption do not apply to your Company as it is not a manufacturing company. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, there was no foreign earning and expenditure in foreign exchange was Rs. 55,28,324.

Acknowledgements

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.

On behalf of the Board of Directors

New Delhi August 12, 2015 -sd-Sudhir Garg Director Din: 06777363 -sd-Satbir Singh Managing Director DIN : 06887978

Annexure I

Nomination and Remuneration Policy

1. <u>Background</u>

- 1.1 The objective of Nomination and Remuneration Policy is to ensure rationale and objectivity in the remuneration of the Directors, Senior Management & employees of the Company. The Policy also intends to bring in a pragmatic methodology in screening of candidates who may be recommended to the position of Directors and to establish effective evaluation criteria to evaluate the performance of every Director and the overall Board of the Company.
- 1.2 The Policy also intends to prevent the Board of Directors degenerating into a closed and narrow entity, in which incumbent members appoint their own kind.
- 1.3 The Policy also serves as a guiding principle to ensure good Corporate Governance as well as to provide sustainability to the Board of Directors of the Company.

2. Framework

- 2.1 The requirement of formulating a Nomination and Remuneration Policy stems out from the provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 2.2 References have also been made to the Guidelines of Reserve Bank of India Corporate Governance Norms for NBFCs as prescribed by RBI and amended from time to time.
- 2.3 Any other Law and Statute as may be applicable for the time being in force.

3. Objective

- 3.1 To identify suitable persons, interview them, if necessary, and recommend them as suitable candidates to fill up vacancies on the Board or augment the Board and Senior Management.
- 3.2 To develop a policy to ensure the optimum composition of the Board of Directors ensuring a mix of knowledge, experience and expertise from diversified fields of knowledge i.e. Policy on Board Diversity. The Policy also intends to add professionalism and objectivity in the process of deciding Board membership.
- 3.3 To lay down criteria for the evaluation of the Board.

- 3.4 To formulate a criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy thereon.
- 3.5 To formulate criteria for evaluation of Directors.

4. <u>Eligibility Criteria for recommending a candidate to be appointed on the Board of Directors.</u>

The Nomination and Remuneration Committee may consider the following parameters while considering the credentials of potential candidates for Directorship in the Company.

4.1 Educational Qualification:

- Possess any Graduation/ Post Graduation/ M. Phil / Doctorate
- Possess any other Professional Qualification / Degree/ Diploma

4.2 <u>Experience / Expertise</u>

- To possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- The candidate should preferably have undergone requisite training programme or mid career Professional Development trainings which would have enabled him/her to adapt to changing dynamics of business environment.

4.3 **Disqualifications**

- The Candidate should not be of unsound mind.
- The Candidate should not be an undischarged insolvent.
- The Candidate must not have applied to be adjudicated as an insolvent and his application must not be pending.
- The Candidate must not have been convicted by a Court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six (6) months.
- There must not be any order passed by Court or Tribunal disqualifying a person to be appointed as a Director.
- There should not be any calls in respect of any shares of the Company held by him, whether alone or jointly with others, and six months must not have elapsed from the last date fixed for the payment of the call.

- The Candidate must not have been convicted of the offence dealing with related party transactions under Section 188 of the Companies Act, 2013 at any time during the last preceding five (5) years.
- The Candidate must be holding his Director Identification Number (DIN).
- The Candidate is not or has not been a Director of a Company which has not filed Financial Statements or Annual Returns for any continuous three (3) financial years.
- The Candidate is not or has not been a Director of the Company which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more.
- The Candidate should not have been found guilty of any offence consisting of violation of Rules/ Regulations/ Legislative requirements by Customs/ Excise/ Income Tax Authority/ Foreign Exchange/ Other Revenue Authorities.

4.4 Other Eligibility Criteria

- Each director must be an individual of high personal and professional integrity and ethical character.
- The candidate should have exhibited behavior that indicates he or she is committed to the highest ethical standards.
- The candidate should not deprive the Company of any opportunity that belongs to the Company.
- He should not be in a position of diverting the corporate opportunity for own benefits or to others, to the detriment of the Company.
- The candidate must not at any time compete with the company in respect of any business transaction.
- Each director must possess the ability to exercise sound business judgment on a broad range of issues.
- The candidate has preferably had business, governmental, non-profit or professional experience at the Chairman, Chief Executive Officer, Chief Operating Officer or equivalent policy-making and operational level of a large organization that indicates that the candidate will be able to make a meaningful and immediate contribution to the Board's discussion and decision-making on the array of complex issues facing a large financial services business.
- The candidate has achieved prominence in his or her business, governmental or professional activities, and has built a reputation that demonstrates the

ability to make the kind of important and sensitive judgments that the Board is called upon to make.

- The Nomination and Remuneration Committee must be satisfied that the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the Company's shareholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- The Nomination and Remuneration Committee must satisfy itself that the candidate will be able to devotesufficient time and energy to the performance of his or her duties as a Director.

4.5 <u>Fit and Proper Criteria</u>.

I

The Nomination and Remuneration Committee shall undertake a process of Due Diligence based on the criteria of qualifications, technical expertise, track record, integrity etc. The basic objective of ascertaining the fit and proper criteria shall be to put in place an internal supervisory process on a continuing basis and to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board of the Company. The Candidate at the time of appointment and at the time of the renewal of Directorship shall fill in such form as approved by the Nomination and Remuneration Committee to enable the Committee to undertake such exercise of ensuring the '**Fit and Proper Criteria**'.

The Committee shall undertake such Due Diligence exercise at the time of appointment as well as the time of renewal of the Directorships of the incumbent. The indicative criteria for determining the '**fit and proper**' criteria forms part of the Policy.

4.6 <u>Criteria For Independence – For Directors to be appointed as Independent</u> <u>Director on Board of the Company</u>

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

- (a) who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - (ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

- (c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

Explanation.—For the purposes of this section, "nominee director" means a director nominated by any financial institution in pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government, or any other person to represent its interests.

- 5. <u>Remuneration Policy</u>
 - I. <u>Board Level Remuneration Structure</u>

 For Executive Directors (MD and Whole-Time Director) - The remuneration will be paid as approved from time to time subject to the approval of the Board and Shareholders, as the case may be, and as per the applicable provisions of Companies Act, 2013 and under any other Act/ Rules/ Regulations for the time being in force.

2. In case of Non-Executive / Independent Directors

(i) <u>Sitting Fees</u> – The Non-Executive/Independent Directors shall be paid sitting fees for attending each meeting of the Board and various Committee/s of Directors. The Sitting Fees may be determined/revised by the Board of Directors from time to time subject to the overall limits as prescribed under the applicable provisions of the Companies Act, 2013.

Presently, Sitting Fees for the Non-Executive/Independent Director is Rs. 12,000/for attending each Meeting of the Board and Rs. 7,500/- for attending each Meeting of various Committee/s of Directors.

II. In case of Key Managerial Personnel and other Employees –

- 1. The pay structure of all the regular employees shall be as per the pay scale which was made effective w.e.f. November 1, 2013 including any amendment thereto from time to time. In all other cases, all the regular employees will be governed by IFCI Factors Ltd. Staff Regulation Policy, as amended from time to time.
- 2. The pay structure of employees on contracts/retainership shall be decided by the Board of Directors from time to time. For this, reference may be drawn from the Reserve Bank of India pay scale (starting of the scales).

The Performance Linked Incentives both for the Board and Senior Management / Other employees shall be as per the Board Approved scheme on recommendation of the Nomination and Remuneration Committee.

6. Monitoring and Evaluation

The Nomination and Remuneration Committee shall evaluate the performance of the Directors and the overall Board broadly on the basis of below mentioned criteria:

- Whether the Directors / Board have acted in accordance with the provisions of the Articles of Association of the Company.
- The Committee shall assemble all information regarding a candidate's background and qualifications to determine if the candidate possesses or satisfies the minimum skills and qualifications that a director must possess.

- The Committee shall evaluate a candidate's mix of skills and qualifications and determine the contribution the candidate could be expected to make to the overall functioning of the Board.
- The Committee shall give due consideration to the overall Board balance of diversity of perspectives, backgrounds and experiences.
- With respect to current directors, the Committee shall consider past attendance at meetings and assess the participation in and contributions to the activities of the Board.
- Whether the Directors / Board have acted in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the Community and for the protection of environment.
- Whether the Director / Board has exercised their duties with due and reasonable care, skill and diligence and whether the Director / Board have exercised independent judgment.
- Whether the Director / Board have involved in a situation in which he / they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- The Committee shall recommend director to the Board based on its assessment of overall suitability to serve on the Board in accordance with this Policy.

7. Board Diversity

- The Nomination and remuneration Committee shall ensure that the Board comprises of Directors from diversified fields of knowledge and experience.
- The Board should have Directors who can add professionalism and objectivity in the decision making process.
- The overall Board should reflect representatives from areas like finance, law, accountancy, economics, administration and other disciplines concerning the operational interests of the Company at large.

Annexure-II

Related Party Transaction Disclosure as per Section 188 of the Companies Act, 2013

Form No. AOC - 2(Pursuant to clause (h) of sub - section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub - section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1.	Details of contracts or arrangements or transactions not at arm's length basis	Nil
2.	Details of material contracts or arrangement or transactions at arm's length basis	
a.	Name of the Related Party and nature of relationship	Mentioned in the note no. 33 forming part of the financial statements)
b.	Nature of contracts/arrangements/transactions Banking and other normal business transactions	Normal business transactions (Mentioned in the note no. 33 forming part of the financial statements)
C.	Duration of the contracts/arrangements/transactions	Usually annual, however, depends on the nature of transaction
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	At arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the note no. 33 s forming part of the financial statements.
e.	Justification for entering into such contracts or arrangements or transactions Competitive Pricing and Value of services rendered	Competitive Pricing and Value of services rendered.
f.	Date(s) of approval by the Board, if any	N.A
g.	Amount paid as advances, if any	As per contract

On behalf of the Board of Directors

New Delhi August 12, 2015 -sd-Sudhir Garg Director Din: 06777363 -sd-Satbir Singh Managing Director DIN : 06887978

Introduction

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 <u>significant influence</u>, 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.

"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, 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*) The Chief Executive Officer or the Managing Director or the Manager;

(*ii*) The Company Secretary;

(iii) The Whole-time Director;

(iv) The 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.

"Material Transaction" If the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the *Annual Consolidated Turnover* of IFCI Factors as per the last audited financial statements of the Company.

"Policy" means Policy on materiality of Related Party Transactions and dealing with Related Parties.

(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 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 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) <u>As per the provisions of Accounting Standard:</u>

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 chapter I

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 IFCI Factors and a related party, regardless of whether a price is charged.

Explanation: A "transaction" with Related Party shall be construed to include single transaction or a group of transactions in a contract.

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

(A) <u>With reference to the provisions of the Companies Act 2013</u>

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 statue 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

1. 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:

a. The Audit Committee may grant the omnibus approval in line with the policy on Related Party Transactions of IFCI Factors for the related party transactions.

b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of IFCI Factors.

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 IFCI Factors 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.

<u>Proviso:</u>

The above clause will not be applicable in the following cases:

i. Transactions entered into between 2 Government Companies. and

ii. Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

Explanation: All entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

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,** IFCI Factors shall not enter into any contract or arrangement with a related party with respect to-

Sale, purchase or supply of any goods or materials;

Selling or otherwise disposing of, or buying, property of any kind;

Leasing of property of any kind;

Availing or rendering of any services;

Appointment of any agent for purchase or sale of goods, materials, services

or property;

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.

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 IFCI Factors in its ordinary course of business other than 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}

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 IFCI Factors 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 IFCI Factors anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

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

III. Approval by Shareholders

1. Since the Company is having paid up capital of more than 10 crore, all the transactions which are specified in 188 of the Companies Act, 2013 and which are not in the ordinary course of business & arms length basis shall require approval of shareholders by way of special resolution.

2. No Member of IFCI Factors shall vote on such Special Resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

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. <u>Audit Committee / Board Level Pre-requisites</u>

IFCI Factors 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-

The name of the related party and nature of relationship;

The nature, duration of the contract and particulars of the contract or arrangement;

The material terms of the contract or arrangement including the value, if any;

Any advance paid or received for the contract or arrangement, if any;

The manner of determining the pricing and commercial terms, both included as part of contract and not considered as part of the contract;

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

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. <u>Shareholders' Level Pre-requisites</u>

For approval of the 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.

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 of IFCI Factors

IFCI Factors shall disclose the policy on dealing with Related Party Transactions on its website and a web-link shall be provided in the Annual Report of IFCI Factors.

C. Disclosure in Board's Report

Every contract or arrangement entered into by IFCI Factors requiring Board's and Company's subsequent approval by way of Special 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 special 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 and if the contract or arrangement is with related party to any director or a KMO, or is authorized by any other director concerned shall indemnify the company against any loss incurred by it.

ii. Without prejudice to anything in the above para, it shall be open to IFCI Factors 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.

iii. Any director or a KMP of IFCI Factors who had entered into or authorized the contract or arrangement in violation of the provisions of section 188 of the companies act 2013, in relation to RPTs may be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty five-thousands rupees but which may extend to five lakh rupees, or both, in case of conviction.

FORM MGT-9

Extract of Annual Return as on the financial year ended on 31 March, 2015

[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:

<u>SI</u> . No	Particulars	Details
1.	CIN	U74899DL1995GOI074649
2.	Registration Date	14 December, 1995
3.	Name of the Company	IFCI Factors Limited
4.	Category / Sub-Category of the Company	Factoring & Short Term Corporate Loans
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: <u>samir@ifcifactors.com</u>
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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI. No	Name and description of main products / services	NIC code of the product/ service	% to total turnover of the Company
1.	Factoring & Short Term Corporate Loans	6492	100%

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	99.84%	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 Shareholder s	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	
A.Promoters	-	-	-	-	-	-	-	-	-
(1)Indian	-	-	-	-	-	-	-	-	-
a)Individual/HU F	8	-	8	0.00	8	-	8	0.00	-
b)Central Govt.	-	-	-	-	-	-	-	-	-
c)State Govt.	-	-	-	-	-	-	-	-	-
d)Bodies Corporate	-	-	-	-	-	-	-	-	-
e)Bank/FI	7,91,54,69 2	-	7,91,54,692	99.74	7,91,54,6 92	-	7,91,54,69 2	99.74	-
f) Any other	-	_	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	7,91,54,70 0	-	7,91,54,700	99.74	7,91,54,7 00	-	7,91,54,700	99.74	-
(2)Foreign									
a)NRIs- Individuals	-	-	-	-	-	-	-	-	-
b)Other Individuals	-	-	-	-	-	-	-	-	-
c)Bodies Corporate	-	-	-	-	-	-	-	-	-

d)Banks/FI	-	-	-	-	-	-	-	-	-
e)Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholdin g of Promoter (A)= (A)(1)+(A)(2)	7,91,54,70 0	-	7,91,54,700	99.74	7,91,54,7 00	-	7,91,54,700	99.74	-
B.PUBLIC SHAREHOLDI NG									
(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	-	-	-	-	-	-	-	-	-
SUB TOTAL (B) (1):	-	-	-	-	-	-	-	-	-
(2)Non Institutions									
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	-	80,000	80,000	0.10	-	80,000	80,000	0.10	
ii) Individual shareholders holding	33,000	-	33,000	0.04	33,000	-	33,000	0.04	

Grand Total (A+B+C)	7,91,87,70 0	1,70,000	7,93,57,700	100	7,91,87,7 00	1,70,000	7,93,57,700	100	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Total Public Shareholdin g (B)=(B)(1)+(B)(2)	33,000	1,70,000	2,03,000	0.25	33,000	1,70,000	2,03,000	0.25	-
(specify) SUB TOTAL (B) (2):	33,000	1,70,000	2,03,000	0.25	33,000	1,70,000	2,03,000	0.25	-
nominal share capital in excess of Rs. <u>1 Lakh</u> c)Others	-	-	-	-	-	-	-		-

II. Shareholding of Promoters

Shareholder's	Shareholding at the beginning of the year			Share holding			
Name							
	No. of Shares	% of total	%of Shares	No. of Shares	% of total	%of Shares	%
		Shares of	Pledged/		Shares of	Pledged/	change in
		the	encumbered to		the	encumbered to	share
		Company	total shares		company	total shares	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.

SI. No.		Shareholding a year	t the beginning of the	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%	N	o 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)	-	_	N	o change	

iii.	At the end of the year	7,91,54,700	99.74%	No change
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(iii) Change in Promoters' Shareholding (please specify, if there is no change)

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

S N o.	Name of Shareholders	01.04.2014		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2015	
		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.	IFCI Limited	79154692	99.74	Nil	Nil	79154692	99.74
2.	Puri Constructions Pvt Ltd.	90000	0.11	Nil	Nil	90000	0.11
3.	Mr. Brij Kapoor	33000	0.04	Nil	Nil	33000	0.04
4.	Mr. Sushant Chabra	10000	0.01	Nil	Nil	10000	0.01
5.	Mr. Sanjay Kumar	5000	0.01	Nil	Nil	5000	0.01
6.	Mr. Vijay Roop Chand	10000	0.01	Nil	Nil	10000	0.01
7.	Mr. Daljit Singh	10000	0.01	Nil	Nil	10000	0.01
8.	Mrs. Deep Kaur	10000	0.01	Nil	Nil	10000	0.01
9.	Mr. GP Singh	10000	0.01	Nil	Nil	10000	0.01
10	Mr. Amit Vadhera	5000	0.01	Nil	Nil	5000	0.01
11	Mr. A.K. Mehta	5000	0.01	Nil	Nil	5000	0.01
12	Mr. Bal Krishna Jaggi	5000	0.01	Nil	Nil	5000	0.01
13	Mr. Rishi Talwar	5000	0.01	Nil	Nil	5000	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

SI. No.		-	Shareholding at the beginning of the year Cumulative Sha during the year			
	For Each of the Directors & KMP*	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/swea t 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
Indebtedness at the beginni	ng of the financial yea	ar (01.04.2014)		
i) Principal Amount	4,75,61,89,669	2,22,72,68,783	-	6,98,34,58,452
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,89,55,718	1,192,20,548	-	22,81,76,266
TOTAL (i+ii+iii)	4,86,51,45,387	2,34,64,89,331	-	7,21,16,34,718
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	77,57,90,946	5,247,09,006	-	13,004,99,952
Exchange Difference	-	-	-	-
Net Change	77,57,90,946	52,47,09,006		13,004,99,952
Indebtedness at the end of the financial year (31.03.2015)				
i) Principal Amount	4,00,41,64,269	1,74,60,32,386		5,75,01,96,655
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	851,90,172	7,57,47,939	-	16,09,38,111
TOTAL (i+ii+iii)	4,08,93,54,441	1,82,17,80,325	-	5,91,11,34,766

VI. Remuneration of Directors And Key Managerial Personnel

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

Name	of Mana	aging Director : Mr. BikashKanti Roy				
Sr. No	Particulars of Remuneration Amount in Rs.					
1	Gross	Salary				
	1(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,30,080			
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	8,96,384			

	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2,46,597
2		Stock Option	-
3		Sweat Equity	-
4		Commission	-
		-as a % of profit	-
		-others (specify)	-
5		Others, please specify : Retirement Benefits	10,801
		Total	3,483,862

Total Managerial Remuneration	Rs. 34,83,862	
Overall Ceiling as per the Act	Rs. 60,00,000	

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	2,17,500	-	2,17,500
2.	Mr. Vinod Kumar Gupta	2,47,500	-	2,47,500
3.	Mr. Ajoy Kumar Deb	2,76,000	-	2,76,000
4.	Mr. Sudhir Garg *	3,60,000	-	3,60,000
4.	Mr. Rajib Sekhar Sahoo	51,000	-	51,000
5.	Mrs. Bandana Mukhopadhyay	31,500	-	31,500

*Sitting fees is being paid to IFCI Ltd.

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

					(Amount in Rs.)
Sr.	Particulars of		Key Manageria		
No	Remi	uneration	Chief Financial Officer (CFO) (Mr. Lalit Bansal)	Company Secretary (CS) (Mr. Rajiv L. Jha)*	Company Secretary (CS) (Mr. Ankur Agarwal) **
1.	Gross	Salary			
	1(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,37,032	5,15,488	57,250
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1,88,073	1,40,810	27,193

4	 Commission -as a % of profit	-	-	-
	-others (specify)	-	-	-
5	Others, please specify : Retirement Benefits	-	-	-
	Total	12,25,105	6,56,298	84,443

*Mr. Rajiv L. Jha resigned w.e.f. September 19, 2014 **Mr. Ankur Agarwal resigned w.e.f. July 16, 2015

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES UNDER COMPANIES ACT,2013:

Туре	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)	
A. COMPANY						
Penalty	-	-	-	-	-	
Punishment	-	-	-	-	-	
Compounding	-	-	-	-	-	
	1	B. DIRECT	ORS			
Penalty	-	-	-	-	-	
Punishment	-	-	-	-	-	
Compounding	-	-	-	-	-	
	C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-	
Punishment	-	-	-	-	-	
Compounding	-	-	-	-	-	

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: <u>http://www.ifcifactors.com/investors.html</u>.

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:

- 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 are:

Mr. Ajoy Kumar Deb, Independent Director as Chairman Mr. Sudhir Garg, Non-Independent Director as Member Mr. Satbir Singh, Managing Director as Member

Average net profits and prescribed CSR expenditure:

The average net profits and prescribed CSR expenditure is as detailed below:

Particulars	Rs. in crore
Average net profits for last three financial years	31.37
Prescribed CSR expenditure	0.62

Details of CSR spent during the financial year 2014-15:

Particulars	Rs. in crore
Total amount to be spent for the year:	0.62
Amount unspent	0.62

Manner in which the amount spent during the financial year:

S. No.	CSR project or activity identified	Sector in which the Project is covered	others	Amount outlay (budget) project or Programme wise (in Rs.)	Amount spent on the project/ programme 1.Direct expenditure on project or programmes 2.Overheads (in Rs.)	Cumulative expenditure upto to the reporting period (in Rs.)	Amount spent: Direct/ through implementing agency*
1.	As per Schedule VII to the Companies Act, 2013	-	-	-	-	-	-

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

In terms of the provisions of Companies Act, 2013, 2% of the Average Net Profit of the last 3 (three) financial years of your Company is Rs.0.62 crore. However, during the year, your Company could not spend any amount owing to losses incurred by the Company. Your

Company has therefore deferred the contribution for the financial year 2014-15 towards the CSR Activities.

Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Satbir Singh, Managing Director and Mr. Ajoy Kumar Deb, Chairman of CSR Committee, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

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.

-sd-Satbir Singh Managing Director -sd-Ajoy Kumar Deb Chairman of the CSR Committee

Annexure V

<u>Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of</u> <u>the Companies Act, 2013 on the financial statements of IFCI Factors Limited for the</u> <u>year ended 31st March 2015.</u>

The preparation of financial statements of IFCI Factors Limited for the year ended 31st March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller & Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the Financial Statements under section 143 of the Act based on Independent Audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their audit report dated 11 May, 2013.

I, on behalf of the Comptroller & Auditor General of India, have decided not to conduct the supplement audit of the financial statements of IFCI Factors Limited for the year ended 31 March 2015 and as such have no comments to make under Section 143(6)(b) of the Act.

For and on the behalf

Comptroller & Auditor General of India

(Suparna Deb)

Principal Director of Commercial Audit & Ex-offico member, Audit Board-II, New Delhi

Place: New Delhi Date : 28.05.2015 Form No. MR-3

Annexure VI

SECRETARIAL AUDIT REPORT

For The Financial Year Ended on 31st March, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members, IFCI Factors Limited 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IFCI Factors Limited** (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 the Company'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 authorised 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 31st March, 2015 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 the Company for the financial year ended on 31st March, 2015 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 thereunder;

- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- (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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (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;
 - (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);
- (vi) The other laws which are applicable specifically to the Company are as under:
 - 1. The Factoring Regulation Act, 2011 read with Non Banking Financial (non deposit accepting or holding) Companies prudential norms (Reserve Bank)

Directions, 2007, Non Banking Financial Auditors Report(Reserve Bank) Directions 2008 and Non-Banking Financial Company – Factor (Reserve Bank) Directions, 2012;

- RBI Circular bearing Ref. RBI / 2012 13 / 319 DNBS . CC . PD . No . 312 / 03 .10.01/2012-13 dated December 07, 2012;
- 3. Circulars/guidelines issued by Reserve Bank of India and other laws applicable to the Company

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Not applicable to the Company during the financial year 2014-15).
- (ii) The Listing Agreement entered into by the Company with Stock Exchange.

During the period under review the company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standard, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive and Non- executive directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately 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.

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.

We further report that 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.

We further report that during the audit period the company has:

- (i) Taken the approval of Members to borrow money in excess of Paid-up Capital & free reserves and to create a charge on the assets of the Company in lieu of the money borrowed up to Rs. 1,500 Crores as per Section 180 of the Companies Act, 2013.
- (ii) Taken approval from the members for the issuance of securities of the company including but not limited to Bonds and Non-convertible Debentures of the Company up to an amount not exceeding Rs. 500 (Rupees Five Hundred Crore only) in the year commencing from the date of approval by members.
- (iii) Issued and allotted 7,50,38,000 (seven crore fifty lakh thirty eights thousand) 9% Compulsorily Convertible Cumulative Preference Shares (CCCPS) at on Right Basis.

Place: Delhi Date: 12/08/2015 Arun Kumar Gupta Arun Gupta & Associates ACS NO.21227 CP NO: 8003

Note: 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"

To,

The Members, IFCI Factors Limited 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

- 1. The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.
- 2. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

- 3. Our responsibility is to express an opinion on these secretarial records, standards and procedure followed by the Company with respect to secretarial compliances.
- 4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
- 5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Delhi Date: 12/082015 Arun Kumar Gupta Arun Gupta & Associates ACS NO.21227 CP NO: 8003

ANNEXURE TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

2. BOARD OF DIRECTORS:

(A) Composition, Category and Attendance of the Board of Directors

As on March 31, 2015, the Board of the Company consisted of 8 (eight) Directors, out of whom 5 are Independent Directors including the Woman Director, 2 (two) Directors are Non-Executive while 1 (one) is Executive Director being the Managing Director.

The composition of the Board is in conformity with the Companies Act, 2013. The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and the number of Directorship and Chairmanship/ Membership of Committees in other Companies in respect of each Director as on March 31, 2015 is reproduced here-in below:

SI No.	Name of Director	Category	Attendance Partic		culars	Members	ectorships/ Cor ships/ Chairma)ther Companie	nships
			No. of Board	-	At AGM	Other	Committee	Committe
			during the yea	ar 2014-15	held on	directorship	Membership	е
					September 10, 2014	S	S	Chairman ships
			Held	Attende d				
1.	Mr. Malay	Non-	9	9	Yes	6	-	-
	Mukherjee	Executive Chairman						
2.	Mr. Sudhir Garg	Non- Executive Director	9	9	Yes	5	1	-
3.	Mr. Shrawan Nigam	Non- Executive- Independent Director	9	5	No	1	-	-
4.	Mr. Vinod Kumar Gupta	Non- Executive-	9	7	No	-	-	-

		Independent Director						
5.	Mr. Ajoy Kumar Deb	Non- Executive- Independent Director	9	8	Yes	3	2	
6.	Mr. Rajib Sekhar Sahoo*	Non- Executive- Independent Director	6	3	No	1	-	-
7.	Mrs. Bandana Mukhopadhyay (**)	Non- Executive- Independent Director	2	2	N.A.	-	-	-
8.	Mr. Bikash Kanti Roy***	Managing Director	9	9	Yes	-	-	-

*Mr. Rajib Sekhar Sahoo was appointed w.e.f. 13/08/2014

**Mrs. Bandana Mukhopadhyay was appointed w.e.f. 12/03/2015

***Mr. Bikash Kanti Roy ceased to be the Director w.e.f. August 10, 2015 and Mr. Satbir Singh was appointed as Managing Director w.e.f. August 10, 2015.

Notes:

- a. Number of Meetings represents the Meetings held during the period in which the Director was Member of the Board.
- b. The details of Committee Memberships considered for the purpose are those prescribed under the DPE Guidelines viz. Audit Committee and Stakeholders' Relationship Committee of all companies in which he is a director.
- c. None of the Directors of the Company were members of more than 10 committees or acted as Chairperson of more than 5 committees across all Public Limited Companies in which they were Directors.
- d. None of the Directors held directorship in more than 10 Public Limited Companies
- e. None of the Directors were related to any Director or were a member of an extended family.
- f. None of the Independent Directors of the Company served as Independent Director in more than 7 listed companies.

The Board met nine times in financial year 2014-2015 viz., on April 15, 2014, July 18, 2014, August 13, 2014, September 16, 2014, November 05, 2014, January 23, 2015, February 16, 2015, March 12, 2015 & March 31, 2015. The maximum interval between any two meetings did not exceed 120 days.

Brief resume of the Director seeking re-appointment

Mr. Malay Mukherjee aged 60 years is a post graduate in Physics is on the Board of the Company since December 26, 2013. He joined Indian Bank as Probationary Officer in 1976 and has more than 35 years of experience in the Banking Industry.

Mr. Mukherjee has a wide field exposure, having worked in various branches in Assam, Bihar, West Bengal, Maharashtra, Gujarat, New Delhi, as Branch Manager in Indian Bank. He had also worked in Risk Management Department and Technology Management Department of Indian Bank at its Corporate Office.

As Zonal Manager of Bangalore and Delhi Zones and General Manager of Kolkata Zone of Indian Bank, he headed operations of branches in West Bengal, Sikkim, Andaman & Nicobar, Delhi NCR, Karnataka and Goa. He has attended various training programmes – both internal and external in India and abroad. He is widely travelled in India and abroad. Mr. Mukherjee took over as Executive Director of Central Bank of India in November, 2012 and overseen the portfolios such as Credit, HR, General Administration, IT, Corporate Communications, Publicity, Marketing, Client coverage and New Initiatives etc.

He is a CEO & Managing Director in IFCI Ltd. and director in IFCI Venture Capital Funds Limited, IFCI Infrastructure Development Limited, Tourism Finance Corporation of India Limited, IFCI Financial Services Limited, Stock Holding Corporation of India Limited. He is the Member of Entrepreneurship Development Institute of India and Chairman of Management Development Institute and Institute of Leadership Development. He is the Chairman of Executive Committee, Risk Management Committee, Review Committee on Wilful Defaulters, Committee of Directors Public Issue of Bonds and Member of HR Committee, Recovery & NPA Management Committee of IFCI 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.

Brief resumes of Mrs. Bandana Mukhopadhyay, Director and Mr.Satbir Singh, Managing Director is included in the Statement to the Notice calling the Annual General Meeting.

AUDIT COMMITTEE:

A. TERMS OF REFERENCE

The terms of reference of Audit Committee was approved & noted by the Board in its meeting held on July 18, 2014 & the Committee shall examine the financial statement and the auditors' report thereon, to approve or any subsequent modification of transactions of the company with related parties, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the company, wherever it is necessary, to evaluate internal financial controls and risk management systems, to review and monitor the auditor's independence and performance, and

effectiveness of audit process and to recommend for appointment, remuneration and terms of appointment of auditors of the Company.

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Committee is an Independent Director. The composition of the Audit Committee and attendance of Directors at the Meetings (as on March 31, 2015) is shown below:

Name/ category	Position in Audit	No. of meetings during the FY 2014-1		
	Committee	Held	Attended	
Mr. Rajib Sekhar Sahoo	Chairman	2	1	
Independent Director				
Mr. Shrawan Nigam	Member	4	2	
Independent Director				
Mr. Vinod Kumar Gupta	Member	3	2	
Independent Director				
Mr. Ajoy Kumar Deb	Member	4	4	
Independent Director				
Mr. Sudhir Garg	Member	4	4	
Independent Director				

Note: Number of Meetings represents, Meetings held during the period in which the Director was Member of the Committee.

The Audit Committee met 4 times during the year 2014-15 at regular intervals (15th April, 2014, 18th July, 2014, 05th Nov., 2014 & 23rd January, 2015) and not more than four months lapsed between two consecutive meetings of the Audit Committee.

3. NOMINATION & REMUNERATION COMMITTEE:

A. TERMS OF REFERENCE

The terms of reference of nomination and remuneration committee is identifying persons who are qualified to become directors and who may be appointed as Key Managerial Persons (KMP) as per criteria laid down and recommending to the Board their appointment and removal, evaluating the performance of every director and to formulate the criteria for determining qualifications, positive attributes and independence of a Director/ KMP.

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Committee is an Independent Director. The composition of the Nomination and Remuneration committee and attendance of Directors at the Meetings (as on March 31, 2015) is shown below:

Name/ category	Position in Audit Committee	No. of meetings during the FY 2014-15		
		Held	Attended	
Mr. Vinod K. Gupta Independent Director	Chairman	9	7	
Mr. Shrawan Nigam Independent Director	Member	9	4	
Mr. Ajoy Kumar Deb Independent Director	Member	4	2	
Mr. Sudhir Garg Non-Executive Director	Member	9	9	

Note: Number of Meetings represents, Meetings held during the period in which the Director was Member of the Committee.

During the year, nine meetings of Nomination and Remuneration Committee were held on July 10, 2014, July 31, 2014, September 12, 2014, September 16, 2014, January 15, 2014, February 26, 2015, March 04, 2015, March 12, 2015 and March 30, 2015.

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors, in compliance of the Companies Act, 2013 and rules made thereunder, constituted Corporate Social Responsibility (CSR) Committee at their meeting held on August 13, 2014.

A. TERMS OF REFERENCE

The terms of reference of the Corporate Social Responsibility Committee is to recommend the amount of expenditure to be incurred on the prescribed activities and to monitor the Corporate Social Responsibility Policy of the company from time to time.

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The composition of the Corporate Social Responsibility committee and attendance of Directors at the Meetings (as on March 31, 2015) is shown below:

SI. No.	Name of Director	Category		ings during 2014-15
			Held	Attended
1.	Mr. Ajoy Kumar Deb	Chairman	2	2
2.	Mr. Sudhir Garg	Member	2	2
3.	*Mr. Bikash Kanti Roy	Member	2	2

During the Financial Year 2014-15, the CSR Committee of Directors met on July 31, 2014 & December 04, 2014.

***Mr. Bikash Kanti Roy ceased to be the Director w.e.f. August 10, 2015 and his place Mr. Satbir Singh, Managing Director is a Member of the Committee.

5. INVESTOR GRIEVANCE COMMITTEE

The Company has constituted investor grievance committee to address the concerns, complaints of the investors of the Company. The Members of the Committee are Mr. Vinod Kumar Gupta and *Mr. Bikash Kanti Roy. During the year no meeting of the Committee was held. No complaints/grievances were received from the Shareholders during the year.

* Mr. Bikash Kanti Roy ceased to be the Director w.e.f. August 10, 2015 and his place Mr. Satbir Singh, Managing Director is a Member of the Committee.

6. RISK MANAGEMENT COMMITTEE

The Board of Directors of your Company monitors the risk management strategy of the Company through the Risk Committee. The Members of the Committee are Prof. Vinod K. Gupta, Chairman, Mr. Shrawan Nigam, Member, Mr. Ajoy K. Deb, Member and *Mr. Bikash Kanti Roy, Member.

*Mr. Bikash Kanti Roy ceased to be the Director w.e.f. August 10, 2015 and his place Mr. Satbir Singh, Managing Director is a Member of the Committee.

7. GENERAL BODY MEETING

A. Date, Venue and Time for the last three General Body Meetings:

AGM for the FY	Date & time of AGM	Venue of the AGM
2013-14	10 th Sept., 2014/ 11.00 A.M.	IFCI Tower, 61 Nehru Place, New Delhi- 110019
2012-13	30 th Sept., 2013/ 11.00 A.M.	IFCI Tower, 61 Nehru Place, New Delhi- 110019
2011-12	06th July, 2012/ 11 A.M.	IFCI Tower, 61 Nehru Place, New Delhi- 110019

B. Details of Special Resolutions passed in the previous three Annual General Meetings:

AGM Date	As per Companies Act	Particulars of Special Resolutions
06/07/2012	-	-
30/09/2013	-	Scrapping of Employees stock option scheme of the Company
10/09/2014	u/s 180(1)(a)	Sell, lease or otherwise dispose of the whole or substantially whole of the undertaking of the Company
	u/s 180(1)(c)	Increasing the borrowing powers of the Company exceeding paid up capital & free reserves
	u/s 42, 72	Invitation to subscribe to securities by way of private placement

8. DISCLOSURES:

(i) Transaction with the related party during the period

The Company did not enter into material 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 & arm length price & have been disclosed in the Balance Sheet of the Company.

- (ii) There has been no non-compliance by IFCI Factors 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 www.ifcifactors.com of the Company. Further, it is affirmed that no personnel has been denied access to the Audit Committee.
- (iv) During the year, no expenditure has been debited in the books of accounts which are not for the purposes of business.
- (v) During the year, no expenses which are of personal nature have been incurred for the Board of Directors and top management.
- (vi) Administrative and Office Expenses during the year is 7.79% of the total expenses as against 6.75% 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 86.09% of the total expenses as against 86.98% last year.

9. MEANS OF COMMUNICATION

The Annual Report and other statutory information are being sent to shareholders.

In compliance of the provisions of Listing Agreement of Debt Securities, the financial results of the company are generally published in Financial Express newspaper.

10. AUDIT QUALIFICATIONS:

The comments on accounts for the year ended 31st March, 2015 by the Comptroller & Auditors General of India under section 143(6)(b) of the Companies Act, 2013 are placed in the Annual report.

11. TRAINING OF BOARD OF DIRECTORS:

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

12. GENERAL SHAREHOLDERS INFORMATION

a) As per the notice attached to this Annual Report, the Annual General Meeting of the Company will be held on (Date of AGM).

b) The Financial Year of the Company is from April 1, 2014 to March 31, 2015.

13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Section on Management Discussion and Analysis Report forms part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMY OVERVIEW

India's economy has witnessed a significant economic growth in the recent past, growing by 7.3 per cent in 2015 as against 6.9 per cent in 2014. The size of the Indian economy is estimated to be at Rs 129.57 trillion (US\$ 2.01 trillion) for the year 2014 compared to Rs 118.23 trillion (US\$ 1.84 trillion) in 2013. The steps taken by the government in recent times have shown positive results as India's gross domestic product (GDP) at factor cost at constant (2011-12) prices 2014-15 is Rs 106.4 trillion (US\$ 1.596 trillion), as against Rs 99.21 trillion (US\$ 1.488 trillion) in 2013-14, registering a growth rate of 7.3 per cent. The economic activities which witnessed significant growth were 'financing, insurance, real estate and business services' at 11.5 per cent and 'trade, hotels, transport, communication services' at 10.7 per cent. According IMF World Economic Outlook April, 2015, India ranks seventh globally in terms of GDP at current prices and is expected to grow at 7.5 per cent in 2016.

Road Ahead

The International Monetary Fund (IMF) and the Moody's Investors Service have forecasted that India will witness a GDP growth rate of 7.5 per cent in 2016, due to improved investor confidence, lower food prices and better policy reforms. Besides, according to mid-year update of United Nations World Economic Situation and Prospects, India is expected to grow at 7.6 per cent in 2015 and at 7.7 per cent in 2016.

As per the latest Global Economic Prospects (GEP) report by World Bank, India is leading The World Bank's growth chart for major economies. The Bank believes India to become the fastest growing major economy by 2015, growing at 7.5 per cent.

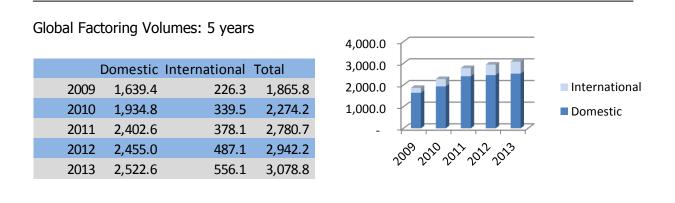
Furthermore, initiatives like Make in India and Digital India will play a vital role in the driving the Indian economy.

Industry Structure and Developments / Factoring Overview

The global Factoring Market stands at over USD 3 Trillion. Over the 5 year period, Factoring volumes have grown at 15% per annum since the Global Financial crisis. International Factoring volumes have growth rate stands at CAGR of 24.8% vs. growth rate of 13.1% for Domestic Factoring.

The above figures underline a paradigm shift in International Trade of increased preference to trade under Open Account terms especially from the suppliers in the developing economies, pushed by major retailers / importers in the developed world. Interestingly, China has played a key role in this resounding growth story over the 5 years to reach the number one Factoring market which coincides with the growth of Chinese economy especially as the manufacturing hub of the world.

As per FCI, Central Bankers across the world have noticed the growing trend and have appreciated the Factoring Product as safe and secure means of financing open account trade. Indeed, Governments are increasingly noticing the important role played by Factors in financing SMEs, which are the engines of growth for most economies across the globe.



1. Indian Factoring Landscape

1.1 Competitive Landscape

The factoring business in India is still in nascent stage. Although CanBank, SBI Factors, Foremost Factors Ltd (now IFCI Factors Ltd) has been in existence since late 1990s, the volumes have been low initially, and started to pick only after 2005. India constitutes 0.17% of the world Factoring volume and 0.06% of total bank credit, which is insignificant compared to other developing economies¹.

Presently, there are multiple entities / Banks in India providing Factoring Services of which 5 are NBFCs of which 3 are bank / FI owned. There are other NBFCs offering Factoring products as one of the product amongst other Lending products. Many of the banks also offer Factoring product, however, it's a part of structured trade finance and sold as a part of other working capital finance facilities. This has been the legacy way of offering factoring product in Indian Financial sector.

The competition under Factoring can be broken down in to three sub-segments, i.e. 1) Direct competitors as NBFC-Factors, 2) Banks and 3) other NBFCs.

1) **NBFC-Factors:** The direct competitors of IFCI Factors Ltd are SBI Global Factors, Canbank Factors, and India Factoring & Finance Solutions Pvt Ltd. Of these, SBI Global and Canbank Factors are owned by Indian Public Sector Banks / Financial Institutions.

¹ Intellecap and World Factoring year book 2012.

As is wont with Indian Public Sector undertakings, these Factors are relatively less aggressive players with more direction from the parent PSU Banks. The focus is on relatively risk free LC discounting segment.

- 2) Banks: The primary target market for the Banks offering Factoring products is the creamy segment of the markets, i.e. the MNCs, Large Corporates. They offer Factoring product under a package of complete working capital finance facilities. Factoring is usually covered as a risk mitigation product from Bank's credit risk perspective. Many a times, Factoring is used as a solution for balance sheet management tool for the large corporates during the quarterly, half-yearly, yearly financial closing as a way of portfolio buyouts for short term duration.
- 3) **Other NBFCs:** The other NBFCs are usually subsidiaries of large industrial houses and offer Factoring / Supply Chain Financing solution primarily catering to the captive market, i.e. parent's value chain (vendors / buyers). The risk for these NBFCs is relatively mitigated due to dependency of these vendors / buyers on the parent industrial house. However, with the near saturation in the captive market and post various enablers being bought in by the regulators, these NBFCs are trying to ramp up Factoring business and could move to be direct competition for IFCI Factors Ltd.

The broad competitive numbers is available under Annexure 1.

1.2 Indian Legal Landscape – enablers for Factoring

Before the enactment of the Factoring Act 2011 (Act), Banks / NBFCs were allowed to offer factoring product under the overall regulations of RBI as applicable to Banks / lending NBFC. However, with the enactment of the Factoring Act in 2011 and introduction of new class of NBFC as a Factor, the industry seems to be waking up to the potential of Factoring business. Moreover, as a way of easing access to finance for the MSME category of clients, RBI has recently, invited applications from Banks / non-Banks Financial Institutions for setting up an electronic exchange for discounting of receivables called, Trade Receivables Discounting System (TReDS).

To briefly summarize, Act has been the first attempt to initiate and provide a comprehensive regulatory and operating framework for the Factors. The key enablers from the Factoring Act 2011:

- 1) Registration of Factor: NBFCs whose principal business is Factoring (recently revised to 50%), need to register with RBI as a Factor.
- 2) Assignment of Receivables:
 - Act requires Notice of Assignment (NOA) to be served to /accepted by the debtor, without which assignee shall not be entitled to demand payment of the receivables from the debtor.

- In case no NOA is served to / accepted by the debtor, any payment made by the debtor to the seller shall be held in trust for the benefit of the assignee and paid over to the assignee. This is implemented by way of entering in to collection agency agreement between the seller and the Factor or by opening a collections escrow account in the name of seller but managed and operated by the Factor.
- 3) Registry of Receivables:
 - Factors are required to register all the discounted / factored receivables (invoices) with the centralized registry, i.e. CERSAI which has been set up under the SARFEASI Act 2002, within a period of thirty days from the date of such assignment/ discounting.
 - On realization of the assigned receivables, the Factor is required to file satisfaction of the assignment of receivables.
- 4) Stamp Duty:
 - Factors are exempted from paying Stamp Duty, which hitherto was applicable on Assignment of receivables.

Although relatively nascent, these enablers are expected to make Factoring as a means of working capital finance more competitive vs. traditional banking products. These initial legal enablers have even created awareness with the clients about the Factoring products which were absent earlier.

Other key legal enablers, i.e. bringing NBFC Factors under the SARFESAI, initiative for setting up a Credit Guarantee Fund of Rs. 500 Crore for factoring business as announced in the Union Budget for FY 2013-14, pari-passu charge with working capital bankers are expected to gradually evolve and bring level playing field for the Factors. All these developments are indicators that factoring business in India is poised for growth in the times to come.

					Rs. In lai	chs
Factoring Entity		Share Capital	Reserves & surplus	Revenue	PBT	ΡΑΤ
Canbank Factors	FYE'14	2000	17415.71	8036.39	1607.47	1060.06
Ltd	FYE'13	2000	16589.64	9563.69	2617.11	1860.56
	FYE'12	2000	15312.82	11811.83	2549.82	1685.96
SBI Global	FYE'14	15989	20830	12346	-4031	-5697
Factors Ltd	FYE'13	15989	26528	21962	1038	363
	FYE'12	15989	26164	28450	-9044	-6573
India Factoring &	FYE'14	18000	872.58	11003.25	586.04	387.12
Finance Solutions	FYE'13	18000	485.46	10201.2	306.16	267.65

Annexure 1.

Pvt Ltd	FYE'12	13500	217.81	6309.91	803.63	493.37
IFCI Factors Ltd	FYE'14	7935.77	4441.7	13373.31	-4923.04	-3553.93
	FYE'13	7935.77	8083.54	17648.5	2822.56	1922.81
	FYE'12	7935.77	6186.4	16162.86	3748.93	2511.89

*As per provisional figures, SBI Factors has recorded a net loss of INR 46 cr against a total income of INR 99 cr for fye'15. Its Net Worth stood at INR 320 crores. Canbank Factors Ltd has recorded a net profit of INR 14.8 cr against a total income of INR 88.60 cr. India Factoring has reported a net loss of INR 239 cr against a total income of INR 61.04 cr for the period ending Dec 2014 for FY 2014-15. IFCI Factors has recorded a net loss of INR 59.56 crore against a total income of INR 105.65 crore for the FY 2014-15.

Operational Performance

Amidst the challenging macroeconomic environment, your Company witnessed a decline in its funds in use (FIU) and few accounts turning into Non Performing Assets, resulting into the Company incurring losses during the financial year under Report. During the year under Report, your Company achieved a turnover of Rs. 2,094 Crore (a decline of 26.91% Y-O-Y) and a gross income of Rs. 105.65 Crore (a decline of 25.67% Y-O-Y). Further, your Company incurred a loss before tax of Rs. 88.15 Crore and a loss after tax of Rs. 59.56 Crore.

The major financial parameters for the financial year ended 31.03.2015 vis-à-vis the previous financial year are tabulated below:

		(Rs.	in Cro
Parameters	Year ended 31.03.2015	Year ended 31.03.2014	
Turnover	2,094	2,865	
Funds in Use			
Factoring Business	689	736	
Other Business	131	151	
Total Funds in use	820	886	
Total Income	105.65	142.15	
Profit Before Tax	-88.15	-49.24	
Profit After Tax	-59.56	-35.54	

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Opportunities

- IFL is the only company operating in working capital space for the entire IFCI group.
- RBI has been indicating a favorable intent for factoring Industry through various circulars like 50:50 factoring to non factoring product ratio, Export Factoring without recourse to name a few. Further, a representation has been made to RBI for relaxation in provisioning norms for factoring entities.
- Budget 2015 has recently approved SARFAESI rights for notified NBFCs. IFL is in process of becoming notified NBFC. This will strengthen IFLs ability to lend secured loans, as recovery process can be speeded up in case of delinquency.
- There is funding gap in SME sectors as banks have not been able to meet funding needs to this sector.

Threats

- IFL does not have DRT access.
- NBFC Factor have to classify an asset as NPA where the invoices remain unpaid for a period more than 150 days and this would be progressively reduced to 90 days from FY 2017-18.
- Provisioning requirement for the impaired assets to the extent of 100% within 16 months due to unsecured nature of facilities has devastating impact on the profitability of the Factoring entities.

Segment wise / Product –wise Performance

IFLs has extended both factoring and non factoring facilities to its clients. The product wise exposure of IFL as on 31.03.2015 is as under:

Sr. No.	Particulars	Amount (Rs. Crore)
Α.	Factoring	
1.	Domestic Sales Bill Factoring	588.08
2.	Export Sales Bill Factoring	36.73
3.	Advance Against Future Receivables	21.46
3.	Purchase Bill Factoring	42.88
	Total (A)	689.15
В.	Non Factoring	
1.	Corporate Loan	130.70
	Total (B)	130.70
	Total (A+B)	819.85

The Company has extended facilities across industry segment. Industry wise exposure of the Company as on 31.03.2015 is as under:

Sr. No.	Particulars	Amount
		(Rs. Crore)
1.	Small Scale Industries	16.17
2.	Medium & Large Industries	36.79
3.	Construction	23.41
4.	Advance to Capital Market	19.02
5.	Retail Trade	16.73
6.	Commercial Real Estate	73.83
7.	Infrastructure	114.48
8.	Transport Operators	20.45
9.	Consumer Durables	3.20
10.	Others	495.77
	Total	819.85

Outlook

Moving forward, in FY 2014-15, in light of the weak marcroeconimic environment, IFL would strive to maintain its asset quality through vigilant monitoring, recovery of its non perfroming assets, arrest further slippages of the accounts into NPA and grow its asset base with addition of quality assets.

While there is immense potential for growth of factoring business in India, lack of conducive legal framework and acknowledgement of factoring as a method of working capital finance has been the major impediment of its growth.

However, with enactment and implementation of the Factoring Regulation Act, 2011, categorization of the IFL as an "NBFC Factor" by the Reserve Bank of India under the said Act, initiative for setting up a Credit Guarantee Fund of Rs. 500 crore, RBI's initiative towards for setting up of a Trade Credit Exchange for electronic factoring of bills, RBI circulars relaxing norms from 75:25 to 50:50 for factoring to non factoring product ratio, SARFAESI rights to NBFCs with asset base of Rs. 500 crore or more and RBI permitting Export Factoring without recourse indicate move towards a positive environment for business of factoring in India. Together with positive move for factoring business and focus on digitalization would mean that factoring business in India is poised for growth.

Risks and concerns

- IFL has non-interest bearing assets base in the form of NPA of approx Rs.226, mostly unsecured.
- More than 70% of overall asset base of IFL is unsecured

- Increased competition from banks consequent to permission to banks to undertake business of factoring in India.
- Increase in Non Performing Asset as NBFCs have to classify an asset as NPA where the invoices remain unpaid for a period more than 150 days and this would be progressively reduced to 90 days from FY 2017-18.
- Increased provisioning requirement for the impaired assets to the extent of 100% within 16 months. This would be progressively reduced to 12 months from FY 2017-18.

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 and in order to augment its headcount, your Company has recruited 18 officers across various verticals of the Company. As on March 31, 2015, your Company had 51 (Fifty one) employees on its roll vis-à-vis 49 (Forty nine) employees as on March 31, 2014.

Chandiwala Virmani & Associates Chartered Accountants

INDEPENDENT AUDITORS' REPORT (REVISED)

TO THE MEMBERS OF IFCI FACTORS LIMITED

Auditors Report dated April 30, 2015 is being revised to include the reporting on directions/subdirections issued by the CAG under section 143(5) of the Companies Act, 2013

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 2015, 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.

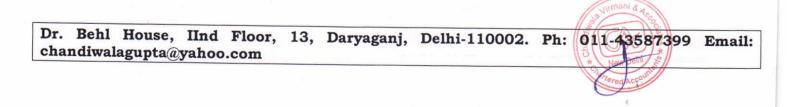
Auditor's Responsibility

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 audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2015 ("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) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.



g) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.

i) The company has adequate internal financial control system in place and the operating effectiveness of such controls.

j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

3. As per directions/sub directions issued by the C&AG of India under section 143(5) of the Companies Act 2013 vide letter no. MAB-II/CAD/I/11-2/2013-14/121 dated April 30, 2015, we report that :

Directions

1. The company has not been selected for disinvestment; therefore, this clause is not applicable.

2. Cases of waiver/write off of debts/loan/interest are given hereunder:

(i) A sum of Rs.541.20 lacs has been waived on account of interest during the year in 7 cases to expedite the recovery / One Time Settlement (OTS).

(ii) A sum of Rs.2,464 lacs has been written off during the year in 4 cases. Out of which Rs.2,250 Lacs has been written off in 2 cases due to poor chances of recovery in the opinion of management and Rs.214 lacs in 2 cases has been written off on account of OTS.

- 3. The company is a registered NBFC, therefore clause regarding maintenance of inventories is not applicable. No assets have been received as gift from Govt. or other authorities by the company.
- 4. Detail of age wise analysis of pending legal/arbitration cases are given hereunder:

Time bucket	No. of cases filed	Amount (Rs. in Lacs)		
Up to one year	20	6,333.45		
Pending for up to Two years	71	25,527.63		



17	5,948.87	,
20	4,118.68	
6	260.63	
134	42,189.26	
	6	20 4,118.68 6 260.63

Above no. of cases and amount involved are due to filing of multiple cases filed before various forums for effective recovery.

Cases are pending in various forum of adjudication due to legal process. In our opinion monitoring mechanism for expenditure on all legal cases are reasonable.

Sub-Directions

1. The company does not own any land, therefore this clause is not applicable.

2. (i) Confirmation of Bank balances, trade receivables, trade payables and Loans and Advances were made available to us.

(ii) No wide variation has been reported by the parties while confirming the balances.

- 3. Since the company is NBFC –NDSI, therefore, Custom, Excise, Sales tax (VAT) are not applicable. There is no unreconciled amount in the nature of advance/Deposits made by the company to Income Tax/Service Tax.
- 4. Necessary Independent verification has been made of information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post-retirement medical benefits etc
- 5. There is no investment in CGS/SGS/Bonds/Debentures except debenture application money as per Note no.28, 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. 0000827 (BHARAT BHUSHAN) PARTNER Membership No. 087365 Place: New Delhi Dated: May 11, 2015

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, 2015

- 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 not been physically verified by the management during the year but there is a regular programme of verification 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.

ii) The Company does not have any inventory. Therefore, the provisions of clause 4 (ii) (a), (b) & (c) 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 4(iii) (a) to (b) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and for the sale of services. During the course of our audit, we have neither come across nor have we been informed of any major weaknesses in the internal control systems.

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 4(v) of the Order are not applicable.

vi) As the Company is not engaged in any manufacturing operation, the provisions of clause 4(vi) of the Order are not applicable.

- vii) a) According to the information and explanations given to us and the records produced before us for verification, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited 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	13,94,262	A/Y 2002-03	CIT (Appeal)
Income Tax Act, 1961	Income Tax	3,73,044	A/Y 2002-03	ITAT
Income Tax Act, 1961	Income Tax	11,49,380	A/Y 2011-12	AO

c) According to the information and explanations given to us ,amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time

viii) The Company does have accumulated losses at the end of the financial year which are less than fifty per cent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

ix) 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, bank or debenture holders.

x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

xi) To the best our knowledge and belief and according to the information and explanations given to us, the term loans availed by the Company were applied for the purposes for which the loans were taken.

xii) To the best of our knowledge and belief and according to information and explanations given to us, Nineteen fraud/ suspected fraud cases involving amounting Rs. 141.84 Crore (excluding Interest) on the Company has been noticed out of which four cases involving amounting Rs. 45.68 Crore (excluding Interest) has been reported to RBI during the course of our audit.

FOR CHANDIWALA VIRMANI & ASSOCIATES Chartered Accountants Firm Pag No 00000701

Firm Reg. No. 000082N

(BHARAT BHUSHAN) PARTNER Membership No. 087365 Place: New Delhi Dated: April 30, 2015



IFCI FACTORS LIMITED BALANCE SHEET AS AT MARCH 31, 2015

			As at	As at
PARTICULARS		Note	March 31, 2015	March 31, 2014
		No.	Rs.	Rs.
EQUITY AND LIABILITIES				
Shareholders' Funds	5			
Share Capital		2	1,543,957,000	793,577,000
Reserves and Surplus		3	(161,341,397)	444,170,170
			1,382,615,603	1,237,747,170
Non-Current Liabilities				
Long-Term Borrowings		4	2,474,000,000	4,356,000,000
Long-Term Provisions		5	81,290,297	57,139,797
			2,555,290,297	4,413,139,797
Current Liabilities				
Short-Term Borrowings		6	2,132,196,655	2,483,458,452
Trade Payables		7	21,488,996	25,709,720
Other Current Liabilities		8	2,865,644,094	1,695,939,584
Short-Term Provisions		9	25,022,804	30,785,093
			5,044,352,549	4,235,892,849
	TOTAL		8,982,258,449	9,886,779,816
ASSETS				
Non-Current Assets				
Fixed Assets		10		
Tangible Assets			1,634,969	4,913,697
Intangible Assets			1,137,397	2,222,577
			2,772,366	7,136,274
Non-Current Investment		11	25,228,963	25,228,963
Deferred Tax Assets (net)		25	547,841,630	254,649,098
Long-Term Loans and Advances		12	881,463,258	486,682,980
Other Non-Current Assets		13	61,399,219	25,833,572
		10	1,518,705,436	799,530,887
Current Assets			1,510,705,450	733,330,887
Current Investments		14	19,200,000	19,200,000
Trade Receivables		15		
Cash and Cash Equivalents		15	6,839,826,492	8,153,359,478
Other Current Assets		10	169,889,315	118,026,867
other current Assets		1/	434,637,206	796,662,584
			7,463,553,013	9,087,248,929
	TOTAL		8,982,258,449	9,886,779,816

Summary of Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements. (1 to 43)

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

Date: April 30, 2015 Place: New Delhi For and on behalf of Board of Directors

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(Bikash Kanti Roy) Managing Director DIN - 02171876

(Sudhir Garg) Director DIN - 06777363

(Lalit Bansal) CFO (Ankur Agarwal) Company Secretary

NO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

PARTICULARS	Note No.	Year Ended March 31, 2015 Rs.	Year Ended March 31, 2014 Rs.
INCOME			
Revenue from Operations	18	1,052,009,967	1,337,330,633
Other Income	19	4,537,793	84,195,343
Total (A	A)	1,056,547,760	1,421,525,976
EXPENSES			
Employee Benefits Expense	20	46,117,519	63,307,939
Operating, Administrative and Other Expenses	21	63,487,119	71,107,991
Finance Costs	22	701,381,821	915,745,406
Depreciation and Amortization Expense	10	3,683,713	2,694,290
Total (E	3)	814,670,172	1,052,855,626
Profit Before Provisions & Write Offs (A-B)		241,877,588	368,670,350
Provisions & Write Offs	23	1,123,358,984	860,974,391
Profit / (Loss) Before Tax		(881,481,396)	(492,304,041)
Tax Expenses:			
Current Tax		7,322,968	53,537,192
Deferred Tax (Net)	25	(293,192,532)	(190,448,243)
Profit / (Loss) After Tax		(595,611,832)	(355,392,990)
Earnings Per Share (Face Value - Rs. 10 per share)	35		
Basic		(7.51)	(4.48)
Diluted		(3.86)	(4.48)

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Summary of Significant Accounting Policies

The accompanying notes are an integral part of the financial statements. $(1 t_0 43)$

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

Date: April 30, 2015 Place: New Delhi For and on behalf of Board of Directors

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(Bikash Kanti Roy) Managing Director DIN - 02171876

Ł (Sudhir Garg) Director DIN - 06777363

(Lalit Bansal) CFO

(Ankur Agarwal) Company Secretary

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CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2015

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2015	Year Ended March 31, 2015 Rs.	Year Ended March 31, 2014 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	(881,481,396)	(492,304,041
Adjustments for:		
Depreciation/Amortisation	3,683,713	2,694,290
(Profit)/Loss on Sale/ Discard of Fixed Assets	-	(16,707)
Share / Bond Issue Expenses charged to Securities Premium Account	(8,911,350)	(8,791,260
Expenses Related to Issuance of Share Capital	-	12,387,689
Bad Debts Written Off	246,409,991	219,887,126
Reversal of Provision for Doubtful Debts	(331,450,465)	(56,100,000
Provision for Standard Assets	18,212,605	2,414,870
Allowance for Bad and Doubtful Debts and Loans	1,190,186,853	694,772,395
Provision for Gratuity	217,571	1,016,596
Provision for Leave Encashment	(41,965)	(411,016)
Provision for Diminution in value of Non-Current Investments		126,283
Income From Mutual Fund	(1,270,994)	(3,046,931
— Operating Profit Before Working Capital Changes	235,554,563	372,629,294
Movement in Working Capital		
Increase/(Decrease) in Borrowings	(483,261,797)	(2,904,905,363)
Increase/ (Decrease) in Trade Payables & other Current Liabilities	165,486,936	(922,551,621)
(Increase)/Decrease in Trade Receivables	(18,659,995)	3,799,514,191
(Increase)/Decrease in Loans & Advances, Other Current & Non-Current Asse	159,634,767	(139,867,654)
Net Cash Used in Operations	58,754,474	204,818,847
Direct Tax Paid	(7,322,968)	(59,015,468)
Net Cash Flow From Operating Activities	51,431,506	145,803,379
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,216,902)	(1,172,203)
Sale of Fixed Assets	-	23,964
Investment in Current and Non Current Investments	-	(44,555,246)
Income From Mutual Fund	1,270,994	3,046,931
Net Cash Flow From Investing Activities	54,092	(42,656,554)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Subordinate Debts Raised	(750,000,000)	-
Issue of Preference Shares	750,380,000	-
Dividend Paid	(3,150)	-
Net Cash Flow From Financing Activities	376,850	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	51,862,448	103,146,825
Opening Cash and Cash Equivalents	118,026,867	14,880,042
Closing Cash and Cash Equivalents	169,889,315	118,026,867
Note:		
1 Components of Cash and Cash Equivalents:	March 31, 2015	March 31, 2014
Cash on Hand	27,651	7,447
Balances with Banks	169,861,664	118,019,420
		110,010,+20

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

As per our audit report of even date attached For Chandiwala Virmani & Associates Chartered Accountants

Firm Registration No. 000082N

(Bharat Bhushan) Partner Membership No. 087365

Date: April 30, 2015 Place: New Delhi For and on behalf of Board of Directors

(Bikash Kanti Roy) Managing Director DIN - 02171876 plansal.

(Lalit Bansal) CFO

(Sudhir Garg)

Director DIN - 06777363 1 (Ankur Agarwal) Company Secretary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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 use full life of assets as prescribed under Schedule II to the Companies Act 2013. During the year method of charging depreciation has been changed from WDV method to SLM method and retrospective effect of the same has been transferred to opening reserves.

(ii) Intangible

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

f) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognised in the Statement of Profit and Loss. If at the balance



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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.

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	March 21 2015	As at	
	March 31, 2015	March 31, 2014	
2. SHARE CAPITAL	Rs.	Rs.	
Authorised:			
200,000,000 Equity Shares of Rs.10 each	2,000,000,000	1,500,000,000	
(Previous Year 150,000,000 Equity Shares of Rs. 10 each)	_,,,,,	2,500,000,000	
100,000,000 Preference Shares of Rs.10 each	1,000,000,000	-	
(Previous Year Nil Preference Shares of Rs. 10 each)			
Issued, Subscribed and Paid up:			
79,357,700 Equity Shares (Previous Year 79,357,700) of Rs.10 each	793,577,000	793,577,000	
fully paid up			
75,038,000, 9% Compulsorily Convertible Cumulative Preference	750,380,000) - ,	
Shares (Previous Year Nil) of Rs.10 each fully paid up			

TOTAL

1,543,957,000 793,577,000

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.
b. Out of above, 75,000,000 Preference Shares (Previous Year Nil) are held by IFCI Limited, Holding Company.

c. During the year, Company has issued 75,038,000, 9% Compulsorily Cumulative Convertible Preference share of Rs. 10 each on right basis at Par, out of which 75,000,000 prefeRence shares has ben subscribed by IFCI Limited by way of conversion of Subordinate Debt.

d. 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.

3. RESERVES AND SURPLUS

Securities	Premium	Account
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Statutory Reserve Fund		
(under section 45 IC of Reserve Bank of India Act) Opening Balance Add: Transfer from Surplus Balance in Statement of Profit and Loss	175,573,439	175,573,439
Closing Balance	175,573,439	- 175,573,439
General Reserve Opening Balance Less: Transfer to Statement of Profit and Loss Closing Balance	3,165,000	3,165,000
	3,165,000	3,165,000
Surplus Balance in Statement of Profit and Loss Opening Balance		
Add: Profit / (Loss) for the year	155,699,903	511,092,893
Less: Appropriations	(595,611,832)	(355,392,990)
Transfer to Statutory Reserve Fund	-	-
Transitional Depreciation	988,385	- 0
Closing Balance	(440,900,314)	155,699,903
TOTAL		
TOTAL	(161,341,397)	444,170,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
4. LONG-TERM BORROWINGS		N3.
Debentures / Bonds		
Secured #		
Redeemable, Non-Convertible Bonds Unsecured	1,000,000,000	1,000,000,000
Redeemable, Non-Convertible Bonds	1 000 000 000	1 000 000 000
Perpetual, Non-Convertible Debenture - IFCI Ltd - Related Party (Tier-I Capital)	1,000,000,000 250,000,000	1,000,000,000
Term Loans Secured *	230,000,000	250,000,000
- From Banks		
- From Others -IFCI Ltd - Related Party	224,000,000	356,000,000
Unsecured	.	1,000,000,000
- Subordinate Debts - IFCI Ltd - Related Party (Tier-II Capital)		750 000 000
TOTAL -	3 474 000 000	750,000,000
# Secured by pari passu charge on corporate loan receivables & current assets other than factored	2,474,000,000	4,356,000,000
* Secured by pari passu charge on factored receivables by way of hypothecation.	receivables.	
5. LONG TERM PROVISIONS Leave Encashment		
Gratuity	3,177,640	3,169,496
	2,810,146	2,616,395
Contingent Provisions against Standard Assets Sundry Liabilities Account (Interest Capitalisation)	38,843,000	37,375,907
TOTAL	36,459,511	13,977,999
	81,290,297	57,139,797
6. SHORT TERM BORROWINGS		
Secured*		
Working Capital Demand Loan- From Banks		
Short Term Loans	1,000,000,000	1,850,000,000
- From Others		
Cash Credit - From Banks		100,000,000
Unsecured	636,164,269	306,189,669
Bank Overdraft		
TOTAL	496,032,386	227,268,783
* Credit facilities are secured by pari passu charge on factored receivables by way of hypothecation.	2,132,196,655	2,483,458,452
7. TRADE PAYABLE		
Sundry Creditors	21,488,996	25,709,720
TOTAL	21,488,996	25,709,720
8. OTHER CURRENT LIABILITIES		
Contractual Liability against Collection of Trade Receivables	4 552 202 212	
Current Maturities of Long Term Debts (secured)	1,553,383,343	1,315,069,598
- From Banks	144,000,000	
- From Others - IFCI Ltd - Related Party	144,000,000	144,000,000
Interest Accrued on Borrowings:	1,000,000,000	
- Not due	100 000 111	
Income Received in Advance	160,938,111	228,176,266
Unpaid Dividends	3,988,434	7,077,544
Other Liabilities	101,570	104,720
TOTAL	3,232,636	1,511,456
9. SHORT TERM PROVISIONS	2,865,644,094	1,695,939,584
Leave Encashment		
Gratuity	184,212	234,321
	60,592	36,772
Contingent Provisions against Standard Assets	24,778,000	30,514,000
JIVani a	25,022,804	30,785,093
Contraction of the second seco		



IFGI FACTORS LIMITED NOTES TO THE YEAR ENDED MARCH 31, 2015

10. FIXED ASSETS

		Gro	oss Block			Depreciation/ Amortisation				Net B	lock
Description of Assets	As at April 1, 2014 Rs.	Additions Rs.	Deductions Rs.	As at March 31, 2015 Rs.	As at April 1, 2014 Rs.	Transitional Depreciation Rs.	For the Period Rs.	Deductions/ Adjustments Rs.	As at March 31, 2015 Rs.	As at March 31, 2015 Rs.	As at March 31, 2014
Tangible:									113.	N3.	Rs.
Furniture & Fixtures	562,713	195,000	-	758,713	84,307		82,082		166,389	592,324	478,406
Office Equipment	215,130	36,800	(*).	251,930	29,385	17,098	85,625		132,108	119,822	185,745
Computer Hardware	10,056,077	75,390		10,131,467	5,806,531	971,287	2,430,826		9,208,644	922,823	4,249,546
Subtotal	10,833,920	308,190	-	11,142,110	5,920,223	988,385	2,598,533		9,507,141	1,634,969	4,913,697
Intangible:									Jacor Jana	1,004,000	4,913,097
Computer Software	6,664,979		3 * 2	6,664,979	4,442,402	-	1,085,180		5,527,582	1,137,397	2,222,577
Subtotal	6,664,979	-	-	6,664,979	4,442,402	-	1,085,180	-	5,527,582	1,137,397	2,222,577
Grand Total	17,498,899	308,190		17,807,089	10,362,625	000.205	2 (22 842				
Previous Year	16,359,173	1,298,910	159,184	and the second se		988,385	3,683,713	-	15,034,723	2,772,366	7,136,274
revious real	10,333,173	1,290,910	159,184	17,498,899	7,820,262		2,694,290	151,927	10,362,625	7,136,274	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
11. NON-CURRENT INVESTMENT		
Non-Trade, Quoted		
- Net 4 India Limited	20,743,679	20,743,679
3,232,874 Equity Shares (Previous Year - Nil) of Rs. 10 each fully paid up		
- KEW Industries Limited	4,611,567	4,611,567
2,931,558 Equity Shares (Previous Year - Nil) of Rs. 10 each fully paid up		
Less: Provision for Diminution in value	25,355,246	25,355,246
TOTAL	126,283	126,283
	25,228,963	25,228,963
Note:		
Book Value	25,355,246	25,355,246
Market Value	15,832,923	26,307,184
12. LONG TERM LOANS AND ADVANCES		
Term Loans (Considered Good)		
Secured *	472,537,841	339,619,395
- Unsecured	407,777,939	146,824,819
Capital Advances (Unsecured)	1,147,478	
TOTAL	881,463,258	238,766
*Term Loans are secured against mortgage of property & lien on shares.	001,403,230	486,682,980
13. OTHER NON-CURRENT ASSETS		
(Unsecured, Considered Good)		
Security Deposits	8,000	8,000
Advance Income Tax (including earlier years) (Net of Provisions)	61,391,219	25,825,572
TOTAL	61,399,219	25,833,572
14. CURRENT INVESTMENTS		
Non-Trade, at cost or market price, whichever is less)		
Debenture Application Money- in Arch Pharmalabs Limited	19,200,000	10 200 000
TOTAL	19,200,000	19,200,000 19,200,000
L5. TRADE RECEIVABLES		·····
actored Debts:		
Dutstanding for over six months		
Other Debts	2,307,693,294	2,129,626,106
fotal	6,137,241,981	6,543,059,165
	8,444,935,275	8,672,685,271
ess : Provision for Bad and Doubtful Debts	1,605,108,783	519,325,793
OTAL	6,839,826,492	8,153,359,478
Dut of above		
onsidered Good		
Secured *	918,788,452	808,737,802
Unsecured	5,218,453,529	5,734,321,363
onsidered Doubtful		-,
Secured *	162,699,944	186,686,703
Unsecured	2,144,993,350	1,942,939,403
OTAL	8,444,935,275	
Trade Receivables are secured against mortgage of property and liep on charge	0,215	8,672,685,271

*Trade Receivables are secured against mortgage of property and lien on shares.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

	As at March 31, 2015 Rs.	As at March 31, 2014 Rs.
16. CASH AND CASH EQUIVALENTS		
Balances with Banks	169,861,664	118,019,420
(Includes Rs. 101,570 (Previous Year Rs. 104,720) earmarked balances for Unpaid Dividend)		
Cash on Hand	27,651	7,447
TOTAL	169,889,315	118,026,867
17. OTHER CURRENT ASSETS		
(Unsecured, Considered Good unless otherwise stated)		
Current Maturities of Long Term Loans		
Considered Good		
- Secured *	416,840,241	771,934,202
- Unsecured		
Considered Doubtful		
- Secured *	9,849,979	23,945,829
- Unsecured	-,,	223,793,870
Total	426,690,220	1,019,673,901
Less : Provision for Bad and Doubtful Loans	1,500,000	228,546,602
	425,190,220	791,127,299
Interest Accrued But not Due	2,112,000	2,112,000
Advances Recoverable in Cash or in Kind or for Value to be Received	7,334,986	3,423,285
TOTAL	434,637,206	796,662,584
*Term Loans are secured against mortgage of property & lien on shares.		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015	NOTES TO THE	FINANCIAL STATEMENTS	FOR THE YEAR ENDED	MARCH 31, 2015
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	Year Ended March 31, 2015	Year Ended March 31, 2014
18. REVENUE FROM OPERATIONS	Rs.	Rs.
Discount and Service Charges	047 400 011	1 105 200 00
Interest Income on Term Loan	847,498,911	1,105,288,80
	167,048,806	208,876,39
Application and Administration Charges	37,462,250	23,165,42
TOTAL	1,052,009,967	1,337,330,633
19. OTHER INCOME		
Factoring Bad Debts Recovered		79,000,00
Income from Mutual Funds	1,270,994	3,046,93
Interest Income on Debentures	-	2,112,00
Exchange Fluctuation (Net)	-	10,09
Unclaimed Balances Written Back	3,028,465	-
Profit on sale of Fixed Assets	-	16,70
Miscellaneous Income	238,334	9,60
TOTAL	4,537,793	84,195,343
20. EMPLOYEE BENEFITS EXPENSE		
Salaries and Other Benefits	41,878,554	58,748,807
Contribution to Provident fund	2,900,344	3,343,96
Staff Welfare Expenses	1,338,621	1,215,16
TOTAL	46,117,519	63,307,939
21 OPERATING ADMINISTRATIVE AND OTHER EVOLUTION		
21. OPERATING, ADMINISTRATIVE AND OTHER EXPENSES		
Rent, Rates and Taxes	33,402,613	35,321,650
Printing and Stationery	848,606	902,653
Postage, Telephone and Fax	2,199,708	2,502,38
Travelling & Conveyance	3,108,152	2,596,27
Conferences & Seminar	259,552	26,323
Legal and Professional	9,428,825	6,145,30
Business Promotion	890,443	201,686
Repairs and Maintenance		
-Buildings	420,585	945,420
-Others	2,851,323	2,925,993
Import Factor Commission	6,712,441	4,486,677
Provision for Diminution in value of Non-Current Investments		126,283
Share Issue Expenses	-	12,387,689
Miscellaneous Expenses	3,364,871	2,539,649
TOTAL	63,487,119	71,107,991
22. FINANCE COSTS		
Interest Expense	695,577,477	907,352,893
Other Borrowing Costs	4,229,501	
Bank Charges		6,595,628
TOTAL	1,574,843 701,381,821	1,796,887 915,745,40 6
23. PROVISIONS & WRITE OFFS Bad Debts Written Off	246,409,991	210 007 424
Provision for Bad and Doubtful Debts Written Back		219,887,126
Provisions:	(331,450,465)	(56,100,000
Standard Assets	18,212,605	2,414,870
-Bad and Doubtful Debts and Loans	1,190,186,853	694,772,395
salepos	1,123,358,984	860,974,391

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

24. Contingent Liabilities & Commitments

24.1 Contingent Liabilities

There is a contingent liability in respect of income tax demands against the Company relating to assessment years 2002-03 & 2011-12 aggregating to Rs. NIL (Previous Year Rs. 2,740,352) which is being contested by the Company at CIT (A) / ITAT forum and final decision is pending.

24.2 Commitments

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs 139,045 (Previous year Rs. 238,764).
- b) Undrawn commitments (in line with RBI circular dated December 26, 2011) Rs. 6,051,959 (Previous Year Rs. 60,90,023).

25. Deferred Tax Assets (Net)

The Deferred Tax Assets (Net) as on 31.03.2015 comprise of the following:

		(Amount in Rs)
Particular	As at	As at
	31.03.2015	31.03.2014
Leave Encashment	1,142,693	1,156,957
Gratuity	975,764	901,811
Provisions for Bad & Doubtful Debts and Loans	546,086,325	254,201,827
Depreciation	(363,152)	(1,611,497)
Deferred Tax Assets (Net)	547,841,630	254,649,098
Amount credited to Statement of Profit and Loss	293,192,532	190,448,243

- 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 January 31, 2015 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. Arch Pharmalabs Ltd was sanctioned a Domestic Sales Bill Factoring Facility of Rs. 10.00 crores and Domestic Purchase Bill Factoring Facility of Rs. 6.00 crores within the overall prepayment limit of Rs. 15.00 crores by the Committee of Directors in May, 2011. The said facilities have been restructured under the Corporate Debt Restructuring ("CDR"), the cut-off date being April 01, 2013. The total amount outstanding in the books of the Company as on April 01, 2013 was Rs. 15.21 crores. As per the terms of the CDR, an amount of Rs. 13.29 crores has been converted to Working Capital Term Loan (WCTL) which is to be secured by first pari passu charge on the current assets and second pari passu charge on the fixed assets of the Company.

An amount of Rs. 1.92 crores has been treated as Debenture Application Money towards Optionally Convertible Debentures (OCDs). The OCDs will be allotted post creation of security. Security creation and issuance of debentures is pending due to a court order which restricts the company from further encumbering its assets and change in the shareholding structure. The security creation will be complied with once the orders are vacated. During the year, as per prudence, income has not been recognized on Debenture Application Money.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

29. Auditors Remuneration:

		(Amount in Rs)	
Particular	Year Ended	Year Ended	
	31.03.2015	31.03.2014	
Audit Fee	520,000	475,000	
Tax Audit Fee	50,000	25,000	
Other Services	250,000	167,000	
Out of Pocket Expenses	20,000	10,000	
Service Tax	101,352	83,739	
Total	941,352	761,239	

30. 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 31.03.2015	As at 31.03.2014
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	Yes (April 23, 2016)	214,000,000	214,000,000
187	10.15%	March 28, 2018	Yes (March 28, 2016)	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.

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c) Terms of repayment of Long Term Loans:

					(Amount in Rs)
From	Remaining	Repayment	Rate of Interest	As at	As at
	Tenor	Term		31.03.2015	31.03.2014
Banks	Up to 1 Year	Monthly Repayment	11.88%	144,000,000	144,000,000
Banks	1 Year – 2 Year	Monthly Repayment	11.88%	144,000,000	144,000,000
Banks	2 Year – 4 Year	Monthly Repayment	11.88%	80,000,000	212,000,000
Others	Up to 1 Year	Bullet Repayment	11.25%	1,000,000,000	-
Others	1 Year – 2 Years	Bullet Repayment	11.25%		1,000,000,000
Others	3 Years - 5 Years	Bullet Repayment	11.00%-12.50%		750,000,000

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

Particulars	As at 31.03.2015	As at 31.03.2014
Cash & Bank Balances		
Euro	278.40	50.43
USD	500.00	500.00
Sundry Creditor		
Euro	2,474.12	856.52
USD	27,085.64	20,442.12
GBP	-	198.16



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

32. 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.

33. Related Party Disclosure:

- A) Names of the Related Parties:
 - i) Holding Company
 - IFCI Limited

ii) Subsidiaries, Associate and Joint Venture of the Holding Company

Related Party	Relationship
IFCI Infrastructure Development Limited	Fellow Subsidiaries
IFCI Financial Service Limited	Fellow Subsidiaries
IFCI Venture Capital Funds Limited	Fellow Subsidiaries
MPCON Limited	Fellow Subsidiaries
Stock Holding Corporation of India Limited	Fellow Subsidiaries
IFCI Commodity Limited	Step down Fellow Subsidiaries
IFIN Credit Limited	Step down Fellow Subsidiaries
IIDL Realtors Private Limited	Step down Fellow Subsidiaries
IFIN Securities Finance Limited	Step down Fellow Subsidiaries
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. Bikash Kanti Roy (Managing Director)

- Mr. Lalit Bansal (Chief Financial Officer)
- Mr. Rajiv L. Jha (Company Secretary) (up to September 19, 2014)

Mr. Ankur Agarwal (Company Secretary) (from March 02, 2015 onwards)

B) Transactions with Related Parties and Balances thereof:

	- G	Amount in Rs)
Nature of Transaction	Year Ended	Year Ended
	31.03.2015	31.03.2014
Rent		
To Holding Company	33,402,613	35,321,650
Loan		
From Holding Company		
Opening Balance	2,000,000,000	3,000,000,000
Add: Fresh Taken	-	-
Less: Repayments / Conversion	750,000,000	1,000,000,000
Closing Balance	1,250,000,000	2,000,000,000
From IFCI Infrastructure Development Limited		



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Opening Balance	
Add: Fresh Taken	-
Less: Repayments	50,000,000
Closing Balance	50,000,000
	-
To IFCI Venture Capital Funds Limited	
Opening Balance	
Add: Fresh Given	200,000,000
Less: Repayments	200,000,000
Closing Balance	200,000,000
	-
To Narayan Shriram Investments Private Limited	
Opening Balance	
Add: Fresh Given	100,000,000
Less: Repayments	100,000,000
Closing Balance	100,000,000
Interest	
To Holding Company	
Opening Balance 66,897,261	82,945,203
Add: Interest for the year 204 250 000	240,248,287
Less: Repayments 247,722,602	256,296,229
Closing Balance 23,424,659	66,897,261
	00,007,201
From IFCI Venture Capital Funds Limited	4,291,233
To IFCI Venture Capital Funds Limited	-
From Norman Chaine	
From Narayan Shriram Investments Private Limited	2,663,014
To IFCI Infrastructure Development Limited	431,507
Factored Receivables	
From IIDL Realtors P Limited	
	-
Opening Balance - Less: Repayments -	17,759,495
	17,759,495
Closing Balance	-
Income from Discourt & Construction	
Income from Discount & Service Charges	
From IIDL Realtors P Limited	
Opening balance	85,190
Add : Income accrued during the year Less : Income Received	199,910
	285,100
Closing balance -	-
Reimbursoment of European	
Reimbursement of Expenses: To Holding Company	
- Managerial Remuneration 3,483,862 - Others	2,142,593
To IFCI Financial Services Limited	2,020,410
50,751	196,465



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

To HARDICON Limited To NITCON Limited	122,107 214,165	28,090
Managing Directors' Remuneration Remuneration Paid to Key Management Personnel Mr. Lalit Bansal Mr. Rajiv L. Jha Mr. Ankur Agarwal	1,225,105 656,298 84,443	1,256,905 - 1,035,850 1,471,468 -
Balance Recoverable / (Payable) at year end: To Holding Company To HARDICON Limited From IFCI Financial Services Limited	(302,322) - 1,420,983	(590,538) (28,090) 143,795

34. 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.

35. Earnings Per Share (EPS)

Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Net Profit/(Loss) as per Statement of Profit and Loss (Rs.)	(595,611,832)	(355,392,990)
Net Profit/(Loss) for Equity Shareholders for Basic EPS (Rs.)	(595,611,832)	(355,392,990)
Net Profit/(Loss) for Equity Shareholders for Diluted EPS (Rs.)	(595,611,832)	(355,392,990)
Weighted Average no. of Equity Shares for Basic EPS	79,357,700	79,357,700
Add: Equity shares for conversion of preferences shares (CCCPS)	75,038,000	
Weighted Average no. of Equity Shares for Diluted EPS	154,395,700	79,357,700
Basic Earnings per Share (Face Value - Rs. 10 per share) (Rs.)	(7.51)	(4.48)
Diluted Earnings per Share (Face Value - Rs. 10 per share) (Rs.)	(3.86)	(4.48)

36. Expenditure in Foreign Currency:

P. H. I.		(Amount in Rs)
Particulars	Year Ended 31.03.2015	Year Ended 31.03.2014
Expenditure in Foreign Currency		
Membership Fee and Subscription Fee	525,300	642,750
Import Factor Commission	4,582,119	4,294,809
Others	420,905	473,904

37. Employees Benefits

i) Defined Contribution Plan:

The Company has recognized Provident Fund and Family Pension Schemes contribution Rs. 2,900,344 (previous year Rs. 3,343,967) under defined contribution plan as an expense in the Statement of Profit and Loss.



ii) Defined Benefit Plan:

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

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

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

Actuarial Assumptions	Year Ended	Year Ended 31.03.2014	
en son en	31.03.2015		
Discounting Rate	8.50%	8.50%	
Future Salary Increase	6.00%	6.00%	
Retirement age	58 Years	58 Years	
Mortality Rate	LIC (1994-96)	LIC (1994-96)	
	duly modified	duly modified	
Ages	Withdrawal rate (%)	Withdrawal rate (%)	
- Upto 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	Gratuity		Leave Encashment	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
a) Present value of obligation as at beginning of	2,653,167	1,636,571	3,403,817	3,814,833
the year				
b) Interest cost	225,519	130,926	289,325	305,187
c) Past Service cost		-		-
d) Current Service cost	599,861	745,212	743,839	1,034,175
e) Benefits paid	(183,496)	(618,078)	(980,028)	(1,659,247)
f) Actuarial (gain)/ loss on obligation	(424,313)	758,536	(95,101)	(91,131)
g) Present value of obligation as at end of the	2,870,738	2,653,167	3,361,852	3,403,817
year				N

(Amount in Rs)

c) Fair Value of Plan assets:

Particulars	Gra	tuity	Leave Encashment		
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
a) Fair Value of Plan Assets as at beginning of	-	-	-	3-	
the year					
b) Expected return	-	-			
c) Past Service cost	-	-	-		
d) Contribution	-	-			
e) Benefits paid	-	-	=7		
f) Fair Value of Plan Assets as at end of the year	-	-	-		
g) Funded status	(2,870,738)	(2,653,167)	(3,361,852)	(3,403,817	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

d) Actuarial gain/loss recognized:

Particulars	Gra	tuity	Leave Encashment		
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
a) Actuarial (gain)/loss for the year-Obligation	(424,313)	758,536	(95,101)	(91,131)	
b) Actuarial (gain)/loss for the year-Plan assets	-	-	-	-	
c) Actuarial (gain)/ loss recognized in the year	(424,313)	758,536	(95,101)	(91,131)	

e) Amounts to be recognized in the Balance Sheet:

Particulars	Gra	tuity	Leave Encashment		
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
a) Present value of obligation as at end of the	2,870,738	2,653,167	3,361,852	3,403,817	
year					
b) Fair Value of Plan Assets as at end of the year	-		-	-	
c) Funded status	(2,870,738)	(2,653,167)	(3,361,852)	(3,403,817)	
d) Net Liability recognized in the Balance Sheet	(2,870,738)	(2,653,167)	(3,361,852)	(3,403,817)	

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

Particulars	Gra	tuity	Leave Encashment		
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
a) Current Service cost	599,861	745,212	743,839	1,034,175	
b) Past service cost	-	-	-	-	
c) Interest cost	225,519	130,926	289,325	305,187	
d) Return on the plan assets	-	-	-	-	
e) Net Actuarial (gain)/loss recognized in the	(424,313)	758,536	(95,101)	(91,131)	
year					
f) Expenses/(Income) recognized in the	401,067	1,634,674	938,063	1,248,231	
Statement of Profit and Loss					

38. 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:

		(Rs. In crores
Items	As at 31.03.2015	As at 31.03.2014
CRAR (%)	16.10%	20.90%
CRAR - Tier I Capital (%)	14.20%	14.30%
CRAR - Tier II Capital (%)	1.90%	6.60%
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)	17.65%	23.28%



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

B. Investments:

			(Rs. In crores)
Particular	′S	As at	As at
		31.03.2015	31.03.2014
Value of In	vestment		· · · ·
Gross Valu	e of Investments		
(a)	In India	44,555,246	44,555,246
(b)	Outside India,	-	-
Provisions	for Depreciation		
(a)	In India	126,283	126,283
(b)	Outside India,	-	
Net Value	of Investments		
(a)	In India	4,4428,963	4,4428,963
(b)	Outside India.	-	i a
Movement	t of provisions held towards depreciation on investments		
(i)	Opening balance	126,283	_
(ii)	Add : Provisions made during the year	-	126,283
(iii)	Less : Write-off / write-back of excess provisions during	-	-
	the year		
(iv)	Closing balance	126,283	126,283

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

Particulars	As at 31.03.2015	As at 31.03.2014
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	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

D. Details of Assignment transactions undertaken:

Particulars	As at 31.03.2015	As at 31.03.2014
(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	Nil	Nil
accounts transferred in earlier years		
(v) Aggregate gain / loss over net book value	Nil	Nil



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

E. Details of Non-performing Financial Assets Purchased:

Particulars	As at 31.03.2015	As at 31.03.2014
(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	As at
	31.03.2015	31.03.2014
(i) No. of accounts sold	Nil	Nil
(ii) Aggregate outstanding	Nil	Nil
(iii)Aggregate consideration received	Nil	Nil

G. Asset Liability Management Maturity Pattern of Assets and Liabilities:

								(Rs in	Crore)
	1 day to	Over 1 month	Over 2 months	Over 3 months	Over 6 months	Over 1	Over 3	Over 5	Total
	30/31	to 2	to 3 months	to 6	to 1	year	years	Years	
	days	months	months	months	year	to 3 years	to 5 years		
Liabilities:						1	1		
Borrowings from Banks	1	1	1	4	220	23	-	-	250
Market Borrowings	-	-	-	-	100	21	21	183	325
Total	1	1	1	4	320	44	21	183	575
(Previous Year)	(1)	-	(12)	(4)	(245)	(129)	(124)	(183)	(698)
Assets:									
Advances	93	121	89	118	72	95	94	138	820
Investments	-	-	-	-	-	-	-	4	4
Total	93	121	89	118	72	95	94	142	824
(Previous Year)	(130)	(156)	(138)	(85)	(88)	(51)	(201)	(41)	(890)

I. Ex	posure	to Real Estate Sector:	()	Amount in Rs)
		Category	As at 31.03.2015	As at 31.03.2014
a)	Dire	ct 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 -		



	(iii)	esta con Wa con non	ding secured by mortgages on commercial real ates (office buildings, retail space, multipurpose mmercial premises, multi-family residential buildings, lti-tenanted commercial premises, industrial or rehouse space, hotels, land acquisition, development and struction, etc.). Exposure would also include h-fund based (NFB) limits; estments in Mortgage Backed Securities (MBS) and	738,663,724	454,800,000
	-	A	er securitized exposures - Residential,	-	
		В	Commercial Real Estate.	-	-
b)	indirect exposure				
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).			-	-

I. Exposure to Capital Market:

			(Amount in Rs.)
	Particulars	As at 31.03.2015	As at 31.03.2014
(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
(111)	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	452,555,541	562,620,328
(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.	230,406,997	346,899,592
(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	Nil	Nil



Total	exposure to capital market	708,317,784	934,875,167
(∨iii)	All exposure to Venture Capital Funds both registered and unregistered)	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues.	Nil	Nil
	in anticipation of raising resources.		

J. Details of Single Borrower Limit / Group Borrower Limited exceeded by the Company: During the year, the Company has not exceeded the prudential exposure limit in respect of fresh sanctions. However, in the few cases as stated below, sanction limit/outstanding balance were exceeded the prudential exposure limit in respect of cases sanctioned in earlier years:

		(Rs. In Crore)	
Particulars	Sanctioned Limit	Outstanding Balance	
Synergies Castings Ltd.	22.00	22.27	
Kenersys India Pvt Ltd.	20.00	-	
Pratibha Industries Ltd.	20.00	10.16	
Lloyd Electric Engineering Ltd.	20.00	3.20	
Amar Remedies	19.00	18.00	

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		
Instruments/Facilities	As at 31.03.2015	As at 31.03.2014	
Long Term bank facilities *	CARE A - (SO) (Single A Structured Obligation)	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 bank facilities (Standalone)	CARE BBB (Triple B)	CARE BBB+ (Triple B Plus)	
Short Term Bank Facilities (Standalone)	CARE A3 (A Three)	CARE A2+ (A Two Plus)	
Long Term Non-Convertible Debentures	CARE A- (Single A Minus)	CARE BBB+ (Triple B Plus)	
Commercial Paper (CP) *	CARE A1 (SO) ((A One) (Structured Obligation))	CARE A1 (SO) ((A One) (Structured Obligation))	

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

Rating Agency	Brickwork Ratings
	mani e
	30 A A CO
	* New Delhi
	Charlered Account

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Instruments/Facilities	As at	As at	
	31.03.2015	31.03.2014	
Secured Non-Convertible	BWR A- : Pronounced BWR A Minus	BWR A : Pronounced BWR A	
Debentures	(Outlook Stable)	(Outlook Stable)	
Unsecured Non-Convertible	BWR A- : Pronounced BWR A Minus	BWR A : Pronounced BWR A	
Debentures	(Outlook Stable)	(Outlook Stable)	

N. Provisions and Contingencies:

(Amount in Rs)

Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss account	As at 31.03.2015	As at 31.03.2014
Provisions for depreciation on Investment	-	126,283
Provisions towards NPA	858,736,388	638,672,395
Provision made towards Income tax	7,322,968	53,537,192
Provision for Standard Assets	18,212,605	2,414,870

O. Draw Down from Reserves:

Particulars	As at 31.03.2015	As at 31.03.2014
Depreciation	988,385	-
Securities Premium	8,911,350	8,791,260

P. Concentration of Advances, Exposures and NPAs:

a) Concentration of Advances

(Amo	unt in Rs. crore)
Total Advances to twenty largest borrowers	330.31
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	40.29%

b) Concentration of Exposures

(Amount	in Rs. crore)
Total Exposure to twenty largest borrowers / customers	359.50
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the	29.84%
NBFC on borrowers / customers	

c) Concentration of NPAs

	(Amount in Rs. crore)
Total Exposure to top four NPA accounts	65.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

d) Sector-wise NPAs:

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
1	Agriculture & allied activities	-
2	MSME	13.95
3	Corporate borrowers	217.80
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-

e) Movement of NPA:

			(Amo	ount in Rs. crore)
		Doutioulove	As at	As at
		Particulars	31.03.2015	31.03.2014
(i)	Net	t NPAs to Net Advances (%)	10.78%	20.08%
(ii)	Mo	ovement of NPAs (Gross)		5
	(a)	Opening balance	237.74	49.41
	(b)	Additions during the year	52.12	213.38
	(c)	Reductions/write-offs during the year	(58.10)	(25.05)
	(d)	Closing balance	231.75	237.74
(iii)	Mo	ovement of Net NPAs		
	(a)	Opening balance	162.95	38.49
	(b)	Additions during the year	(66.90)	143.90
	(c)	Reductions/write-offs during the year	(24.95)	(19.44)
	(d)	Closing balance	71.09	162.95
(iv)	Mc	ovement of provisions for NPAs (excluding provisions	on standard assets)	
	(a)	Opening balance	74.79	10.92
	(b)	Provisions made during the year	119.02	69.48
	(c)	Write-off / write-back of excess provisions	(33.15)	(5.61)
	(d)	Closing balance	160.66	74.79

- **39.** 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:

Particulars	As at 31.03	3.2015	As at 31.03	.2014
	Outstanding	Overdue	Outstanding	Overdue
a) Debentures/ Bonds	1			
- Secured	1,051,890,139		1,081,046,739	
- Unsecured	1,325,747,939	-	1,351,261,644	
b) Deferred Credits	-	·	-	
c) Term Loans (including demand loan)	2,401,300,033	-	4,245,867,883	



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	-	-	-	-
f) Other Loans (Cash Credit and Overdraft)	1,132,196,655	-	533,458,452	-

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:

Particular	As at 31.03.2015	As at 31.03.2014
a. Secured	1,980,716,456	2,130,897,509
b. Unsecured	7,771,224,819	8,047,905,877
Total	9,751,941,275	1,0178,803,386

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

Pa	rticular	As at 31.03.2015	As at 31.03.2014
1.	Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease	-	-
	(b) Operating lease	-	-
2.	Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
3.	Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-

(D) Break up of Investments:

Partic	cular		As at 31.03.2015	As at 31.03.2014
C	urrent li	nvestment		
1.	Quote	ed:		
	(i)	Shares : Equity	-	
		: Preference	-	
	(ii)	Debentures and Bonds	-	
	(iii)	Units of Mutual Funds	-	
	(iv)	Government Securities		
	(v)	Other	·	
	Unqu	oted:		
	(i)	Shares : Equity		
		: Preference	-	
	(ii)	Debentures and Bonds	19,200,000	19,200,00
	(iii)	Units of Mutual Funds	-	
	(iv)	Government Securities		
	(v)	Other	-	
Lo	ong Terr	n Investment		
	Quot	ed:		
	(i)	Shares : Equity	25,228,963	25,228,96
		: Preference	-	
	(ii)	Debentures and Bonds	-	



(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	
(v)	Other	-	-
Unqu	oted:		
(i)	Shares : Equity	-	-
	: Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(i∨)	Government Securities	-	-
(v)	Other	-	-

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

Particulars	Am	nount net of Provis	ions
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
Other than related parties	1,980,716,456	6,164,616,036	8,145,332,492
Total	1,980,716,456	6,164,616,036	8,145,332,492
(Previous Year)	2,130,897,509	7,300,033,482	9,430,930,991

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

Ca	tegory	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	35,032,923	44,428,963
	(previous year)	(45,507,184)	(44,428,963)

(G) Other Information:

Part	iculars	As at 31.03.2015	As at 31.03.2014
3. (Gross Non-Performing Assets		
(a) Related Parties	_	-
(b) Other than Related Parties	2,317,543,273	2,377,365,805
4. 1	Net Non-Performing Assets		
(a) Related Parties	_	-
(b) Other than Related Parties	710,934,490	1,629,493,410
5. A	Assets acquired in satisfaction of debts	-	



moder () tend () loss loss <thloss< th=""> <thlos< th=""><th></th><th>Types of Restructuring</th><th>uring</th><th></th><th>Unde</th><th>Under CDR Scheme</th><th>ame</th><th></th><th></th><th></th><th>Others</th><th></th><th></th><th></th><th></th><th>Total</th><th></th><th></th></thlos<></thloss<>		Types of Restructuring	uring		Unde	Under CDR Scheme	ame				Others					Total		
		Asset Classificati				Doubtful								Standard	Sub-	Doubtful		Total
		Details													Standard			
Restructured Accounts and April 01, 2014 Amount outstanding 14.68 - 1 2 3 3 4 2 <th2< th=""> 2 2 2</th2<>			No. of borrowers	1	0	0	1		1	2	0	1	4	2				9
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	7		Amount outstanding	14.68	1	1	12.50	27.18	5.55	13.64	•	15.00	34.19	20.23	13.64		27.50	61.37
			Provision thereon	4.89		1	12.50	17.39	0.03	2.06	•	15.00	17.09	4.92			27.50	34.48
Fresh retructuring during the year (refer hore 1 below) Amount outstanding 1.3.1 1.3.4 1.4.9.1 1.3.3 1.4.9.1 1.2.2.3			No. of borrowers	1				1		1		2	З	1	1	0	2	4
$ \frac{1}{10000000000000000000000000000000000$	2		Amount outstanding	13.49		•	2	13.49		14.91	•	22.24	37.15	13.49	14.91	1	22.24	50.64
Upgradations to restructured standard detageoy No. of borrowers 0			Provision thereon	2.31	1	•	'	2.31		2.24	•	22.24	24.48	2.31		1	22.24	26.79
Upgadations to retructured standard caregoy Amount outstanding -			No. of borrowers	0		0	0				0		0					0
Provision thereon -	ŝ		Amount outstanding	T	1	1	,	1	1	1	1		•	1	r	- 1		
Restructured standard advances No. of borrowers O<			Provision thereon	•		1	•	•		•	ĩ		•	•	1	•		'
which ceases to attract higher provisionity and / or additional fix why and mene need not standard advances at the Provision thereon -		Restructred standard advances	No. of borrowers					0					0					0
risk weight and hence need not be shown as restructured be shown as restructured be shown as restructured homon cutstanding of the next varImage: shown as restructured be shown as restructured be shown as restructured No of borrowersImage: shown as restructured standard advances at the Provision thereonImage: shown as restructured accounts during the varImage: shown as restructured 				1		1	I	1	L				I.	1	•	•		•
standard advances at the Provision thereon ·	4																	
beginning of the next year No. of borrowers 0 0 -1 -1 -1 -1 2 1 -1 -1 1			Provision thereon	1	'	1	1	'	1	•			•	1	•	•		'
Downgradations of restructured accounts during the year No. of borrowers 0 0 -1 -1 -1 1 -1 1 -1 -1 -1 1 1 1 2 1 -1 -1 1 1 accounts during the year Amount outstanding - - 12.50 12.50 5.55 11.37 18.05 22.71 0.03 1.71 6.40 5.55 Provision thereon - - 12.50 12.50 0.03 1.71 6.40 18.05 22.71 0.03 1.71 6.40 5.55 Nor of borrowers - - 12.50 12.50 0.03 1.71 6.40 18.05 22.71 0.03 0 0 22.55 22.55 1.37 1.37 5.55 Write-Offs of restructured Amount outstanding - - 12.50 22.50 22.50 22.50 22.56 22.56 22.56 22.56 22.56 22.56 22.56 22.56		beginning of the next year																
accounts during the year Amount outstanding - - 12.50 - 5.55 - 11.37 18.05 12.50 - 5.55 - 11.37 5.55 - 11.37 5.55 Provision thereon - - - - 12.50 - 12.50 - 5.55 - 11.37 5.55 Write-Offs of restructured Mount outstanding - - 12.50 - 12.50 - 13.05 22.77 - 0.03 - 17.1 6.40 5.55 Write-Offs of restructured Amount outstanding - - 12.50 - 22.50 22.50 - 2 22.50 No. of borrowers - - - 1 2 2 0 0 0 0 2 2.5.50 - 1 22.55 - 1 22.55 - 22.55 - 1 22.55 - 1 22.55 - 1 <t< td=""><td></td><td>Downgradations of restructured</td><td>No. of borrowers</td><td>0</td><td></td><td></td><td></td><td></td><td></td><td></td><td>1</td><td></td><td>1</td><td></td><td></td><td></td><td></td><td>0</td></t<>		Downgradations of restructured	No. of borrowers	0							1		1					0
Provision thereon - - - 12.50 - 0.03 - 1.71 6.40 18.05 22.71 - 0.03 - 1.71 6.40 5.55 Write-Offs of restructured Amount outstanding - - - 12.50 - - 2 0	2	accounts during the year	Amount outstanding	1	1	1	- 12.50				11.37	18.05	12.50	- 5.55	,	11.37	5.55	(*)
Write-Offs of restructured accounts during the year No. of borrowers Image: constant outstanding Image: constant outstant outstanding Image: constant outstant outstanding Image: constant outstant outs			Provision thereon	1	1	1	- 12.50	1		,	6.40		22.71	- 0.03	,	6.40	5.55	10.21
Write-Offs of restructured accounts during the year Amount outstanding - - - 22.50 - - - 22.50 Provision thereon - - - - - 22.50 - - - 22.50 Reduction in Principal/Provision Mount outstanding - - - - 2 - - 22.50 - - - 22.50 - - 22.50 - - 22.50 - - 22.50 - - 22.50 - - 22.50 - - 22.50 - - 22.50 - - 22.50 - - 22.50 - - 22.55 - 0.035 - 0.035 - 0.035 - 0.035 - 0.035 - 0.035 - 0.035 - 0.035 - 0.035 - 0.035 - 0.035 - 0.032 0.13 0.32.44 30.10			No. of borrowers					0		•		2	2					
Frontision thereon - - - - 2.5.50 - - - 2.5.50 No. of borrowers No. of borrowers - - - 2.00 - - - 2.00 Reduction in Principal/Provision Amount outstanding - - - 1.28 - 0.35 1.63 - - 0.35 0.35 - 0.35 0.35 - 0.35 0.35 - 0.35 0.35 - 0.35 0.35 - 0.35 0.35 - 0.35 0.35 - 0.35 - 0.35 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 - 0.35 -	9	Write- Offs of restructured accounts during the vear	Amount outstanding	L	. 1	'	1	'	1			22.50	22.50		•	'	22.50	
No. of borrowers No. of borrowers<	_		Provision thereon	•	1	1	'	'	•			22.50	22.50	1	•		22.50	22.50
Reduction in Principal/Provision Amount outstanding - - - 1.28 - 1.28 - 1.28 - 0.35 Provision thereon - - - - - 0.35 1.63 - 1.28 - 0.35 Provision thereon - - - - 0 0 0 0 0 2 1 3 6 2 2 1 0.35 No. of borrowers 2 0 0 0 0 2 1 3 6 2 2 1 0.35 March 31, 2015 Amount outstanding 28.17 - 28.17 - 15.90 11.37 32.44 59.71 28.17 15.90 11.37 32.44 59.71 28.17 15.90 11.37 32.44 59.71 28.17 15.90 11.37 32.44 59.71 28.17 11.37 32.44 50.71 2.39 6.40 32.44 50.70	1		No. of borrowers							2.00)				
Provision thereon - - - 0.35 - 0.35 - 0.20 - 0.35 No. of borrowers 2 0 0 0 2 0 2 1 3 6 2 2 1 Restructured accounts as on March 31, 2015 Amount outstanding 28.17 - - 28.17 - 15.90 11.37 32.44 59.71 28.17 15.90 11.37 32.44 March 31, 2015 7.20 - - - 7.20 - 17.30 5.34 6.40 32.44 41.23 7.20 2.39 6.40 32.44	Land Land	Reduction in Principal/Provision	Amount outstanding	,	,	1	•	'		1.28	3	0.35	1.63	1	1.28		0.35	1.63
No. of borrowers 2 0 2 1 3 6 2 2 1 Restructured accounts as on March 31, 2015 Amount outstanding 28.17 - 28.17 - 15.90 11.37 32.44 59.71 28.17 15.90 11.37 32.44 March 31, 2015 Provision thereon 7.20 - - 7.20 2.39 6.40 32.44 41.23 7.20 2.39 6.40 32.44	A DI		Provision thereon	•					•	0.20	'	0.35	0.55	1	0.20		0.35	0.55
Restructured accounts as on Amount outstanding 28.17 - 28.17 - 15.90 11.37 32.44 59.71 28.17 15.90 11.37 March 31, 2015 Provision thereon 7.20 - - 7.20 - 2.39 6.40 32.44 41.23 7.20 2.39 6.40			No. of borrowers	2													m	~
Provision thereon 7.20 7.20 - 7.20 - 2.39 6.40 32.44 41.23 7.20 2.39 6.40	8			28.17		1	1	28.17		15.90	11.37	32.44	59.71	28.17				87.88
	1		Provision thereon	7.20	•	'	•	7.20	•	2.39			41.23					48.43

Note 1. includes one case of Rs. 7.50 crore restrucutred in earlier year.

Note on Restructuring 40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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. 45.67 crore during the current year (Previous year – Rs. 23.05 crore).
- b. Apart from above in 15 suspected fraud cases out of which in 14 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. Advances do not include write-off cases against which legal proceedings in the nature of criminal and / or civil or pending. Legal expenses on these cases are being incurred and debited to profit & Loss account.
- 43. 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

Date: April 30, 2015 Place: New Delhi For and on behalf of Board of Directors

(Bikash Kanti Roy) Managing Director

sol

DIN-02171876

(Lalit Bansal) CFO

(Sudhir Garg) Director DIN- 06777363

Ankur Agarwal)

Company Secretary