IFCI FACTORS LIMITED

29TH ANNUAL REPORT

2023-24

CONTENTS

IFCI FACTORS LIMITED

Corporate Information

As on September 04, 2024

Board of Directors

Mr. Sachikanta Mishra	Director & Non-Executive Chairman
Ms. Pooja Mahajan	Director
Mr. Suresh Kumar Jain	Director
Mr. Ashok Kumar Motwani	Director
Mr. Alan Savio	Managing Director
Mr. Himnashu Sharma	Additional Director

Registered Office

7th Floor, IFCI Tower,
61 Nehru Place,
New Delhi 110019

Website & Email Id

www.ifcifactors.com
smitkumar@ifcifactors.com

Company Secretary

Mr. Smit Kumar

Chief Financial Officer

Mr. Chirag Sapra

Principal Officers

Mr. Prafulla Sharma
Senior Associate Vice President

Statutory Auditors

Raghu Nath Rai & Co.
Chartered Accountants, New Delhi

Debenture Trustee

Vistra ITCL (India) Limited
The IL&FS Financial Centre,
Plot C- 22, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai 400051
Tel: +91 22 2659 3535

Bankers

Canara Bank

NOTICE

NOTICE is hereby given that the Twenty-Ninth (29th) Annual General Meeting of the Members of IFCI Factors Limited will be held on Thursday, the 26th day of September, 2024 at 10:00 A.M. through Video Conferencing (VC)/ Other Audio Video Means (OAVM) in accordance with the applicable provisions of the Companies Act, 2013 read with the Circulars issued by Ministry of Corporate Affairs in this regard, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2024 and the report of the Board of Directors and Auditors thereon by passing the following resolution.

   "**RESOLVED THAT** the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 including Audited Balance Sheet as at March 31, 2024, the Profit & Loss Statement and Statement of Changes in Equity for the year ended March 31, 2024 along with the Cash Flow Statement derived from the Financial Statement for the year ended March 31, 2024 and Notes to the Financial Statements of the Company for the year ended March 31, 2024, together with Reports of Board of Directors and Auditors thereon, be and are hereby adopted."

2. To appoint a Director in place of Mr. Ashok Kumar Motwani (DIN: 00088225), who retires by rotation and being eligible, offers himself for re-appointment and to pass the following Resolution, with or without modification(s), as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof) Ashok Kumar Motwani (DIN: 00088225), who was appointed on August 09, 2021 as Director liable to retire by rotation at the Annual General Meeting held and who retires by rotation at this meeting, and being eligible for re-appointment, be and is hereby re-appointed as Director (Non-executive) of the Company, whose period of office shall be liable to determination by retirement by rotation."

3. To fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2024-25 as appointed by the Comptroller & Auditor General of India and to pass the following Resolution, with or without modification(s), as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139(5), 142 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company appointed by Comptroller and Auditor General of India for the Financial Year 2024-25, as may be deemed fit."

SPECIAL BUSINESS

4. Appointment of Mr. Himanshu Sharma (DIN No.- 07161097) as a Director of the Company:

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

   "**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Himanshu Sharma (DIN No.- 07161097), who was appointed as Additional Director of the Company w.e.f. September 04, 2024 and in respect of whom the Company has received a notice in writing from a member (IFCI Limited) proposing his candidature for the office of Director, be and is hereby appointed as a Director (Non-Executive) of the Company liable to retire by rotation."

By Order of Board of Directors

September 04, 2024
New Delhi

Smit Kumar
Company Secretary

IFCI Factors Limited
Registered Office:
7th Floor, IFCI Tower, 61,
Nehru Place, New Delhi – 110019
CIN: U74899DL1995GOI074649
Phone: +91-11-41642805
Website: www.ifcifactors.com
Email: smitkumar@ifcifactors.com

Notes:

1. The Ministry of Corporate Affairs ('MCA') has vide its circular dated 29th December 2022 read with circulars dated 8th April 2020 and 13th April 2020 (collectively referred to as 'MCA Circulars') permitted holding of the Annual General Meeting ('AGM') through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act') and MCA Circulars, the AGM of the Company is being conducted through VC/OAVM hereinafter called as 'e-AGM'.

2. The deemed venue for the 29th e-AGM shall be the Registered Office of the Company at 7th Floor, IFCI Tower, Nehru Place, New Delhi - 110019.
3. Attendance of the Members participating in the 29th AGM through VC/OAVM Facility shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM and hence the Proxy Form are not annexed to this Notice.
5. Institutional/Corporate shareholders (i.e. other than individuals/HUF etc.) are required to send a scanned copy (pdf/jpg format) of its board or governing body's Resolution/authorisation, etc., authorising their representative to attend the AGM on its behalf and to vote. The said resolution/authorisation may be sent to by e- mail through their registered email address to smitkumar@ifcifactors.com.
6. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the e-AGM.
7. In terms of sections 101 and 136 of the Act, read with the rules made thereunder, companies may send the notice of AGM and the annual report, including financial statements, boards' report, etc. by electronic mode. Pursuant to the said provisions of the Act read with MCA Circulars, notice of the 29th e-AGM along with the Annual Report for FY 2023-2024 is being sent only through electronic mode to those members whose email addresses are registered with the Company. Members may note that the Notice and Annual Report for FY 2023-2024 will also be available on the Company's website at www.ifcifactors.com
8. Members shall receive necessary information/procedure separately at their registered e-mail addresses to enable them to access the audio-video facility for participation in the meeting.
9. Members are informed that in case a demand for poll is made by any member in respect to any item, the members shall cast their vote on the resolutions only by sending emails through email addresses which are registered with the Company. The voting shall be sent to the Company by e-mail through its registered email address to smitkumar@ifcifactors.com.
10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address to smitkumar@ifcifactors.com for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
11. Members are requested to kindly communicate immediately any change in their address, if any, to the Company Secretary at the Registered Office of the Company.
12. All documents referred to in the Notice calling the AGM and the Explanatory Statement are available with the Company for inspection by the Members. The same will be shared with the members on receipt of request.
13. Since the meeting will be conducted through VC/OAVM facility, attendance slip and route map is not annexed to this Notice.

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

ITEM No.4

The Board of Directors in its meeting held on September 04, 2024, appointed Mr. Himanshu Sharma (DIN- 07161097), as Additional Director w.e.f. September 03, 2024. The Nomination and Remuneration Committee and Board of Directors at its meeting held on September 04, 2024 recommended the appointment of Mr. Himanshu Sharma as Director liable to retire by rotation based on the candidature for his appointment as Director received from him.

The brief profile of Mr. Himanshu Sharma is given below.

Mr. Himanshu Sharma is an accomplished professional with an MBA in Human Resource Management from Panjab University. With over 23 years of experience, he has held key positions at IFCI Ltd., including General Manager (Human Resources) and Managing Director of HIMCON (erstwhile Associate organisation of IFCI Ltd). His expertise spans performance management, talent management, compensation, and employee relations. Mr. Himanshu has successfully implemented HR strategies, conducted training programs, and managed HR processes, contributing significantly to organizational growth and employee satisfaction.

Except Mr. Himanshu Sharma being appointee none of the Director/Key Managerial Personnel of the Company and their relatives are in any way concerned or interested in the resolution.

Name	Mr. Ashok Kumar Motwani	Mr. Himanshu Sharma
Date of Birth, Age	17/11/1956, 64	22/03/1978, 46
DIN No.	00088225	07161097
Qualifications	B.Com, MBA and CAIIB	MBA (Human Resource Management) , Punjab University
Date of first appointment on Board	19/08/2021	03/09/2024
Experience	Mr. Ashok Kumar Motwani is a Finance professional with over three decades of experience in the core areas of Investment & Corporate Banking, Project Appraisal and Advisory services, Structured Finance, Debt Syndication, Trusteeship Activities, Custodial Services, NPA resolution etc. The above experience includes 4 years stint as Managing Director & CEO of IDBI Trusteeship Services Ltd. (ITSL). From May 2011 till July 2014, he was Managing Director & CEO of Stock Holding Corporation of India Ltd (SHCIL), (on deputation from IDBI Bank). IDBI Bank divested its entire shareholding in SHCIL and he opted to get repatriated to his parent organization viz. IDBI Bank in August 2014. He took premature retirement as Chief General Manager of IDBI Bank in August 2016.	With over 23 years of experience, he has held key positions at IFCI Ltd., including General Manager (Human Resources) and Managing Director of HIMCON (erstwhile Associate organisation of IFCI Limited). His expertise spans performance management, talent management, compensation, and employee relations. Shri Himanshu has successfully implemented HR strategies, conducted training programs, and managed HR processes, contributing significantly to organizational growth and employee satisfaction.
Terms and condition of Appointment	Appointed as Non-Executive, Non-Independent Director	Appointed as Non-Executive, Non-Independent Director
No. of Meetings of the Board attended during the financial year 2023-24.	5/5	N/A

(Attended/Held)		
Other Directorships	1. Stock Holding Corporation of India Limited.	Nil
Membership/ Chairmanship of Committees of other Boards	Stock Holding Corporation of India Ltd. **Member of following Committee** ➢ CSR Committee ➢ Audit Committee ➢ Nomination & Remuneration Committee ➢ New Initiative Committee	None
Remuneration	Entitled for sitting fees as per Nomination and Remuneration Policy of the Company for attending Meetings of Board & Committees	N/A
Relationship with other Director inter-se and with Key Managerial Personnel of the Company	None	None
Shareholding in the Company	Nil	Nil

DIRECTORS' REPORT

TO THE MEMBERS

The Board of Directors of your Company ("Company" or "IFL") is presenting the 29th Annual Report of the Company together with the Audited Financial Statement for the year ended on March 31, 2024.

Financial Summary

The Financial Results of the Company for the Financial Year 2023-24 as per Indian Accounting Standard (Ind - AS) are summarized below:

(Rs. in lakh)

Particulars	Year ended 31.03.2024	Year ended 31.03.2023
Total Income	2,188.17	1,475.57
Expenditure		
- Finance Cost	215.05	1,470.78
- Employee benefits Expenses	349.68	551.25
- Depreciation, amortization & impairment	7.08	16.49
- Impairment on Financial Assets	1617.03	(798.04)
- Other Expenses	155.13	289.44
Total Expenditure	2,344.57	1,529.92
Profit/(Loss) before exceptional items and tax	(156.40)	(54.34)
Profit / (Loss) Before Tax	(156.40)	(54.34)
Tax Expense		
- Current Tax	-	-
- Deferred Tax	8637.51	(367.49)
Profit/ (Loss) After Tax	(8,793.91)	(421.83)

State of affairs of the Company

The exposures taken by your Company during earlier years were primarily by way of Factoring products, which are generally unsecured and not backed by collateral. Adverse macroeconomic conditions and industry developments caused significant deterioration in the financial position and performance of borrowers and their debtors, which resulted in deterioration of asset quality and increase in Non-Performing Assets (NPAs). Over the years your Company made persistent efforts towards recovery from stressed assets and NPAs. However, the company faced various challenges including no recourse to the Debt Recovery Tribunal (DRT), lengthy legal proceedings, remote possibility of recovery under IBC as an unsecured creditor etc. In certain exposures where your company had collateral, the company faced challenges in monetizing the collateral in a timely manner owing to volatility in market conditions as also other externalities that created impediments to recovery under the

SARFAESI Act, 2002. Accordingly, recovery has been uncertain, long drawn, sporadic and subdued in comparison to the exposures taken.

On the liability side, the outstanding Non Convertible Debentures (NCDs) of Rs.141.10 crore issued by your company in 2013 fell due for repayment in April and May 2023. Considering the subdued recovery and the need to generate liquidity to meet the debt servicing obligations, the Board of directed the Company to focus on clean-up of the Balance Sheet and monetization of its legacy accounts in a time bound manner. During FY 2023-24, your company monetized 57 accounts by way of assignment to Asset Reconstruction Company (ARC) by way of open market processes. In the interim, your Company also availed a Bridge Loan Facility of Rs.19 crore from the Holding Company, IFCI Limited for liquidity support to repay its outstanding Non Convertible Debentures. The steps taken by your Company ensured that all its debt servicing obligations towards the NCDs were honoured without any delays. The Bridge Loan Facility availed by the Company was also entirely repaid during the financial year. Your company did not have any external borrowings as on March 31, 2024.

The Board of Directors of your Company accorded in-principle approval for surrender of your Company’s Certificate of Registration (CoR) as an NBFC-Factor upon monetization of its financial assets. The monetization of the last 5 financial assets of your company crystalized only during FY 2024-25. Further action in respect of surrender of the CoR will be taken in consultation with the promoters. In this regard, it is submitted that IFCI Factors Limited is a Government of India Company and there are specific guidelines for closure of Government Companies, which have not been invoked for your company. As on date the CoR has not been surrendered.

Certificate of Registration as NBFC-Factor

Your Company holds a Certificate of Registration as NBFC–Factor issued by Reserve Bank of India and is a Non-Deposit taking Systemically Important NBFC Factor (NBFC–ND- SI-Factor). The company is a Non-Banking Financial Company (NBFC) as defined in section 45-1 (a) of the RBI Act and is registered with the Reserve Bank of India (RBI) as an NBFC — Factor with the RBI. As regards the Principal Business Criteria as laid down vide the Reserve Bank's press release dated April 08, 1999, and directions issued by DNBR, your company reports that as on March 31, 2024, the percentage of factoring assets to total assets was nil and was at variance with the stipulated ratio of 50% owing to closure / assignment of all factoring accounts. Pursuant to the monteization of all factoring accounts, the percentage of factoring income to total income is nil as on June 30, 2024, which is at variance with the stipulated ratio of 50%.

Dividend

With regard to the performance of your Company for the period ended on March 31, 2024, in view of losses for the year, no dividend on Equity Shares has been recommended by the Board for the year ended March 31, 2024. In view of loss incurred by the Company, the arrear of dividend on 9% Compulsory Convertible Cumulative Preference Shares and 10% Compulsory

Convertible Cumulative Preference Shares amounting to Rs.61.03 crore stands accumulated to the next year.

Transfer to Reserves

Your Company has not transferred any amount to General Reserve in Financial Year 2023-24, as it has incurred a loss after tax of Rs.(8,793.91) lakh.

Capital Structure / alteration of Share Capital

The capital structure of your Company is as follows:

Authorized Share Capital

30,00,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 300,00,00,000/-.
20,00,00,000 Preference Shares of Rs. 10/-each aggregating to Rs. 200,00,00,000/-.

Issued, Subscribed and Paid-up Capital

27,94,38,860 Equity Shares of Rs. 10/- each aggregating to Rs. 2,79,43,88,600 /-.

During the Financial Year 2023-24, there was no change in Authorized Share Capital, Issued, Subscribed and Paid-up Capital of your Company.

Change in status of your Company

There has been no change in status of your Company, during the financial year ended 31 March, 2024.

Directors and Key Managerial Personnel

The Board of Directors of your Company consists of six Directors as on March 31, 2024, which includes five Non-Executive Directors and one Managing Director. Mr. Manoj Mittal (MD & CEO, IFCI Limited) ceased as Nominee Director (Non-Executive) and Chairman of IFCI Factors Limited (IFL) w.e.f. December 20, 2023 due to withdrawal of his nomination by IFCI Limited (Holding Company) and Mr. Rahul Bhave (DMD, IFCI Limited) was appointed as Nominee Director (Non-Executive) and Chairman w.e.f. December 20, 2023. Mr. Chirag Sapra was appointed as Chief Financial Officer (CFO) of IFL and Mr. Manish Jain ceased as CFO of IFL w.e.f. September 21, 2023. Mr. Sachikanta Mishra (ED, IFCI Limited) was appointed as Chairman (Non-executive) w.e.f. August 16, 2024. In terms of the provisions of Section 152 of the Companies Act, 2013, Mr. Ashok Kumar Motwani, Non-Executive Director, will retire by rotation at the Annual General Meeting and being eligible offers himself for reappointment at the ensuing Annual General Meeting.

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

i) Mr. Manoj Mittal ceased as Nominee Director (Non-Executive) and Chairman of IFCI Factors Limited (IFL) w.e.f. December 20, 2023 due to withdrawal of his nomination by IFCI Limited (Holding Company) and Mr. Rahul Bhave (DMD, IFCI) was appointed as Nominee Director (Non-Executive) and Chairman of IFL w.e.f. December 20, 2023;
ii) Mr. Chirag Sapra was appointed as Chief Financial Officer (CFO) of IFL and Mr. Manish Jain ceased as CFO of IFL w.e.f. September 21, 2023.

Nomination & Remuneration Policy

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

Board Evaluation

As per Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs, Government companies are exempted from complying with the provisions of sub section (2), (3) and (4) of Section 178 of the Companies Act, 2013. Your Company being a Government Company is not required to disclose the Nomination and Remuneration Policy and carry out the evaluation of every Director's performance. However, as a good practice, the Nomination and Remuneration Committee and Board have carried out the evaluation of individual directors, the Committees of the Board and the Board as a whole for FY 2023-24.

Particulars of Employees

As on March 31, 2024 IFL had 13 full time employees. With the reduction in level of operations, in order to ensure the optimum utilization of manpower, IFL has deputed 9 out of 13 employees to IFCI group companies.

Managerial Remuneration

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

Contracts or arrangements with Related Parties

The Related Party Transactions during the year have been disclosed in the note no. 31 to the Notes to Accounts and Form No. AOC-2. The Related Party Transactions were in the normal course of business and were carried out at arm's length basis. The Policy on Related Party

Transactions as approved by the Board of Directors and Form AOC-2 is enclosed as Annexure I. The said Policy is also uploaded on the website of your Company at www.ifcifactors.com.

Annual Return

Pursuant to the provisions of the Companies Act, 2013, the Company shall place a copy of the annual return in prescribed format on the website of the company.

Corporate Social Responsibility (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, your Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms of provisions of Section 135 (1) every company having net worth of Rupees five hundred crore or more, or turnover of Rupees one thousand crore or more or a net profit of Rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director.

However, as per provisions of rule 3(2) of Companies (Corporate Social Responsibility Policy) Rules, every company which ceases to be a company covered under section 135 (1) of the Companies Act, 2013 for three consecutive financial years shall not be required to constitute a CSR Committee and comply with the provisions contained in Section 135 (2) to (6) of the Companies Act, 2013. In view of the above mentioned provisions, IFCI Factors Ltd. didn’t fall under the criteria mentioned in Section 135 (1) of the Companies Act, 2013 for three consecutive financial years and hence the CSR Committee was dissolved by the Board in its meeting held on October 08, 2021.

Fixed Deposits

During the financial year ended March 31, 2024, your Company has not accepted any deposits from the public. A confirmation by the Board in this regard has been submitted to RBI.

Number of meetings of the Board

The Board meets at regular intervals and the maximum interval between any two meetings did not exceed the maximum interval as per the Companies Act, 2013.

The Board met five times during the Financial Year 2023-2024 viz., on May 12, 2023, May 22, 2023, August 09, 2023, November 07, 2023, and February 07, 2024.

Composition of Audit Committee

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

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

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

Your Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. The Company has an Internal Complaint Committee to redress any issue related to sexual harassment in the organisation and to provide a safe and secure environment to employees in the organisation.

The disclosure as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for Financial Year 2023-24 is given below:

Number of complaints filed during the financial year: Nil
Number of complaints disposed of during the financial year: Nil
Number of complaints pending as on end of the financial year: Nil

Independent Directors' Declaration

IFCI Factors Limited is a Government Company, the power to appoint the Independent Directors vests with the Administrative Ministry in charge i.e. Ministry of Finance, Department of Financial Services (DFS). DFS has already been requested to appoint Independent Directors. Since there is no independent director on the Board of Directors, the criteria of independence as prescribed under Sec 149 of the Companies Act, 2013, is not applicable.

Directors' Responsibility Statement

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

i) in the preparation of the annual accounts for the Financial Year 2023-24, the applicable accounting standards have been followed and there are no material departures;
ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv) the directors had prepared the annual accounts on a going concern basis;

v) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly;
vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and

Particulars of Loans, Guarantees and Investments

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

Internal Financial Control

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

Qualifications, Reservation or Adverse Remark or Disclaimer made by the Statutory Auditor

The Financial Results of the Company for the financial year FY 2023-24 were unqualified by the Statutory Auditors of the Company. However, the Statutory Auditors provided for certain 'Emphasis of Matter'. The complete Auditors' Report on the Standalone Financial Statements form part of the Annual Report.

Secretarial Audit Report

The Board of Directors of your Company appointed Ms. Neha Jain, Practicing Company Secretary, to conduct the Secretarial Audit of your Company. The Secretarial Audit Report for the FY 2023-24, as issued by them is enclosed as Annexure II. The Observations made by the Secretarial Auditors in their Secretarial Audit Report for the Financial Year 2023-24 and management replies thereon are as follows:-

	Observations	**Management's Reply**
(i)	The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors except Independent Directors.	In the absence of Independent Directors on the Board of the Company, the Company is not in compliance with the provisions of section 149 of the Companies Act, 2013.
(ii)	The Company was not in compliance with the provisions of section 149 of the Companies Act, 2013 read with Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, in respect of the appointment of requisite number of	Since IFCI Factors Limited is a Government Company, the power to appoint the Independent Directors vests with the Administrative Ministry in charge i.e. Ministry of Finance, Department of Financial Services (DFS).

	Observations	Management's Reply
	Independent Directors, as there is no independent director on the Board of the Company. The Company is a Government Company in terms of Companies Act, 2013 a prior approval from the Ministry of Finance to appoint any Independent Director on the Board of the Company, which is pending.	DFS has already been requested to appoint Independent Directors. Vide letter dated May 13, 2023, DFS has advised subsidiaries of IFCI to submit the request for filling up the post of Independent Directors to the parent company, IFCI Limited.
(iii)	The composition, chairmanship and quorum of meetings of Audit Committee & Nomination & Remuneration Committee, Risk Management Committee and composition of Stakeholders Relationship Committee were not in compliance with section 177 & 178 of the Companies Act, 2013.	IFL has been following up with IFCI Limited on the said matter and the last request was made vide email dated July 15, 2024. IFL has submitted its request to IFCI Limited for appointment of 2 Independent Directors on the Board of IFCI Factors Limited. Due to absence of Independent Directors on the Board of the Company, the Audit Committee, Nomination & Remuneration Committee and Risk Management and Asset Liability Management Committee were constituted without Independent Directors. Once the requisite number of Independent Directors are appointed, the Committees will be accordingly constituted.

Risk Management

Your Company has in place approved Risk Management Policy wherein all material risks faced by your Company are identified and assessed. Further, Risk Management is overseen by the Risk Management and Asset Liability Management Committee/Audit Committee on a continuous basis.

Material changes and commitment affecting financial position of the Company

Your company has monetized all its factoring / loan exposures and investments in Seurity Receipts. During FY 2023-24, your company monetized 57 accounts by way of assignment to Asset Reconstruction Company (ARC) by way of open market processes. As part of the monetization process your company has also sold / assigned 5 financial assets to IFCI Limited during Q1 FY 2024-25 after running open market based processes. As on June 30, 2024, your company has monetized all its factoring, loan exposures and its investment in Security Receipts.

Your Company holds a Certificate of Registration as NBFC–Factor issued by Reserve Bank of India and is a Non-Deposit taking Systemically Important NBFC Factor (NBFC–ND- SI-Factor). As regards the Principal Business Criteria as laid down vide the Reserve Bank's press release dated April 08, 1999, and directions issued by DNBR, your company reports that as on March 31, 2024, the percentage of factoring assets to total assets was nil and was at variance with the stipulated ratio of 50% owing to closure / assignment of all factoring accounts. Pursuant to the monetization of all factoring accounts, the percentage of factoring income to total income is nil as on June 30, 2024, which is at variance with the stipulated ratio of 50%.

The Board of Directors of your Company accorded in-principle approval for surrender of your Company's Certificate of Registration (CoR) as an NBFC-Factor upon monetization of its financial assets. The monetization of the last 5 financial assets of your company crystalized only during FY 2024-25. Further action in respect of surrender of the CoR will be taken in consultation with the promoters. In this regard, it is submitted that IFCI Factors Limited is a Government of India Company and there are specific guidelines for closure of Government Companies, which have not been invoked for your company. As on date the CoR has not been surrendered.

Vigil Mechanism

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

Subsidiaries/ Joint Venture/ Associate

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

Rating for Term Borrowings

During FY 2023-24, your Company redeemed its entire outstanding Non-Convertible Debenture (NCDs). Your company has no borrowings from bond holders or banks as on March 31, 2024.

Statutory Auditors & Auditors' Report

Comptroller and Auditor General of India (C&AG) vide their letter dated September 20, 2023, and subsequently revised letter dated October 27, 2023 appointed M/s. Raghu Nath Rai & Co. (FRN:000451N), Chartered Accountants as statutory auditors for the FY 2023-24.

Corporate Governance

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

Energy Conservation and Technology Absorption

Since the Company does not own any manufacturing facility, the other particulars relating to conservation of Energy and Technology Absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable.

Foreign exchange earnings and outgo

During the year under review, there was no expenditure in foreign exchange and there was no foreign exchange fluctuation Income during the financial year 2023-24.

Cost Records

The maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013, was not applicable to the Company.

Application made or proceedings pending under IBC, 2016

There is no application made or any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016.

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

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

Secretarial Standards

The Company is compliant with applicable Secretarial Standards.

Comments of Comptroller & Auditor General of India

The comments of Comptroller & Auditor General of India (C&AG) are placed at Annexure III along with the management responses.

Acknowledgement

The Directors wish to convey their appreciation to all the stakeholders for their support and contribution during the year.

For and on behalf of the Board of Directors

	Alan Savio Pacheco	Sachikanata Mishra
Date : September 04, 2024	Managing Director	Nominee Director
Place : New Delhi	DIN: 03497265	DIN : 02755068

Address : 7th Floor, IFCI Tower
61, Nehru Place, New Delhi 110019

Annexure-I

Form AOC-2

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

1. Details of contracts or arrangements or transactions not at Arm's length basis. – Not Applicable

Sl. No.	Particulars	Details
i.	Name (s) of the related party & nature of relationship	Not Applicable
ii.	Nature of contracts/arrangements/transaction	
iii.	Duration of the contracts/arrangements/transaction	
iv.	Salient terms of the contracts or arrangements or transaction including the value, if any	
v.	Justification for entering into such contracts or arrangements or transactions'	
vi.	Date of approval by the Board	
vii.	Amount paid as advances, if any	
viii.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No.	Particulars	Details	
i.	Name (s) of the related party & nature of relationship	IFCI Limited	
ii.	Nature of contracts / arrangements/ transaction	Salaries reimbursement of employees deputed, Rent and Maintenance, Interest Paid, Managerial Remuneration, Miscellaneous Expenses.	
iii.	Duration of the contracts/ arrangements/ transaction	N.A.	
iv.	Salient terms of the contracts or arrangements or transaction including the value, if any	**Particulars**	**Amount (in Rs.)**
		Rent & Maintenance	81,48,000.00
		Miscellaneous expenses	11,72,000.00
		Salary Reimbursement of employee deputed	1,17,07,000.00
		Interest Paid	87,23,000
		Loan Drawn / Repaid to IFCI Limited	19,00,00,000

v.	Date of approval by the Board	Omnibus approval date May 22, 2023
vi.	Amount paid as advances, if any	N.A

Sl. No.	Particulars	Details
i.	Name (s) of the related party & nature of relationship	IFCI Venture Capital Fund Limited
ii.	Nature of contracts / arrangements/ transaction	Salaries reimbursement of employees deputed.
iii.	Duration of the contracts/ arrangements/ transaction	N.A.
iv.	Salient terms of the contracts or arrangements or transaction including the value, if any	Salaries reimbursement of employees deputed – Rs.29.40 lakh
v.	Date of approval by the Board	Omnibus approval date May 22, 2023
vi.	Amount paid as advances, if any	N.A

Sl. No.	Particulars	Details
i.	Name (s) of the related party & nature of relationship	StockHolding DMS Limited
ii.	Nature of contracts / arrangements/ transaction	Payments towards storage
iii.	Duration of the contracts/ arrangements/ transaction	N.A.
iv.	Salient terms of the contracts or arrangements or transaction including the value, if any	Payments towards storage – Rs.1.55 lakh
v.	Date of approval by the Board	Omnibus approval date May 22, 2023
vi.	Amount paid as advances, if any	N.A

Sl. No.	Particulars	Details
i.	Name (s) of the related party & nature of relationship	Smit Kumar (Company Secretary) Manish Jain (CFO up to September 2023)
ii.	Nature of contracts / arrangements/ transaction	Compensation of Key Managerial Person
iii.	Duration of the contracts/ arrangements/ transaction	N.A.
iv.	Salient terms of the contracts or arrangements or transaction including the value, if any	Short term employee benefit (Manish Jain CFO upto September 2023 – Rs.1.55 lakh) Short term contractual benefits (Smit Kumar, Company Secretary -- Rs.5.40 lakh)
v.	Date of approval by the Board	Omnibus approval date May 22, 2023
vi.	Amount paid as advances, if any	N.A

For and on behalf of the Board of Directors

Alan Savio Pacheco
Managing Director
DIN: 02171876

Sachikanata Mishra
Nominee Director
DIN : 02755068

Date : September 04, 2024
Place : New Delhi

Address : 7th Floor, IFCI Tower
61, Nehru Place,
New Delhi 110019

Policy on Related Party Transactions

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 significant influence, but which is not a subsidiary company of the company having such influence and includes a joint Venture company.

Explanation- (a) the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;

(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;.

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

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

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

"Company" means IFCI Factors.

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

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

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

(i) Chief Executive Officer or the Managing Director or the Manager;

(ii) Company Secretary;
(iii) Whole-time Director;
(iv) Chief Financial Officer; and
(v) Such other officer of the Company as may be prescribed by the Ministry of Corporate Affairs (MCA) from time to time.
(vi) *"Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board"*

"Policy" means Policy on Related Party Transactions

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

i. a director or his relative;

ii. a key managerial personnel or his relative;

iii. a firm, in which director, manager or his relative is a partner;

iv. a private company in which a director or manager or his relative is a member or director;

v. a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;

vi. any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

vii. any person on whose advice, directions or instructions a director manager is accustomed to act:

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

viii. any body corporate 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;

(c) an investing company or the venturer of the company.

Explanation.—For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

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

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

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

"Relative" with reference to any person, means anyone who is related to another, if-
(i) They are members of a Hindu Undivided Family;
(ii) They are husband and wife; or
(iii) One person is related to the other in such manner as may be prescribed

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

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

1. Father including 'Step-Father'
2. Mother including 'Step-Mother'
3. Son including 'Step-Son' , Son's wife.
4. Daughter including 'Daughter's husband"
5. Brother including 'Step-Brother'
6. Sister including 'Step-Sister'

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

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

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

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

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

"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. <u>Approval by Audit Committee</u>

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

i) The Audit Committee shall, after obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval.

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

a. The Audit Committee may grant the omnibus approval in line with the policy on Related Party Transactions of the Company.

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

c. Such omnibus approval shall specify:
   i. The name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
   ii. The indicative base price/current contracted price and the formula for variation in the price if any, and
   iii. Such other conditions as Audit Committee may deem fit.

d. Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.

e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

f. Where the need for RPT cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

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

Provided further that in case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board

II. Approval by Board of Directors

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

i. Sale, purchase or supply of any goods or materials;
ii. Selling or otherwise disposing of, or buying, property of any kind;
iii. Leasing of property of any kind;
iv. Availing or rendering of any services;
v. Appointment of any agent for purchase or sale of goods, materials, services or property;

vi. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and Related Party Transactions.

Explanation-
the expression "office or place of profit" means any office or place-
Where such office or place of profit is held by a director, if the director holding it receives from the Company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

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

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

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

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

III. <u>Approval by Shareholders</u>

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

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

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

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

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

Provided that nothing contained in above clause shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties

Identification of Potential Related Party Transactions

Identification of Potential Related Party Transactions

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

Pre-requisites for entering into Potential Related Party Transactions

A. Audit Committee / Board Level Pre-requisites

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

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

i) The name of the related party and nature of relationship;

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

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

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

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

vi) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

vii) And other information relevant or important for the Board to take a decision on the proposed transaction.

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

B. Shareholders' Level Pre-requisites

For the approval of shareholders, a notice calling the General Meeting will be sent along with the explanatory statement to the Shareholders.
The Explanatory Statement to be annexed to the notice of a General Meeting convened for approval of the RPTs shall contain the following particulars, namely:-

Name of the Related party;
Name of the Director or Key Managerial Personnel who is related, if any;
Nature of relationship;
Nature, material terms, monetary value and particulars of the contract or arrangement;
Any other information relevant or important for the members to take a decision on the proposed resolution;

Transactions not previously approved

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

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

Disclosure Requirements

A. Disclosure by Board of Directors

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

B. Disclosure on Website

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

C. Disclosure in Board's Report

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

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

i. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) 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 was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors 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 the Company to proceed against a director or a KMP any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

ANNEXURE-II

CS Neha Jain

Address : 4/255, ChiranjivVihar, Ghaziabad-201002

Ph no-+919971665809 E.mail id – nehajainpcs@gmail.com

FORM NO MR -3
SECERETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2024
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
M/s. IFCI FACTORS LIMITED
CIN: U74899DL1995GOI074649
Regd. Office: 7th Floor, IFCI Tower, 61, Nehru Place,
New Delhi South Delhi - 110019

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by the **M/s. IFCI FACTORS LIMITED**. 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.

On the basis of the above and on our verification of documents, papers, minute books, form and returns filed and other records maintained by the company and also the information provided by the company its officers and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024 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 report that:

a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We have not verified the correctness and appropriateness of the financial records and Books of the Company.

CS NEHA JAIN Company Secretary

c) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc. The compliance of the provisions of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management.

We have examined the books, papers, minute books, form and returns filed and other records maintained by the company for the financial year ended on 31st March 2024 according to the provision of;

1 The Companies Act ,2013 (the Act) and the rules made thereunder to the extent applicable;
2 The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3 The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4 Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; ***[Not applicable for this F.Y]***
5 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; ***[Not applicable for this F.Y]***
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; ***[Not applicable for this F.Y]***
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; ***(No such event during audit period)***
   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; ***(No such event during 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 to the extent of securities issued;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; ***[Not applicable for this F.Y]***
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and ***[Not applicable for this F.Y]***
   i) Other laws informed by the management of the Company as applicable to the Company
   j) The Securities and Exchange Board of India (Listing obligation and Disclosure Requirement) Regulation, 2015

The management has identified and confirmed the following laws as specifically applicable to the company:

CS NEHA JAIN M. No. 9082 C.P. No. 1344 Company Secretaries

- Secretarial Standards with regard to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India
- The Reserve Bank Act, 1934
  - Master Directions Non-Banking Financial Company - Systematically Important Non Deposit taking Company (Reserve Bank) Directions, 2016- as updated upto August 29, 2023*).
- Master Direction – Reserve Bank of India (Non-Banking Financial Company Scale Based Regulation) Directions, 2023
- Debt listing agreements entered into by the Company with the BSE.

Having regard to the compliance system prevailing in the Company and on the basis of presentation and Reports made by Compliance Auditors of the Company, we further report that the Company has adequate system to ensure the compliance of the other applicable laws specifically to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors except Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the decisions in the Board and committee meetings are carried out by the majority as recorded in the minutes of the meetings of the Board of Directors and Committee of the Board as case may be

We further report that based on the information received and records maintained 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.

1. The Company was not in compliance with the provisions of section 149 of the Companies Act, 2013 read with Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, in respect of the appointment of requisite number of Independent Directors, as there is no independent director on the Board of the Company. The Company is a Government Company in terms of Companies Act, 2013 and a prior approval from the Ministry of Finance is required to appoint any Independent Director on the Board of the Company, which is pending.

CS NEHA JAIN Company Secretaries

2. The composition, chairmanship and quorum of meetings of Audit Committee & Nomination & Remuneration Committee, Risk Management Committee and composition of Stakeholders Relationship Committee were not in compliance with section 177 & 178 of the Companies Act, 2013.

We further report that during the audit period there were no specific events/actions having a major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, standards etc.

Date: 24.06.2024
Place: Ghaziabad

For Neha Jain
Company Secretaries
Peer Review- 4876/2023

CS Neha Jain
M. No.: ACS 30822
C P No.: 14344
UDIN: A030822F000611204

Notes:

1. *This report is made on the basis of the secretarial records produced by the Company. Moreover, the records are properly maintained and are in order.*

2. *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.*

CS Neha Jain

Address : 4/255, ChiranjivVihar, Ghaziabad-201002

Ph no-+919971665809 E.mail id – nehajainpcs@gmail.com

To,

The Members,
M/s. IFCI FACTORS LIMITED
CIN: U74899DL1995GOI074649
Regd. Office: 7th Floor, IFCI Tower, 61, Nehru Place,
New Delhi South Delhi - 110019

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

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events, etc.
5. The compliances of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit reports are neither an assurance as to future viability of the company nor of the efficacy of effectiveness with which the management has conducted the affairs of the company.

Date: 24.06.2024
Place: Ghaziabad

For Neha Jain
Company Secretaries
Peer Review- 4876/2023

CS NEHA JAIN M. No. 30822 C.P. 14344 Company Secretaries

CS Neha Jain
M. No.: ACS 30822
C P No.: 14344
UDIN A030822F000611204

ANNEXURE-III

कार्यालय महानिदेशक लेखापरीक्षा,
उधोग एंव कॉर्पोरेट कार्य
ए.जी.सी.आर. भवन, आई.पी. एस्टेट,
नई दिल्ली-110 002

OFFICE OF THE DIRECTOR GENERAL OF AUD
INDUSTRY AND CORPORATE AFFAIRS
A.G.C.R. BUILDING I.P. ESTATE,
NEW DELHI-110 002

संख्याःएएमजी-II/वार्षिक खाता/
IFL/(2023-24)/2024-25/171-1
दिनाँकः 14 AUG 2024

सेवा में

प्रबन्ध निदेशक,
आईएफसीआई फैक्टर्स लिमिटेड,
सातवाँ तल, आईएफसीआई टावर,
61, नेहरु प्लेस,
नई दिल्ली – 110 019

विषयः कंपनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत 31 मार्च 2024 को समाप्त वर्ष के लिए आईएफसीआई फैक्टर्स लिमिटेड के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

कंपनी अधिनियम 2013 की धारा 143(6) (b) के अंतर्गत 31 मार्च 2024 को समाप्त वर्ष के लिए आईएफसीआई फैक्टर्स लिमिटेड के वार्षिक लेखों पर उपरोक्त विषय संबंधित संलगन पत्र अग्रेपित है।

भवदीया,

एस· ए· पंडा
(एस. आह्लादिनी पंडा)
महानिदेशक लेखा परीक्षा
(उद्योग एवं कारपोरेट कार्य)
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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IFCI FACTORS LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of financial statements of IFCI Factors Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 April 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of IFCI Factors Limited for the year ended 31 March 2024 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A Comment on Profitability

A.1 Financial Assets – ₹ 1,899.37 Lakh
Investment (Note No. 4) – ₹ 934.43 Lakh
Other Comprehensive Income (OCI) – ₹ (173.29) Lakh

As per Significant Accounting Policies No.6(b)(I), a financial asset measured at Fair Value Through Other Comprehensive Income (FVTOCI) are subsequently measured at fair value and changes therein are recognised in Other Comprehensive Income (OCI).

The above Investment includes ₹ 6.71 crore being the value of 67150 Security Receipts (SRs) of ₹ 1,000 each fully paid up issued by Asset Reconstruction Company (ARC) namely Raytheon Assets Reconstruction Pvt. Ltd. (RARE). The above SRs were issued by RARE in lieu of stressed loan of Core Education & Technologies Limited (CETL) assigned to it by IFCI Factors Limited on 30th March 2017. As intimated by RARE (January 2024), Net Asset Value (NAV) of the above SRs as on 31st December 2023 was ₹ 6.71 crore.

As per Board Agenda (November 2023) of IFCI Factors Limited, RARE ARC has submitted that, post 5/8 years, it may have to make provision against outstanding SRs as per RBI guidelines and therefore, in the interest of majority SR holders, it is exploring acquisition/ purchase of SRs at a mutually agreeable price. Accordingly, RARE ARC proposed to buy outstanding SRs of IFCI Factors Limited for a consideration of ₹ 4.43 crore (i.e., ~66% of the face value of the SRs ₹ 6.71 crore).

Therefore, considering ₹ 6.71 crore as fair value of SRs instead of ₹ 4.43 crore resulted in overstatement of Investment and understatement of Other Comprehensive Income (negative balance) by ₹ 2.28 crore (i.e., ₹ 6.71 crore – ₹ 4.43 crore) each.

A.2 Profit/ (Loss) for the period after tax - ₹ (8,793.91) Lakh
Impairment Loss Allowance – ₹ (465) Lakh
Loans (Note 3) – ₹ 907.09 Lakh

As per RBI Master Directions of September 2016, company is required to create 100 *percent* provision to the extent to which the advance is not covered by the realisable value of security and 50 *percent* provision for the secured part of the doubtful loan lying for more than three years.

IFCI Factors Limited sanctioned (October 2015) a short-term loan of ₹ 14.50 crore to Pan India Infra Projects Private Limited (PIIPPL) secured by way of pari passu first charge on Non-Agriculture – Land admeasuring 195.93 acres at Uttan - Village, Bhayader (West), Taluka & District Thane, Maharashtra, owned by Essel Indra Projects Limited (EIPL – 3rd party security) along with other lenders. Loan account was declared NPA in June 2019 and outstanding amount as on 31 March 2024 was ₹ 6.58 crore. Company has made provision of ₹ 3.30 crore (i.e., ₹ 6.6 crore * 50%) against the said loan in its books of accounts.

PIIPL was admitted to NCLT (July 2020) and was ordered to be liquidated (October 2023). As per IFCI Factors Limited Board Agenda (February 2024), likelihood of receiving any proceeds from liquidation process is remote, as IFCI Factors Limited is an unsecured creditor of PIIPPL. It was further mentioned that realizable value of the mortgaged property is ₹ 363.68 crore, of which pro rata share of IFCI Factors Limited was ₹ 7.06 crore (1.94%). With further discount of 40%, realisable value was estimated at ₹ 4.23 crore, which was also considered as reserve price in the event IFCI Factors Limited decides to proceed with sale/ assignment of said account. Accordingly, company was required to make provision of ₹ 4.45 crore[1] (i.e., ₹ 2.35 crore *plus* ₹ 2.1 crore), as per RBI Directions.

This has resulted in understatement of impairment loss allowance and understatement of loss for the year by ₹ 1.15 crore (i.e., ₹ 4.45 crore *minus* ₹ 3.30 crore) each.

B Comment on Disclosure and Notes to Accounts

B.1 Significant Accounting policies

Notes to financial statement for the year ended 31 March 2024

As per clause 25 of Ind. AS 1 (Presentation of Financial Statements), "When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon entity's ability to continue as a going concern, entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared financial statements and reason why entity is not regarded as a going concern."

Audit observed that during the financial year 2023-24, IFCI Factors Ltd, out of its total 62 Loan/Factoring/Investments Accounts, has assigned its 57 (NPA) accounts to Securitisation Company/Reconstruction Company for a total consideration of ₹ 13.21 crore which has resulted in substantial reduction in the operations of IFCI Factors Ltd. Further, it was also observed that Board of Directors of IFCI Factors Ltd, in its 4th meeting held on 7th November 2023, accorded its in-principle approval for surrender of NBFC License of IFCI Factors Limited after monetizing its remaining financial assets / security receipts OR selling/ assigning/ transferring the said financial assets to the Holding Company, as applicable, subject to the approval of the Holding Company,

[1] Unsecured Loan ₹ 2.35 crore (₹ 6.58 crore – ₹ 4.23 crore being realisable value) & 50 % of ₹ 4.23 crore = ₹ 2.1 crore

IFCI Limited. Accordingly, IFCI Factors Limited requested (March 2024) IFCI Limited to assess the remaining 5 financial assets and make an offer to IFCI Factors Limited for purchase of the said financial assets. Moreover, no fresh lending is being done and the company has not sanctioned/ disbursed any fresh loan during current financial year. The above events or conditions has created a significant doubt upon the ability of IFCI Factors Limited to continue as a going concern.

It was, however, observed that though the management was aware of the above developments/ events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, during the financial year 2023-24 itself, yet the company has not adequately disclosed these material uncertainties (i.e., surrender of NBFC license, discontinuation of operations, sale of remaining assets, etc) in its Financial Statements for the financial year 2023-24

This has resulted in non-compliance to Clause 25 of Ind. AS 1 (Presentation of Financial Statements) and the Financial Statement alongwith Notes to Financial Statement for the financial year 2023-24 is deficient to that extent.

B.2 Notes to Accounts No.51: Stage 3 income has not been recognised in the accounts

As per Para 5.4.1 and 5.4.2 of Ind. AS 109, the Company shall recognize income on credit impaired financial assets. Further, clarification in this regard was also obtained by IFCI Ventures Capital Funds Limited (Group Company) from the Institute of Chartered Accountants of India (ICAI) and it was opined that the interest should be accrued in respect of credit-impaired assets in line with the principles of Ind. AS 109 and no departures from the principles of Ind. AS 109 should be made in this regard.

Company's Material Accounting Policy no. 6 (a)(i) also states that for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying effective interest rate to the amortized cost of the financial asset.

Audit observed that the company, vide its Notes to Accounts no. 51, has disclosed that Stage 3 income has not been recognized in the books of Accounts.

Thus, Notes to Accounts no.51 is in contravention with the Material Accounting Policy of the company, provisions of Ind. AS 109 and opinion of ICAI. Further, in absence of the information/ calculation regarding Stage 3 income, audit is unable to quantify the impact of the same on the financial statement of the company for the year 2023-24.

C Contingent Liability

Para 86 of Ind. AS 37 (Provisions, Contingent Liabilities and Contingent Assets), stipulates that, "unless the possibility of any outflow in settlement is remote an entity shall disclose a brief description of the nature of the contingent liability and an estimation of its financial effect, where practicable, for each class of contingent liability at the end of the reporting period".

Audit observed that IFCI Factors Limited received a demand of ₹ 99.62 lakh from the Department of Trade & Taxes due to not declaring correct tax liability while filing annual returns for the Financial Year 2018-19. IFCI Factors Limited has filed an appeal before the Additional Commissioner, Appeals -1, Delhi – North in this regard and the matter was sub-judice as on 31 March 2024.

Hence, the amount of ₹ 99.62 lakh should have been shown as Contingent liability in the books of accounts.

Non-disclosing the above under Contingent liability has resulted in understatement of contingent liability by ₹ 99.62 lakh.

D Comment on Independent Auditors' Report

D.1 Emphasis of Matter

Material Uncertainty Related to Going Concern

Reference is invited to Emphasis of Matters on "Material Uncertainty Related to Going Concern" as included in Independent Auditors' Report, wherein following is stated:

"We draw attention to Note 3 in the financial statements. During the quarter ended 30 September 2023, the company has assigned 57 NPA loan accounts, out of its 62 loan/ investment accounts for ₹ 1,321 lakh (Refer Note.40-xxii). In view of the same there has been substantial reduction in the operations. At present, no fresh lending is being done. Therefore, the company's ability to continue as a going concern would depend upon its future action plan. Further, as informed by the management, the company has not sanctioned/ disbursed any fresh loan during current financial year. Attention is also invited to matter reported at 'Clause xix' of Annexure-A in this audit report."

During FY 2023-24, out of total 62 Loan/ Factoring/ Investments Accounts, IFCI Factors Limited has assigned 57 NPA accounts to Securitisation Company/

Reconstruction Company for a total consideration of ₹ 13.21 crore. Further, the Board of Directors of IFCI Factors Limited has accorded (November 2023) in-principle approval for surrender of NBFC License after monetizing its remaining financial assets/ security receipts or selling/ assigning/ transferring them to the Holding Company (IFCI Limited). Accordingly, IFCI Factors Limited requested (12th March 2024) IFCI Limited (the Holding Company) to assess the remaining 5 financial assets and make an offer to IFCI Factors Limited for their purchase. Moreover, no fresh lending is being done and the company has not sanctioned/ disbursed any fresh loan during current financial year.

As per Para 9 read with Para A7 of SA 706 (Revised) on 'Emphasis of Matter and Other Matter Paragraphs in the Independent Auditor's Report', an Emphasis of Matter paragraph is not a substitute for (c) Reporting under SA 570 (Revised) when a material uncertainty exists relating to events or conditions that may cast significant doubt on an entity's ability to continue as a going concern.

As per Para 23 of SA 570 (Revised) on 'Going Concern', if adequate disclosure about material uncertainty is not made in the financial statement, the auditor shall express a qualified opinion or adverse opinion, as appropriate, in accordance with SA 705 (Revised) on 'Modifications to the Opinion in the Independent Auditor's Report, and state that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern and that the financial statements do not adequately disclose this matter.

IFCI Factors Limited did not disclose above aspect of surrendering its NBFC license as well as decision of selling out all its NPA accounts. Further, disclosure in Notes to Accounts No.53 is inadequate, as it only provides book value and sale consideration without revealing the substantial reduction in operations.

In view of above, auditor's failure to express a qualified or adverse opinion, as required by SA 570 (Revised) and SA 705 (Revised), constitutes a significant non-compliance with the provisions specified in Para 23 of SA 570 (Revised) and SA 705 (Revised).

D.2 Annexure A to the Independent Auditors' Report

Para 3 (iii) (c) of Companies (Auditor's Report) Order (CARO), 2020 requires statutory auditors to report that "In respect of loans and advances in the nature of loans, whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular."

Further, Para 3 (iii) (d) of CARO 2020 requires statutory auditors to report that "if the amount is overdue, state the total amount overdue for more than 90 days, and whether reasonable steps have been taken by company for recovery of the principal and interest."

Audit observed that the Independent Auditor vide Para (iii) (c) of Annexure A of his report has disclosed that in respect of any loans or advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular w.r.t Standard Loan Assets. However, the Auditor has not given said information for all loans and advances, including substandard, doubtful, and NPA loans of the company.

Further, as per Para (iii) (d) of Annexure A to Independent Auditors' Report it has been disclosed that there is no amount more than 90 days, w.r.t standard loan assets, as on balance sheet date. Here also, the Independent Auditors have only given the disclosure regarding standard loans and not regarding doubtful, and NPA loans of the company.

Hence, the Independent Auditors' Report is deficient to the above extent.

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

Panda

(S. Ahlladini Panda)
Director General of Audit
(Industry & Corporate Affairs)
New Delhi

Place: New Delhi
Date: 14 AUG 2024

S. No.	CAG Comments	Management Response
A	**Comment on Profitability**	
A.1	Financial Assets — ₹1,899.37 Lakh Investment (Note No. 4) — ₹934.43 Lakh Other Comprehensive Income (OCI) — ₹(173.29) Lakh As per Significant Accounting Policies No.6 (b) (I), a financial asset measured at Fair Value Through Other Comprehensive Income (FVTOCI) are subsequently measured at fair value and changes therein are recognised in Other Comprehensive Income (OCI). The above Investment includes 6.71 crore being the value of 67150 Security Receipts (SRs) of 1,000 each fully paid up issued by Asset Reconstruction Company (ARC) namely Raytheon Assets Reconstruction Pvt. Ltd. (RARE). The above SRs were issued by RARE in lieu of stressed loan of Core Education & Technologies Limited (CETL) assigned to it by IFCI Factors Limited on 30th March 2017. As intimated by RARE (January 2024), Net Asset Value (NAV) of the above SRs as on 31' December 2023 was 6.71 crore. As per Board Agenda (November 2023) of IFCI Factors Limited, RARE ARC has submitted that, post 5/8 years, it may have to make provision against outstanding SRs as per RBI guidelines and therefore, in the interest of majority SR holders, it is exploring acquisition/ purchase of SRs at a mutually agreeable price. Accordingly, RARE ARC proposed to buy outstanding SRs of IFCI Factors Limited for a consideration of ₹4.43 crore (i.e., — 66% of the face value of the SRs ₹6.71 crore). Therefore, considering ₹6.71 crore as fair value of SRs instead of ₹4.43 crore resulted in overstatement of Investment and understatement of Other Comprehensive Income (negative balance) by ₹2.28 crore (i.e., ₹6.71 crore — ₹4.43 crore) each.	As per para 7 of Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall continue to be guided by the Standards and the advisories issued by the Institute of Chartered Accountants of India (ICAI Advisories) in case of any inconsistencies between these directions and the Standards. Since, IFL has undertaken fair valuation as per Ind AS – 109, any additional provisioning as per RBI directions is inconsistent with Ind AS – 109.
A.2	Profit/ (Loss) for the period after tax - ₹(8,793.91) Lakh Impairment Loss Allowance — ₹(465) Lakh	In the instant case, as on 31/03/2024, the realizable value of the mortgaged property is Rs.363.68 crore of which the pro-

S. No.	CAG Comments	Management Response
	Loans (Note 3) — ₹907.09 Lakh As per RBI Master Directions of September 2016, company is required to create 100 percent provision to the extent to which the advance is not covered by the realisable value of security and 50 percent provision for the secured part of the doubtful loan lying for more than three years. IFCI Factors Limited sanctioned (October 2015) a short-term loan of 14.50 crore to Pan India Infra Projects Private Limited (PIIPPL) secured by way of pari passu first charge on Non-Agriculture — Land admeasuring 195.93 acres at Uttan - Village, Bhayader (West), Taluka & District Thane, Maharashtra, owned by Essel Indra Projects Limited (EIPL — 3rd party security) along with other lenders. Loan account was declared NPA in June 2019 and outstanding amount as on 31 March 2024 was 6.58 crore. Company has made provision of 3.30 crore (i.e., 6.6 crore * 50%) against the said loan in its books of accounts. PIIPL was admitted to NCLT (July 2020) and was ordered to be liquidated (October 2023). As per IFCI Factors Limited Board Agenda (February 2024), likelihood of receiving any proceeds from liquidation process is remote, as IFCI Factors Limited is an unsecured creditor of PIIPPL. It was further mentioned that realizable value of the mortgaged property is 363.68 crore, of which pro rata share of IFCI Factors Limited was 7.06 crore (1.94%). With further discount of 40%, realisable value was estimated at 4.23 crore, which was also considered as reserve price in the event IFCI Factors Limited decides to proceed with sale/ assignment of said account. Accordingly, company was required to make provision of 4.45 crore l (i.e., 2.35 crore plus 2.1 crore), as per RBI Directions. This has resulted in understatement of impairment loss allowance and understatement of loss for the year 1.15 crore (i.e., 4.45 crore minus 3.30 crore) each.	rata share of IFL was ₹7.06 crore as against the outstanding of Rs.6.6 crore. Accordingly, as on 31/03/2024, the entire outstanding facility was secured. Since more than 3 years has elapsed since the account was classified as doubtful, IFL was required to make a provision to the extent of 50% of the secured portion. Therefore, IFL made a provision of 50% of the outstanding – i.e. Rs.3.3 crore It appears from the observation alongside that security value has inadvertently been considered as Rs.4.23 crore. It is clarified that the figure of Rs.4.23 crore referred to in the observation is not the Realizable Value of the mortgaged property but the reserve price worked out as per IFL's internal policy for running the process of assignment / sale of facilities. For working out the provision, IFL has considered the Realizable Value of the security as prescribed by the RBI Master Directions.

S. No.	CAG Comments	Management Response
B	**Comments on Disclosures and Notes to Accounts**	
B.1	As per clause 25 of Ind. AS 1 (Presentation of Financial Statements), "When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon entity's ability to continue as a going concern, entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared financial statements and reason why entity is not regarded as a going concern." Audit observed that during the financial year 2023-24, IFCI Factors Ltd, out of its total 62 Loan/Factoring/Investments Accounts, has assigned its 57 (NPA) accounts to Securitisation Company/Reconstruction Company for a total consideration of 13.21 crore which has resulted in substantial reduction in the operations of IFCI Factors Ltd. Further, it was also observed that Board of Directors of IFCI Factors Ltd, in its 4th meeting held on 7th November 2023, accorded its in-principle approval for surrender of NBFC License of IFCI Factors Limited after monetizing its remaining financial assets / security receipts OR selling/ assigning/ transferring the said financial assets to the Holding Company, as applicable, subject to the approval of the Holding Company, IFCI Limited. Accordingly, IFCI Factors Limited requested (March 2024) IFCI Limited to assess the remaining 5 financial assets and make an offer to IFCI Factors Limited for purchase of the said financial assets. Moreover, no fresh lending is being done and the company has not sanctioned/ disbursed any fresh loan during	As per Ind-AS 1, an entity should prepare financial statements on a going concern basis unless the management intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In this regard, it is submitted that IFCI Factors Limited is a Government of India company. There are specific guidelines for closure of government companies, which have not been invoked for IFCI Factors Limited. As regards the in-principle approval of the Board for surrender of NBFC License, further action shall be taken in consultation with the promoters. Pending the decision, it would be premature to determine the ability of IFCI Factors Limited to continue as a going concern. As of date NBFC License has not been surrendered. As regards the assignment of 57 NPAs to an Asset Reconstruction Company during FY 2023-24, the same has been disclosed in Note No.53 of the Notes to Accounts. As regards the sale of the remaining 5 financial assets, the same has been crystallised only during FY 2024-25. Details of the sale/ assignment of the 5 financial assets has been incorporated in Note no. 53 and the Annual Report for FY 2023-24.

S. No.	CAG Comments	Management Response
	current financial year. The above events or conditions has created a significant doubt upon the ability of IFCI Factors Limited to continue as a going concern. It was, however, observed that though the management was aware of the above developments/ events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, during the financial year 2023-24 itself, yet the company has not adequately disclosed these material uncertainties (i.e., surrender of NBFC license, discontinuation of operations, sale of remaining assets, etc) in its Financial Statements for the financial year 2023-24 This has resulted in non-compliance to Clause 25 of Ind. AS 1 (Presentation of Financial Statements) and the Financial Statement along with Notes to Financial Statement for the financial year 2023-24 is deficient to that extent	
B.2	**Notes to Accounts No.51 : Stage 3 income has not been recognized in the accounts** As per Para 5.4.1 and 5.4.2 of Ind. AS 109 the Company shall recognize income on credit impaired financial assets. Further, clarification in this regard was also obtained by IFCI Ventures Capital Funds Limited (Group Company) from the Institute of Chartered Accountants of India (ICAI) and it was opined that the interest should be accrued in respect of credit-impaired assets in line with the principles of Ind. AS 109 and no departures from the principles of Ind. AS 109 should be made in this regard. Company's Material Accounting Policy no. 6 (a)(i) also states that for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying effective interest rate to the amortized cost of the financial asset. Audit observed that the company, vide its Notes to Accounts no. 51, has disclosed that Stage 3 income has not been recognized in the books of Accounts.	As on 31/03/2024, IFL had only 2 non-performing loan accounts on its books and IFL was at an advanced stage of sale / assignment of the said loans, where the likelihood of recovery of interest was uncertain. Therefore, had IFL recognized Stage 3 income in the said 2 NPA accounts, the same would have to be written off. The net impact would be the same as non-recognition of stage-3 income.

S. No.	CAG Comments	Management Response
	Thus, Notes to Accounts no.51 is in contravention with the Material Accounting Policy of the company, provisions of Ind. AS 109 and opinion of ICAI. Further, in absence of the information/ calculation regarding Stage 3 income, audit is unable to quantify the impact of the same on the financial statement of the company for the year 2023-24.	
C	**Contingent Liability** Para 86 of Ind. AS 37 (Provisions, Contingent Liabilities and Contingent Assets) stipulates that, "unless the possibility of any outflow in settlement is remote an entity shall disclose a brief description of the nature of the contingent liability and an estimation of its financial effect, where practicable, for each class of contingent liability at the end of the reporting period". Audit observed that IFCI Factors Limited received a demand of 99.62 lakh from the Department of Trade & Taxes due to not declaring correct tax liability while filing annual returns for the Financial Year 2018-19. IFCI Factors Limited has filed an appeal before the Additional Commissioner. Appeals -1. Delhi - North in this regard and the matter was sub-judice as on 31st March 2024. Hence the amount of ₹99.62 lakh should have been shown as Contingent liability in the books of accounts. Non-disclosing the above under Contingent liability has resulted in understatement of contingents liability by ₹99.62 lakh.	1) Regarding the proceedings for FY 2018-19, IFL did not receive any message or email on the registered communication address regarding the show cause notice dated 05/12/2023 and therefore IFL was not in a position to file a reply to the show cause notice. As regards the order dated 22/03/2024 directing IFL to pay an amount of Rs.99.62 lakh, IFL has filed an appeal before the Ld. Additional Commissioner Appeals -1. Delhi – North, against the order dated 22/03/2024. IFL had prayed to quash the order dated 22/03/2024 on below grounds: 1) Non-communication of the SCN through a valid medium does not tantamounts to service of notice, hence order invalid. 2) Tax liability disbursed in succeeding financial year, only interest liability would arise which has been paid via DRC-03. 3) Provision for reversal of ITC on account of exempt supply is different for NBFC from other regular taxpayers, which was duly complied by the company 4) Input tax credit cannot be denied due to mere procedural lapse where the beneficiary has satisfied the sine qua non for the benefit

S. No.	CAG Comments	Management Response
		5) Tax should not be demanded from the notice as the procedural lapse in filing of return does not amount to loss to revenue 6) Declaration of ineligible ITC in GSTR-2a or otherwise does not amount to ITC availment. In view of the above there is no dispute with respect to question of law and all liabilities as per GST returns stands discharged. Therefore, the demand has not been considered as contingent liability.

S. No.	CAG Comments	Auditors' Response
D	**Comments on Independent Auditors Report**	
D.1	Emphasis of Matter Material Uncertainty Related to Going Concern Reference is invited to Emphasis of Matters on "Material Uncertainty Related to Going Concern" as included in Independent Auditors' Report. wherein following is stated: *"We draw attention to Note 3 in the Financial statements. During the quarter ended 30 September 2023, the company has assigned 57 NPA loan accounts, out of its 62 loan / investment accounts for ₹1,321 lakh (Refer Note.40-xxii). In view, of the same there has been substantial reduction in the operations. At present, no fresh lending is being done. Therefore, the company's ability to continue as a going concern would depend upon its future action plan. Further, as informed by the management, the company has not sanctioned / disbursed any fresh loan during current financial year. Attention is also invited to matter reported at 'Clause xix' of Annexure-A in this audit report."* During FY 2023-24, out of total 62 Loan / Factoring / Investments Accounts. IFCI	As per Ind-AS 1, an entity should prepare financial statements on a going concern basis unless the management intends to liquidate the entity or to cease trading or has no realistic alternative but to do so. In this regard, it is submitted that IFCI Factors Limited is a Government of India company. There are specific guidelines for closure of government companies, which have not been invoked for IFCI Factors Limited. As regards the in-principle approval of the Board for surrender of NBFC License, further action shall be taken in consultation with the promoters. Pending the decision it would be premature to determine the ability of IFCI Factors Limited to continue as a going concern. As of date NBFC License has not been surrendered. As regards the assignment of 57 NPAs to an Asset Reconstruction Company during FY 2023-24, the

S. No.	CAG Comments	Auditors' Response
	Factors Limited has assigned 57 NPA accounts to Securitisation Company / Reconstruction Company a total consideration ₹3.21 crore. Further the Board of Directors of IFCI Factors Limited has accorded (November 2023) in-principle approval for surrender of NBFC License after monetizing its remaining financial assets / security receipts or selling / assigning transferring them to the Holding Company (IFCI Limited). Accordingly. IFCI Factors Limited requested (12th March 2024) IFCI Limited (the Holding Company) to assess the remaining 5 financial assets and make an offer to IFCI Factors Limited for their purchase. Moreover, no fresh lending is being done and the company has not sanctioned/ disbursed any fresh loan during current financial year. As per Para 9 read with Para A7 of SA 706 (Revised) on 'Emphasis of Matter and Other after Paragraphs in the Independent Auditor's Report' and Emphasis of Matter paragraph is not a substitute for (c) Reporting under SA 570 (Revised) when a material uncertainty exists relating to events or conditions that may cast significant doubt on an entity's ability to continue as a going concern.	same has been disclosed in Note No.53 of the Notes to Accounts. As regards the sale of the remaining 5 financial assets, the same has been crystallised only during FY 2024-25.
D.2	**Annexure A to the Independent Auditors' Report** Para 3 (iii) (c) of Companies (Auditor's Report) Order (CARO), 2020 requires statutory auditors to report that "In respect of loans and advances in the nature of loans, whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular." Further Para 3 (iii) (d) of CARO 2020 requires statutory auditors to report that "if the amount is overdue, state the total amount overdue for more than 90 days and whether reasonable steps have been taken by company for recovery of the principal and interest."	The disclosure with respect to NPA amount is already appearing under Note 40 (xvii). The disclosure shall be made in the next Audit Report.

S. No.	CAG Comments	Auditors' Response
	Audit observed that the Independent Auditor vide Para (iii) (c) of Annexure A of his report has disclosed that in respect of any loans or advances in the nature of loans. The schedule of repayments of principal and payment of interest has been stipulated and the repayments or receipts are regular w.r.t Standard Loan Assets. However, the Auditor has not given said information for all loans and advances, including substandard, doubtful, and NPA loans of the company. Further as per Para (iii) (d) of Annexure A to Independent Auditors' Report it has been disclosed that there is no amount more than 90 days, w.r.t standard loan assets as on balance sheet date. Here also, the Independent Auditors have only given the disclosure regarding standard loans and not regarding doubtful and NPA loans of the company.	

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 endeavours to achieve standards of Corporate Governance in order to enhance the long term stakeholders' value and maintain good Corporate Governance. The Company has well established, transparent and fair administrative set up to provide for professionalism and accountability.

2. BOARD OF DIRECTORS:

Composition, Category and Attendance of the Board of Directors

As on March 31, 2024, the Board of the Company consisted of six Directors, out of whom five are Non-Executive Directors while one is Executive Director being the Managing Director.

The composition of the Board, number of Board Meetings held, attendance, number of Directorship and Chairmanship / Membership of Committees in other Companies in respect of each Director during the FY 2023-24 is furnished below:

Sl No	Name of Director	Category	Attendance Particulars			No. of Directorships/ Committee Memberships/ Chairmanships of other Companies		
			No. of Board Meetings during the tenure of Director		At AGM held on December 18, 2023	Other Directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	Mr. Rahul Bhave *(a)*	Non-Executive Chairman	1	1	N/A	4	12	2
2.	Mr. Suresh Kumar Jain	Non-Executive Director	5	5	Yes	2	2	2
3.	Mr. Ashok Kumar Motwani	Non-Executive Director	5	5	Yes	1	4	2
4.	Mr. Sachikanta Mishra (b)	Non-Executive Director	5	4	Yes	2	9	4
5.	Mr. Alan Savio Pacheco	Managing Director	5	5	Yes	3	2	1

6.	Ms. Pooja Mahajan	Non-Executive Director	5	5	Yes	0	0	0
DIRECTORS WHO CEASED TO BE ON THE BOARD OF DIRECTORS DURING FY 2023-24								
7.	Mr. Manoj Mittal*(c)*	Non-Executive Director	4	4	N.A	-	-	-

(a) Mr. Rahul Bhave was appointed as Nominee Director and Chairman (Non-executive) w.e.f. December 20, 2023. Further, he ceased to be Nominee Director and Chairman (Non-executive) w.e.f. August 16, 2024 pursuant to withdrawal of nomination by IFCI Limited.
(b) Mr. Sachikanta Mishra was appointed as Chairman (Non-executive) w.e.f. August 16, 2024
(c) Mr. Manoj Mittal ceased as as Nominee Director and Chairman (Non-executive) w.e.f. December 20, 2023.

Notes:

(i) Number of Meetings represents the Meetings held during the period in which the Director was member of the Board.
(ii) Number of other Directorship is exclusive of companies under Section 25 of the Companies Act, 2013.

The Board met five times during the Financial Year 2023-2024 viz., on May 12, 2023, May 22, 2023, August 09, 2023, November 07, 2023, and February 07, 2024.

AUDIT COMMITTEE

TERMS OF REFERENCE

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

COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Audit Committee met four times during the financial year 2023-24 at regular intervals on May 22, 2023, August 09, 2023, November 07, 2023, and February 07, 2024. The composition of the Audit Committee as on March 31, 2024 and attendance of members during the FY 2023-24 is shown below:

Name/ category	Position in Audit Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Suresh Kumar Jain Non- Executive Director	Chairman	4	4
Mr. Ashok Kumar Motwani Non-Executive Director	Member	4	4
Mr. Sachikanata Mishra Non- Executive Director	Member	4	3
Ms. Pooja Mahajan	Member	4	4
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2023-24 NIL			

3. NOMINATION & REMUNERATION COMMITTEE

TERMS OF REFERENCE

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

COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

During the Financial Year 2023-24, one meeting of Nomination and Remuneration Committee was held on August 09, 2023. The composition of the Nomination and Remuneration Committee as on March 31, 2024 and attendance of members during the FY 2023-24 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Suresh Kumar Jain Non-Executive Director	Chairperson	1	1
Mr. Sachikanata Mishra Non- Executive Director	Member	1	-
Ms. Pooja Mahajan Non- Executive Director	Member	1	1
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2023-24 NIL			

Details of remuneration paid to Directors

The details of salary and sitting fees paid to the Directors for the year ended 31st March, 2024 are as under:

SI. No.	Name	Salary	Perquisite	Profit In lieu of Salary	Sitting Fees (Rs.)	Total (Rs.)
1.	Mr. Manoj Mittal Non-Executive Chairman	-	-	-	-	-
2.	Mr. Suresh Kumar Jain Non-Executive Director	-	-	-	3,78,000/-	3,78,000/-
3.	Mr. Ashok Kumar Motwani Non-Executive Director	-	-	-	1,80,000/-	1,80,000/-
4.	Mr. Sachikanta Mishra Non-Executive Director	-	-	-	-	-
5.	Mr. Alan Savio Pacheco Managing Director	-	-	-	-	-
6.	Ms. Pooja Mahajan Non-Executive Director	-	-	-	-	-

4. COMMITTEE OF DIRECTORS

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

The Committee of Directors met six times during the Financial Year 2023-24 on April 19, 2023, April 28, 2023, June 19, 2023, July 25, 2023, November 07, 2023 and January 31, 2024. The composition of the Committee of Director as on March 31, 2024 and attendance of members during the FY 2023-24 is shown below:

Name/ category	Position in Committee of Directors	No. of meetings during the tenure of member	
		Held	Attended
Mr. Suresh Kumar Jain Non-Executive Director	Chairman	6	6
Mr. Sachikanta Mishra Non-Executive Director	Member	6	6
Mr. Alan Savio Managing Director	Member	6	6
Ms. Pooja Mahajan Non-Executive Director	Member	6	6
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2023-24 NIL			

4. RISK MANAGEMENT AND ASSET LIABILITY MANAGEMENT COMMITTEE

The terms of reference of Risk Management and Asset Liability Management Committee are to identify and monitor key risk areas, devise the policy and strategy for integrated risk management, to critically assess the Company's business strategies and plans from a risk perspective, manage risks to which the Company is exposed, including credit, market, operational and reputational risks and to review the Statement of Short Term Dynamic Liquidity, Structural Liquidity, Interest Rate Sensitivity etc. The Risk Management & Asset Liability Management Committee met four times during the Financial Year 2023-24, on May 22, 2023, August 09, 2023, November 07, 2023 and February 07, 2024. The composition of the Risk Management and Asset Liability Management Committee and attendance of members during the FY 2023-24 is shown below:

Name/ category	**Position in Committee**	**No. of meetings during the tenure of member**	
		Held	Attended
Mr. Sachikanata Mishra Non-Executive Director	Chairman	4	3
Mr. Suresh kumar Jain Non-Executive Director	Member	4	4
Mr. Alan Savio Managing Director	Member	4	4
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2023-24 NIL			

5. GENERAL BODY MEETING:

Financial Year	**Date & time of AGM**	**Venue of the AGM**
2022-23	18th December 2023/ 12:00 Noon	IFCI Tower, 61 Nehru Place, New Delhi-110019, (through VC)
2021-22	21st December 2022/ 12:00 Noon	IFCI Tower, 61 Nehru Place, New Delhi-110019, (through VC)
2020-21	15th November 2021/ 3:30 P.M.	IFCI Tower, 61 Nehru Place, New Delhi-110019, (through VC)

Following Special Resolutions were passed at the above AGMs:

AGM Date	**Particulars of Special Resolutions**
18th December 2023	NIL
21st December 2022	NIL
15th November 2021	NIL

6. DISCLOSURES

(i) The related party transactions have been disclosed in note no. 31 of the Notes to Accounts of the Balance Sheet for the year ended March 31, 2024.

(ii) No penalties were imposed on the Company by any authorities.

(iii) The Company has a Whistle Blower Policy duly approved by the Board, which has been circulated to all the employees of the Company and also placed on the website of the Company viz. www.ifcifactors.com. Further, it is affirmed that no personnel has been denied access to the Audit Committee.

(iv) During the year, no expenses which are of personal nature have been incurred for the Board of Directors and top management.

(v) The Financial Expenses are 9.17% of the total expenses as against 96.13% for the last year.

7. MEANS OF COMMUNICATION

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

TRAINING OF BOARD OF DIRECTORS

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

For and on behalf of the Board of Directors

	Alan Savio Pacheco	Sachikanata Mishra
Date : September 04, 2024	Managing Director	Nominee Director
Place : New Delhi	DIN: 03497265	DIN : 02755068

Raghu Nath Rai & Co.
Chartered Accountants
9 Mathura Road, Jangpura 'B'. New Delhi-110014
Phones / Auto Fax: 91-11-24372181-82 / 011 - 41637508

INDEPENDENT AUDITORS REPORT

To,
The Members of IFCI Factors Limited

Report on the Audit of the IND AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of IFCI Factors Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2024, and the Statement of Profit and Loss (including statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view, in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2024, and its *loss* (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis of opinion:

We conducted our audit of these Ind-AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter:

1. We draw your attention to Note 53 & 54 of Notes to Accounts, where reversal of Deferred Tax assets of INR 8637.51 lakhs is mentioned. Our opinion is not modified in respect of these matters.

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Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements. During the quarter ended September 30, 2023, the company has assigned 57 NPA loan accounts out its of 62 loan/ investment accounts for INR. 1,321 lakhs (Refer Note. 40-xxii). In view of the same there has been substantial reduction in the operations. At present, no fresh lending is being done. Therefore, the company's ability to continue as a going concern would depend upon its future action plan. Further, as informed by the management, the company has not sanctioned/disbursed any fresh loan during current financial Year. Attention is also invited to matter reported at 'Clause xix " of Annexure- A in this audit report.

Other Matter:

The financial results for the quarter ended 30th June, 2023, have been reviewed/audited by the previous auditor who has expressed an unmodified opinion on those statements based on their review/audit for the aforesaid periods.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditor's report thereon. The aforesaid Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we may read the aforesaid Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions as per the applicable laws and regulations.

Responsibilities of Management and those charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements, that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the Board of directors is responsible for assessing the company's ability to continue as a going concern, disclosing as applicable matters related to going concern and using the going concern basis of accounting.

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The Board of Directors are also responsible for overseeing the company's financial reporting process.

The Board of Directors is also responsible for establishing and maintaining adequate and effective controls in respect of use of accounting software that entails the requisite features as specified by the Companies (Accounts) Rules, 2014 including an evaluation and assessment of the adequacy and effectiveness of the company's accounting software in terms of recording and audit trail of each and every transaction and ensuring that the audit trail cannot be disabled and the audit trail been preserved by the company as per the statutory requirements for record retention.

Auditor's Responsibility for audit of for the Ind AS Financial Statements

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect material misstatements when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) ofthe Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or condition that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and
(ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirement regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.

2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B" on the directions and sub-directions issued by the Comptroller and Auditor General of India.
3. 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 at its registered office so far as it appears from our examination of those books, except some documents/papers have been kept Paschim Vihar.;

   (c) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended;

   (e) Being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act are not applicable to the Company. Hence, the reporting about any director being disqualified from under sub-section (2) of section 164 is not applicable for the company;

   (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C" to this audit report;

   (g) As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company.

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

      i. The Company has no pending litigation except those mentioned in Note 26, which may impact its financial position in its financial statements.

      ii. The Company has no long-term contracts including derivative contracts for which any provision, is required under any law or Ind AS, for material foreseeable losses.

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The company has not advanced or loaned or invested any funds (which are material either individually or in the aggregate) either from borrowed funds or share premium or any other sources or kind of funds to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whetherrecorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. No dividend has been declared or paid during the year by the company.

vi. Based on our examination which included test checks, the company has used such accounting software (ORACLE) for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software. Further, during the course of our audit, on test check basis, we did not come across any instance of audit trail feature being tampered with. Additionally, the audit trail has been preserved by the company as per the statutory requirements for record retention.

For Raghu Nath Rai & Co.
Chartered Accountants
FRN: 000451N

Raghu Nath Rai & Co. New Delhi Chartered Accountants

Arjun Mehta
(Partner)
M. No.: 097685

Date: 26/04/2024
Place: New Delhi
UDIN: 24097685BKCTAU6378

Annexure A to the Independent Auditors' Report

Annexure referred to in paragraph 1 under "Report on other Legal and Regulatory requirements" section ofour report of even date to the members of IFCI Factors Limited on the accounts for the year ended 31 March 2024.

(i) (a)
- The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant & Equipment, capital work-in progress, and relevant details of right-of-use assets.
- The company has maintained proper records showing full particulars of intangible assets.

(b) The Property, Plant & Equipment has been physically verified by the management annually, which is a reasonable interval in accordance with the size of the company. No material discrepancies were reported in the physical verification report.

(c) As informed by the management, Company do not have any immovable properties (other than properties where the Company is the lessee and the lease agreements are dulyexecuted in favour of the Company) as a part of property, plant and equipment, and capital work-in progress. Hence this clause is not applicable on the company.

(d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or its Intangible assets during the year.

(e) In our opinion and according to the information and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) As the company does not hold any Inventory during the year, this clause is not applicable on the company.

(b) As informed by the management, The Company has not been sanctioned any working capital limits from any bank, during the year under consideration. Hence this clause is not applicable on the company.

(iii) (a) As informed by the management, during the year company has not made any investment, provided any guarantee or security or granted any loans or advancesin the nature of loans (except Loan given to its customers as part of their main business), secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. The company is a registered Non-BankingFinancial Company (NBFC), the main business of the company is to give loans, hence this clause is not applicable on the company.

(b) According to the information and explanation given to us and based on audit procedures performed by us, no such investments has been made by the company during the year, hence this clause is not applicable on the company.

(c) According to the information and explanation given to us, in respect of any loans or advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular w.r.t of Standard Loan Assets.

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(d) According to the information and explanation given to us, there is no amount more than ninety days, w.r.t standard loan assets, as on balance sheet date

(e) The company is a registered Non-Banking Financial Company (NBFC), the main business of the company is to give loans, and hence this clause is not applicable on the company.

(f) According to the information and explanation given to us, there is no loans or advances in the nature of loans which are either repayable on demand or without specifying any terms or period of repayment.

(iv) The company is a registered Non-Banking Financial Company (NBFC) to which the provisions of the section 185 and 186 of the Companies Act, 2013 are not applicable, hence this clause is not applicable on the company.

(v) The company is a registered Non-Banking Financial Company (NBFC) to which the provisions of the Sections 73 to 76 of the Companies Act, 2013 are not applicable, hence this clause is not applicable on the company.

(vi) The central government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the company.

(vii) (a) According to the information and explanation given to us, the company has been regularly depositing with the appropriate authorities the undisputed statutory dues in conformation with clause 3(vii) of the Order and there no undisputed statutory dues outstanding as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) According to the information/explanations given to us, the Company has some disputes which have resulted into demands under the Income Tax Act, 1961.The details of which are given below:

Name of the Statute	Nature of the Dues	Amount not providedfor and treated as contingent liability (INR In Lakhs)	Period to which theamount relates (Assessment Year)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.29	A/Y 2012-13	AO/TRO
Total		**1.29**		

(viii) In our opinion and according to the information and explanations given to us, the Company has not surrendered or disclosed as income, any transaction not recorded in the books of account, during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the paymentof interest thereon to any lender during the year.

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(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by anybank or financial institution or other lender.

(c) In our opinion and according to the information and explanations given to us, Company has not raised funds through term loans during the year.

(d) According to the information and explanations given to us, Company has not raised funds through term loans during the year.

(e) According to the information and explanations given to us, the company has no subsidiary, Joint venture or associates; hence this clause is not applicable on the company.

(f) According to the information and explanations given to us, the company has no subsidiary, Joint venture or associates; hence this clause is not applicable on the company.

(x) (a) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement u/s 62(1)(c) or 42 respectively of companies act of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi) (a) According to the information and explanations given to us and during the course of our examination of the Books and Records of the Company in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company or its officers or employees, noticed or reported during the year, nor we have been informed of such case by the management.

(b) The auditors have not submitted, during the year and upto the date of this report, any report under sub section (12) of section 143 of the Companies Act, 2013 in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

(xii) The Company is not a Nidhi Company as prescribed u/s 406 of the Act. Accordingly,,clauses 3(xii) (a), 3 (xii) (b) and 3 (xii) (c) of the Companies(Auditors Report) Order, 2020 for Nidhi Company, are not applicable to the Company.

(xiii) The Company has complied with the provisions of Section 177 and 188 of the Act with respect to transactions with the related parties, wherever applicable. Details of the transactions with the related parties have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.

(xiv) (a) In our opinion the Company is having an adequate internal audit system commensurate with the size and nature of the company. Attention is also drawn tothe Annexure-C of our report.

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(b) We have considered, the internal audit reports for the year under audit, issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with the directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act 2013 are not applicable to the company.

(xvi) (a) In our opinion and according to the information and explanations given to us, the company has received registration certificate dated 3rd June 2009 from Reserve Bank of India under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and is permitted to carry on the business as NBFC-Factors in accordance with the Factoring Regulations Act, 2011.

(b) Company is permitted to carry on the business as NBFC-Factors in accordance with the Factoring Regulations Act, 2011.

The aforesaid sub clauses (a) and (b) are subject to Financial Assets/ Income pattern as on March 31, 2024. It is reported that the percentage of Factoring Assets to Total Assets is NIL and Percentage of Factoring Income to Gross Income is 83.59%.

(c) As per the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, provision of clause (xvi) (c) is not applicable to the Company.

(d) In view of the answer to clause (xvi)(c) above, provision of clause (xvi)(d) is not applicable to the Company.

(xvii) As per Cash Flow Statement, during the financial year 2023-2024, there is a net decrease in cash and cash equivalents of INR (13,121.18) lakhs. The closing balance of cash and cash equivalents is INR 31.94 lakhs for Current financial Year and for previous financial year closing Balance of cash and cash equivalents is INR 13,153.12.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, we believe that no material uncertainty exists as on the date of the audit report that company may not be capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due. Attention is also invited to "Material uncertainty related to going concern" section of our audit report.

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(xx) In our opinion and according to the information and explanations given to us, no amount is required to be transferred to a Fund specified in Schedule VII of the Act, accordingly, provisions of clause nos. (xx) (a) & (xx) (b) of para 3 of the Order are not applied to the company.

For Raghu Nath Rai & Co.
Chartered Accountants
FRN: 000451N

Raghu Nath Rai & Co. New Delhi Chartered Accountants

Arjun Mehta
(Partner)
M. No.: 097685

Date: 26/04/2024
Place: New Delhi
UDIN: 24097685BKCTAU6378

Annexure B to the Independent Auditors' Report

Annexure referred to in paragraph 2 under "Report on other Legal and Regulatory requirements" section of our report of even date to the members of IFCI Factors Limited on the accounts for the year ended 31 March 2024.

Sl No.	Direction / Sub-direction u/s 143(5) of the Companies Act, 2013	Auditor's reply on action taken onthe directions	Impact on the Financial Statement
Directions:			
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per the information and explanations given to us, the Company has a system in place to process all the accounting transactions through IT system. Company has Trade Free System in place for recording factoring transactions and Oracle for term loan and accounting entries. Based on the audit procedure carried out and as per the information and explanations given to us, no accounting transactions have been processed / carried outside the IT system. Accordingly, there are no implications on the integrity of the Accounts.	Nil
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, financial impact may be stated. Whether such cases are properly accounted for.	Based on the audit procedures carried out and as per the information andexplanations given to us, there was no restructuring of any loans or cases of waiver/write off of debts/ loans/ interest etc.made by the lender to the company due to the company's inability to repay the loan.	Nil
3.	Whether funds received/receivable for specific schemes from Central /State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	Based on the audit procedures carried out and as per the information and explanations given to us, No funds were received/receivable for specific schemes from Central /State Government or its agencies the Funds received / receivable for	Nil

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		specific schemes from Central / State Government or its agencies during the year.	
	Sub-Directions:		
1.	**Investments:** Whether the titles of ownership in respect of CGS/ SGS/ Bonds/ Debentures etc. are available in physical/demat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts? If not, details may be stated.	According to information and explanations given to us and based on the information available, the titles of ownership in respect of CGS/ SGS/ Bonds/ Debentures etc. are available in demat form and these, in aggregate, agree with the respective amounts shown in the Company's books of accounts.	Nil
2.	**Loans:** In respect of provisioning requirement of all restructured, rescheduled, renegotiated loan-whether a system of periodical assessment of realizable value of securities available against all such loans is in place and adequate provision has been created during the year? Any deficiencies in this regard, if any, may be suitably commented upon along with financial impact.	According to information and explanations given to us and based on the information available, there is a system of periodical assessment of realizable value of securities available against all restructured, rescheduled and renegotiated loan and adequate provision has been created during the year.	Nil

For Raghu Nath Rai & Co.
Chartered Accountants
FRN: 000451N

Arjun Mehta
(Partner)
M. No.: 097685

Date: 26/04/2024
Place: New Delhi
UDIN: 24097685BKCTAU6378

"Annexure C" to the Independent Auditors' Report"

Annexure referred to in paragraph 3(f) under "Report on other Legal and Regulatory requirements" section of our report of even date to the members of IFCI Factors Limited on the accounts for the year ended 31st March 2024.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to Ind AS financial statements of IFCI Factors Limited ("the Company") as of 31st March 2024 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by The Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls overfinancial reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit ofinternal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control over financial reporting with reference to financial statements and their operating effectiveness. Our audit of internal financial control over financial reporting with reference to financial statements included obtaining an understanding of internal financialcontrol with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls over financial reporting with reference to Financial Statements

A Company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to financial statements includes those policies and

Raghu Nath Rai & Co. Chartered Accountants New Delhi procedures that,

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizationsof management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to financial statements and such internal financial controls over financial reporting with reference to financial statements were operating effectively as at 31st March 2024, based on the internal controls over financial reporting criteria established by the Company considering the components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

For Raghu Nath Rai & Co.
Chartered Accountants
FRN: 000451N

Arjun Mehta
(Partner)
M. No.: 097685
Date: 26/042024
Place: New Delhi
UDIN: 24097685BKCTAU6378

MATERIAL ACCOUNTING POLICIES

1 **Background**

IFCI Factors Limited (IFL) a subsidiary of IFC Limited and registered as an NBFC-Factor with RBI, is incoporated on December 14, 1995 having CIN U74899DL1995GOI074649 having its registerd office at 7th Floor IFCI Tower, 61 Nehru Place, New Delhi 110019 is engaged in the business of factoring and related products like Domestic Sales Bill Factoring, Purchase Bill Factoring, Export Bill Factoring, and Advances against Future Receivables. IFL, with a view to expand its product range and diversifying business risk, has also ventured into corporate loans backed by property and/ or pledge of shares.

2 **Basis of Preparation of Financial Statements**

The financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified by the MInnistry of Corporate Afairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, in this regard. the historica cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

3 **Functional and Presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in lacs and rounded off to the nearest two decimal, except when otherwise indicated, in term of division 3 of Schdule 3 of Companies

4 **Basis of measurement**

The financial statements have been prepared on a historical cost basis, except for the following material items:

- Financial assets at FVTOCI that is measured at fair value
- Financial instruments at FVTPL that is measured at fair value
- Net defined benefit (asset)/ liability - fair value of plan assets less present value of defined benefit obligation

5 **Use of judgements and estimates**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities (including contingent liabilities and assets) as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

A. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

- Impairment of financial assets: establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL

- Equity accounted investees: whether the Company has significant influence over an investee

- Leases: Assesment of Short term leases or low value leases

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2024 is included in the following notes:

- Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward looking information including key assumptions used in estimating recoverable cash flows
- determination of the fair value of financial instruments with significant unobservable inputs
- measurement of defined benefit obligations: key actuarial assumptions
- recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used
- determination of the estimated useful lives of tangible assets and intangible and the assessment as to which components of the cost may be capitalised
- estimates regarding the value in use of the cash generating unit (CGU) for non financial assets based on the future cash flows.; and
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

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6 Significant accounting policies

The Company has consistently applies the following accounting policies to all periods presented in these financial statements.

a. **Revenue recognition**

Interest income from financial assets is recognised on an accrual basis using Effective Interest Rate ('EIR') method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

i. The interest revenue continues to be recognised at the original EIR applied on the gross carrying amount for financial assets (when the asset is not credit impaired). However, for the financial assets that have become credit impaired subsequent to the initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset.

ii. Penal interest and other overdue charges which are not included in effective interest rate is recognised on realisation, due to uncertainty of realisation and is accounted for accordingly.

iii. Amount received from borrowers against loans and advances are appropriated due date-wise towards other debits, interest overdue and principal overdue, in that order, across the due dates, except in the case of one time or negotiated settlements, where the appropriation is done as per the terms of the settlement.

iv. Recovery from bad debts written off is recognised as income on the basis of actual realisation from customers.

v. Premium on pre-payment of loans/ reduction in interest rates is recognised as income on receipt basis.

vi. 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 realization basis as per prudential guidelines laid down by the RBI.

b. **Financial instruments**

Classifications and subsequent measurement

I. **Financial assets**

On initial recognition, a financial asset is classified as subsequently measured at either amortised cost or fair value through other comprehensive income ('FVTOCI') or FVTPL, depending on the contractual cash flow characteristics of the financial assets and the Company's business model for managing the financial assets.

Business Model Assessment

The Company makes an objective assessment of the business model in which an asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized;

The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company applies judgement and considers all the contractual terms of the instrument. This includes assessing whether the financial asset contains any contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the said assessment, the Company considers prepayment and extension terms, features that modify consideration of the time value of money (e.g. periodical reset of the interest rates).

Financial assets at Amortised Cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Subsequently, these are measured at amortised cost using the effective interest rate (EIR) method less any impairment losses.

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Financial assets at Fair Value through Other Comprehensive Income ('FVTOCI')

A financial asset is measured at FVTOCI only if both of the following conditions are met:
• It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
• The contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Subsequently, these are measured at fair value and changes therein, are recognised in other comprehensive income. Impairment losses on said financial assets are recognised in other comprehensive income and do not reduce the carrying amount of the financial asset in the balance sheet

Financial assets at Fair Value through Profit and Loss (FVTPL)

Any financial instrument, which does not meet the criteria for categorisation as at amortised cost or as FVOCI, is classified as at FVTPL.

Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account.

Investment in equity instruments

All equity investments in scope of Ind AS 109 (i.e. other than equity investments in subsidiaries / associates / joint ventures) are measured at FVTPL. Except as specifed in the Note No.4

Subsequently, these are measured at fair value and changes therein, are recognised in profit and loss account. However on initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or amortised cost, as appropriate and is accordingly accounted for.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

III. **Measurement Basis**

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the EIR method of discount or premium on acquisition and fees or costs that are an integral part of the EIR and, for financial assets, adjusted for any loss allowance.

Fair Valuation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects it non-performance risk.
When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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De-recognition/Modification of financial assets and financial liabilities

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

• The rights to receive cash flows from the asset have expired, or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

IV. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. The Company also recognise a liability for the consideration received attributable to the Company's continuing involvement on the asset transferred. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset de-recognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the modification results in derecognition of the original financial asset and new financial asset is recognised at fair value.

If the cash flows of the modified asset are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset by recomputing the EIR rate on the instrument.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Financial liabilities

The Company de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If the modification is not accounted as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gainor loss is recognised in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability by recomputing the EIR rate on the instrument.

Offsetting of financial instruments

VI. Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

VII. The Company recognises impairment allowances for ECL on all the financial assets that are not measured at FVTPL:

ECL are probability weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit impaired – as the present value of all cash shortfalls that are possible within 12 months after the reporting date.
- financial assets with significant increase in credit risk but not credit impaired – as the present value of all cash shortfalls that result from all possible default events over the expected life of the financial asset.
- financial assets that are credit impaired – as the difference between the gross carrying amount and the present value of estimated cash flows
- undrawn loan commitments – as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive

With respect to trade receivables and other financial assets, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For financial assets at FVTOCI, the loss allowance is recognised in OCI.

Raghu Nath Rai & Co. New Delhi Chartered Accountants

IFCI FACTORS LTD. NEW DELHI

Write-off

Financial assets are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

c. Investment in subsidiaries, associates and joint ventures

The Company has not made any investments in subsidiaries, associates and joint ventures for FY 2023-24

d. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

I. The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

II. The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option.
The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.
When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.
Lease Liability and the right of use asset have been adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

e. **Employee benefits**

Short term employee benefits

i. Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. **Post employement benefits**

a. **Defined benefit plans**

Gratuity

The Company has a defined benefit employee scheme in the form of Gratuity. Expense for the year is determined on the basis of actuarial valuation of the Company's year-end obligation in this regard and the value of year end assets of the scheme.

Other long term employee benefits

Benefits under the Company's leave encashmenand and leave fare concession constitute other long term employee benefits. The Company's net obligation in respect of leave encashment is the amount of future benefit that employees have present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognized in profit or loss in the period in which they arise. Provison for Leave fare concession is being made on actuarial valuation basis.

b. **Defined contribution plans**

Provident Fund

The Company pays fixed contribution to Provident Fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to the profit or loss. The obligation of the Company is to make such fixed contributions and to ensure a minimum rate of return to the members as specified by the Government of India (GoI).

f) Income Taxes

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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IFCI FACTORS LTD. NEW DELHI

Current tax

I. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:
a) has a legally enforceable right to set off the recognised amounts; and
b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

II. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:
a) has a legally enforceable right to set off current tax assets against current tax liabilities; and
b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Property, plant and equipment and investment property

Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Depreciation & Amortisation

g) Depreciation is provided using the straight line method over the useful life as provided under Schedule II to the Companies Act, 2013. Depreciation is calculated on pro-rata basis, including the month of addition and excluding the month of sale/disposal. Leasehold improvements are amortised over the underlying lease term on a straight line basis.Residual value in respect of Buildings and Vehicles is considered as 5% of the cost and in case of other assets ' 'Nil'.
The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation on PPE is provided on straight Line Method at the estimated useful life of fixed assets prescribed by Schedule II of the Companies Act, 2013 or based on Management assessment of useful life, if lower than what is prescribed under schedule. Fixed Assets costing less than Rs.5000/- individually are charged to the Profit & Loss Account in the year of purchase.
Intangible assets consisting of Computer software with indefinite period utility / user rights and having a useful life lasting with that of the equipment have been capitalized with the cost of computer.
Software carrying an identifiable period utility of at least five years is amortized on a straight line basis over a period of six years from the date put into use. Software with limited edition /period utility i.e. requiring annual revision is charged to Profit and Loss Account in the year of purchase.

Nature of Assets and their Useful Lifes are as under:-
Furniture & Fixture 10 years
Office equipment 5 Year
Computer Hardware
a. Server & Network 6 Years
b. End User devices 3 Years

Further, regarding the intangibles, we are taking use full life 6 years because the same are the part of server & networks.
A summary of the amortisation/ depletion policies applied for the company other intangible assets to the extent of depreciable amount as follows:-
Technical Know –how : Over the use full life 5- 35 years
Computer software : Over the use full life 5- 10 years
Licence & Fees Amortised over the remainder of the licence period for the date of commencement of the commercial operation

Raghu Nath Rai & Co. New Delhi Chartered Accountants

IFCI FACTORS LTD. NEW DELHI

Intangible assets

Recognition and measurement

Intangible assets are recognized at cost of acquisition which includes all expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to create, produce or making the asset ready for its intended use.

Amortisation

h) Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognized.

Impairment of non-financial assets

k) At each reporting date, the Company reviews the carrying amount of its non financial assets (other than assets held for sale and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in Statment of Profit and Loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Foreign currency transactions

l) The expenses and income in foreign exchange transactions are accounted for at the rates prevailing on the date of transactions/ at the forward rate, if booked, for such transaction.Assets and liabilities held in foreign currencies and accrued income and expenditure in foreign currencies are translated into Indian Rupees at the rates advised by Foreign Exchange Dealers Association of India (FEDAI) prevailing towards the close of the accounting period. Gains/ losses, if any, on valuation of

Provisions and contingencies related to claims, litigation, etc.

m) Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities and contingent assets

n) A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable

Cash and cash equivalent

o) Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Borrowing Costs

p) Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.
All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Derivative Financial Instruments

q) The Company enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.
Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Raghu Nath Rai & Co. New Delhi Chartered Accountants

IFCI FACTORS LTD. NEW DELHI

Segment reporting

r) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. Refer note 35 for details on segment information presented.

Classification of Assets and Provisioning

s) i) All credit exposures are classified into performing and non-performing assets (NPAs) as per guidelines laid down by the RBI. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.
ii) Provision for NPAs and restructured/rescheduled assets is made as per guidelines laid down by the RBI.
iii) Provision for standard assets is made @ 0.50%.
Additional provision is made against specific assets over and above what is stated above, if in the opinion of the management, increased provision is necessary.
iv) As per RBI rules and regulation at the time of becoming NPA 10% provision is to be made but as per IFL policy 15% provision is made.
v) IFL have provisioning and write off policy which was approved on dated 29/04/2013 aligned as per RBI policy. According to that in case of unsecured loan we have to make 15% provision on the date of accounts being classified as sub-standard and after 12 month we have to make 50% provision and after 18 month we have to make provision 100% (after classification account as a doubtful).
From April 2017 onwards RBI policy has become more stringent. As per RBI policy on the date of account classification as sub-standard we have to make provision 10% and after 12 month we have to make provision 100% (after classification account as a doubtful). So we are following RBI policy.

Factored Debts

t) Debts factored are shown under 'Loans'. The unpaid balance of debts factored and due to the clients on collection is included under 'Other Financial Liabilities' as 'Contractual Liability against Collection of Factoring'.

Raghu Nath Rai & Co. New Delhi Chartered Accountants

IFCI FACTORS LTD. NEW DELHI

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
7th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019
BALANCE SHEET AS AT MARCH 31, 2024

Particulars	Note No.	Year Ended March 31, 2024 ₹ in Lakhs Audited	Year Ended March 31, 2023 ₹ in Lakhs Audited
Assets			
Financial Assets			
Cash and Cash Equivalents	1	31.94	13,153.12
Loans	3	907.09	2,643.50
Investments	4	934.43	1,070.58
Other Financial assets	5	25.92	253.86
Total		**1,899.37**	**17,121.04**
Non-financial Assets			
Current tax assets (Net)	6	70.72	116.77
Deferred tax Assets (Net)	7	-	8,637.51
Property, Plant and Equipment	8	0.98	5.31
Other Intangible assets	9	6.98	9.73
Other non-financial assets	10	78.75	97.94
Total		**157.44**	**8,867.26**
Total Assets		**2,056.81**	**25,988.30**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Debt Securities	11	-	14,107.88
Borrowings (Other than Debt Securities)	12	-	-
Other financial liabilities	13	239.29	1,294.25
Total		**239.29**	**15,402.13**
Non-Financial Liabilities			
Provisions	14	419.52	218.07
Deferred tax liabilities (Net)			-
Other non-financial liabilities	15	6.24	9.14
Total		**425.76**	**227.21**
EQUITY			
Equity Share capital	16A	27,943.89	27,943.89
Instruments Entirely Equity in Nature	16B	-	-
Other Equity	16C	(26,552.13)	(17,584.93)
Total		**1,391.75**	**10,358.96**
Total Liabilities and Equity		**2,056.81**	**25,988.30**

Summary of Significant Accounting Policies (1-6)

The accompanying notes are an integral part of the financial statements (1-56)

As per our Audit Report of even date attached
For Raghu Nath Rai & Co.
Chartered Accountants
Firm Registration No. 000541N

(CA Arjun Mehta)
Partner
Membership No. 97685

(Alan Savio Pacheco)
Managing Director
DIN: 03497265

(Sachikanta Mishra)
Nominee Director
DIN: 02755068

Date: April 26, 2024
Place: New Delhi

(Chirag Sapra)
Chief Financial Officer

(Smit Kumar)
Company Secretary

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
7th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2024

Particulars	Note No.	Year Ended March 31, 2024 ₹ in Lakhs Audited	Year Ended March 31, 2023 ₹ in Lakhs Audited
Revenue from operations			
Interest Income	17	11.34	652.64
Discount and Service Charges	17A	1,988.06	333.11
Application and Administration Charges	17B	-	2.57
Total Revenue from operations		1,999.40	988.32
Other Income	18	188.77	487.25
Total Income		2,188.17	1,475.57
Expenses			
Finance Costs	19	215.05	1,470.78
Employee Benefits Expenses	20	349.68	551.25
Depreciation, amortization and impairment	8	7.08	16.49
Impairment on Financial Instruments	21	1,617.63	(798.04)
Others expenses	22	155.13	289.44
Total Expenses		2,344.57	1,529.92
Profit / (loss) before exceptional items and tax (III-IV)		(156.40)	(54.34)
Exceptional Items			
Profit/(loss) before tax		(156.40)	(54.34)
Tax Expense:			
(1) Current Tax			
(2) Deferred Tax		8,637.51	367.49
Profit / (loss) for the period after Tax		(8,793.91)	(421.83)
Add:- Provision Reversed under Ind AS as per RBI		11,235.29	(904.93)
Less:- Transfer to Impairment Reserve as per RBI		(11,235.29)	904.93
Profit/(loss) for the period		(8,793.91)	(421.83)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	23	(173.29)	189.23
Income tax relating to items that will not be reclassified to profit or loss		-	(52.64)
		(173.29)	136.59
Total Comprehensive Income for the period		(8,967.20)	(285.25)
Earnings Per Equity Share			
Basic (₹)		(3.15)	(0.15)
Diluted (₹)		(3.15)	(0.15)
EPS is not annulised			

Summary of Significant Accounting Policies (1-6)
The accompanying notes are an integral part of the financial statements (1-56)

As per our Audit Report of even date attached
For Raghu Nath Rai & Co.
Chartered Accountants
Firm Registration No. 000541N

(Alan Savio Pacheco)
Managing Director
DIN: 03497265

(Sachikanta Mishra)
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(CA Arjun Mehta)
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Membership No. 97685

Date: April 26, 2024
Place: New Delhi

(Chirag Sapra)
Chief Financial Officer

(Smit Kumar)
Company Secretary

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
7th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

Statement of Changes in Equity

A. Equity Share Capital

(₹ in Lakhs)

Balance at the 01.04.2022	Changes in equity share capital during the year	Balance at the 31.03.2023	Changes in equity share capital during the period	Balance at the 31.03.2024
27,943.89	-	27,943.89	-	27,943.89

B. Instruments entirely equity in nature

Compulsarily Convertible Preference Shares

Balance at the 01.04.2022	Changes during the year	Balance at the 31.03.2023	Changes during the period	Balance at the 31.03.2024
-	-	-	-	-

C. Other Equity

(₹ in Lakhs)

Particulars	Equity component of Financial Instruments		Reserves and Surplus					Other Comprehensive Income		Total
	Perpetual Non-Convertible Debentures	Optionally Convertible Debentures	Impairment Reserve	Statutory Reserves	General Reserve	Securities Premium Reserve	Retained Earnings	Equity Instruments through Other Comprehensive	Remeasurement of Defined Benefit Plans	
April 01, 2022	-	-	10,502.99	1,755.73	31.65	1,008.20	(30,274.32)	(253.55)	(70.39)	(17,299.69)
Total Comprehensive Income for the year	-	-	-	-	-	-	(421.83)	96.02	40.57	(285.25)
Transfer from retained earnings			904.93				(904.93)			-
Share Issue Expenses	-	-	-	-	-	-	-	-	-	-
Conversion in Equity Shares		-	-	-	-	-	-	-	-	-
March 31, 2023	-	-	11,407.92	1,755.73	31.65	1,008.20	(31,601.09)	(157.54)	(29.82)	(17,584.93)
Total Comprehensive Income for the year	-	-	-	-	-	-	(8,793.91)	(199.54)	26.24	(8,967.20)
Transfer from retained earnings			(11,235.29)				11,235.29			-
Share Issue Expenses	-	-	-	-	-	-	-	-	-	-
Conversion in Equity Shares		-	-	-	-	-	-	-	-	-
March 31, 2024	-	-	172.63	1,755.73	31.65	1,008.20	(29,159.70)	(357.07)	(3.58)	(26,552.13)

The accompanying notes are an integral part of the financial statements (1-56)

For and on behalf of Board of Directors

As per our Audit Report of even date attached
For Raghu Nath Rai & Co.
Chartered Accountants
Firm Registration No. 000541N

(Alan Savio Pacheco)
Managing Director
DIN: 03497265

(Sachikanta Mishra)
Nominee Director
DIN: 02755068

(CA Arjun Mehta)
Partner
Membership No. 97685

Date: April 26, 2024
Place: New Delhi

(Chirag Sapra)
Chief Financial Officer

(Smit Kumar)
Company Secretary

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
7th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024

	Year Ended March 31, 2024 ₹ in Lakhs Audited	Year Ended March 31, 2023 ₹ in Lakhs Audited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	(156.40)	(54.34)
Adjustments for:		-
Depreciation/Amortisation	7.08	16.49
Bad Debts Written Off	31,900.24	522.29
Reversal of Provision for Doubtful Debts	(30,492.53)	(2,479.45)
Provision for Standard Assets	246.93	(18.42)
Allowance for Bad and Doubtful Debts and Loans	(37.00)	1,177.54
Stamp Duty for issue of shares	-	-
Amount directly charged to Other Equity	26.24	(2.78)
Change in DTA transferred through OCI		(0.98)
Provision for Gratuity	(16.97)	20.05
Provision for Leave Encashment	(28.51)	(53.96)
(Income)/Loss From Mutual Fund	(87.72)	(120.98)
Interest on FDRs	-	(353.15)
FV of Financial Asset at amortised cost		3.20
Operating Profit Before Working Capital Changes	**1,361.35**	**(1,344.49)**
Movement in Working Capital		
Increase/(Decrease) in Borrowings	(14,107.88)	(3,395.48)
Increase/ (Decrease) in Trade Payables & Other Financial/Non-Financial liabilities	(1,057.86)	(784.98)
(Increase)/Decrease in Factoring	(4,299.71)	8,582.57
(Increase)/Decrease in Loans & Advances, Other Current & Non-Current Assets	4,958.59	4,243.22
Net Cash Used in Operations	(13,145.52)	7,300.85
Direct Tax Paid	-	-
Net Cash Flow From Operating Activities	**-13,145.52**	**7,300.85**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment / Capital Advance	-	(0.77)
Investment in Current and Non Current Investments	(63.39)	-
Interest on FDRs	-	353.15
Income From Mutual Fund	87.72	120.98
Net Cash Flow From Investing Activities	**24.33**	**473.36**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Subordinate Debts Raised		
Dividend Paid	-	
Perpetual Non-convertible Debenture Issued		
Expenses Related to Issuance of Share Capital		
Dividend Paid		
Tax on Distributed Profits		
Net Cash Flow From Financing Activities	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH	**(13,121.18)**	**7,774.21**
Opening Cash and Cash Equivalents	13,153.12	5,378.91
Closing Cash and Cash Equivalents	**31.94**	**13,153.12**

Note:

1 **Components of Cash and Cash Equivalents:**	**Year Ended March 31, 2024 ₹ in Lakhs**	**Year Ended March 31, 2023 ₹ in Lakhs**
Cash on Hand	0.00	0.03
Balances with Banks	31.93	13,153.09
	31.94	**13,153.12**

As per our Audit Report of even date attached
For Raghu Nath Rai & Co.
Chartered Accountants
Firm Registration No. 000541N

(Alan Savio Pacheco)
Managing Director
DIN: 03497265

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IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
7th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2024

Particulars	Note No.	Year Ended March 31, 2024	Year Ended March 31, 2023
Note No 16A		₹ In Lakhs	₹ In Lakhs
I. Equity Share Capital			
a. Authorised Share Capital			
300,000,000 (30,000,000) Equity Shares of Rs.10 each		30,000.00	30,000.00
200,000,000 (20,000,000) Prefernce Shares of Rs.10 each		20,000.00	20,000.00
		50,000.00	**50,000.00**
b. Issued Share Capital			
279,438,860 (279,438,86) Equity Shares of Rs.10 each fully paid up		27,943.89	27,943.89
279,438,860 (279,438,86)Equity Shares of Rs.10 each fully paid up		**27,943.89**	**27,943.89**
c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year			
Equity Shares			
At the beginning of the year		27,943.89	27,943.89
		-	-
Outstanding at the end of the year		**27,943.89**	**27,943.89**
a. Details of shareholders holding more than 5% shares in the company			
Equity shares of Re 10 each fully paid			
Name of Shareholder			
IFCI Limited		99.90%	99.90%
b. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates			
Out of equity shares issued by the company, shares held by its Holding company are stated below:			
IFCI Limited		27,91,54,692	27,91,54,692

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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2024

Particulars	Note No.	Year Ended March 31, 2024	Year Ended March 31, 2023
Note No 16C		₹ in Lakhs	₹ in Lakhs
c. Statutory Reserve Fund			
(under section 45 IC of Reserve Bank of India Act)			
Opening Balance		1,755.73	1,755.73
Add: Transfer from Surplus Balance in Statement of Profit and Loss		-	-
Closing Balance		**1,755.73**	**1,755.73**
d. General Reserve			
Opening Balance		31.65	31.65
Less: Transfer to Statement of Profit and Loss		-	-
Closing Balance		**31.65**	**31.65**
e. Impairment Reserve			
Opening Balance		11,407.92	10,502.99
Add: Transfer from Retained Earnings		(11,235.29)	904.93
Closing Balance		**172.63**	**11,407.92**
f. Security Premium Reserve			
Opening Balance		1,008.20	1,008.20
Add/Less during the year			
Closing Balance		**1,008.20**	**1,008.20**
g. Retained Earnings			
Opening Balance		(31,601.09)	(30,274.32)
Add: Profit / (Loss) for the period		(8,793.91)	(421.83)
Less:- Share Issue Expenses		-	-
Less: Appropriations			-
Transfer to Impairment Reserves		11,235.29	(904.93)
Closing Balance		**(29,159.70)**	**(31,601.09)**
h. Other Comprehensive Income			
I. Equity Instruments through Other Comprehensive Income			
Opening Balance		(157.54)	(253.55)
Add: Other Comprehensive income for the year		-199.54	96.02
Closing Balance		(357.07)	(157.54)
II. Remeasurement of Defined Benefit Plans			
Opening Balance		(29.82)	(70.39)
Add: Other Comprehensive income for the year		26.24	40.57
Closing Balance		(3.58)	(29.82)
Total Comprehensive Income		**(360.65)**	**(187.35)**
Total Other Equity		**(26,552.13)**	**(17,584.93)**

IFCI FACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2024

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
	₹ in Lakhs	₹ in Lakhs
1. Cash and cash equivalents		
Cash on hand	0.00	0.03
Balances with Banks	9.56	206.79
Fixed Deposit	22.37	12,946.30
	31.94	**13,153.12**
2. Bank Balance other than above		
Earmarked balances for Unpaid Dividend	-	-
	-	-

3. Loans

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
	₹ in Lakhs	₹ in Lakhs
At Amortised Cost		
(A) Product Type		
Term Loans	1,372.09	5,592.87
Factoring	-	28,045.16
Total - Gross	**1,372.09**	**33,638.03**
Less: Impairment loss allowance	(465.00)	(30,994.53)
Total Net	**907.09**	**2,643.50**
(B) Secured/Unsecured		
(i) Secured by assets	1,372.09	4,831.46
(ii) Covered by Bank/Government Guarantees	-	263.59
(iii) Unsecured	-	28,542.99
Total (B)-Gross	**1,372.09**	**33,638.03**
Less: Impairment loss allowance	(465.00)	(30,994.53)
Total (B) Net	**907.09**	**2,643.50**
(C) Loans in India		
(i) Public Sector	-	-
(i) Others	1,372.09	33,638.03
Total (C)- Gross	**1,372.09**	**33,638.03**
Less: Impairment loss allowance	(465.00)	(30,994.53)
Total (C) Net	**907.09**	**2,643.50**

4. Investment

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
	₹ in Lakhs	₹ in Lakhs
Fair Value through Other Comprehensive Income		
Equity Instruments		
- J M Financial Asset Reconstruction Company Pvt. Ltd.		
26,605 Security Receipts of Rs. 750 each fully paid up	199.54	399.08
(Backed by NPA sold by the Company)		
- Raytheon Assets Reconstruction Pvt. Ltd.		
67150 Security Receipts of Rs. 1000 each fully paid up	671.50	671.50
(Backed by NPA sold by the Company)		
Investment in Mutal Fund	63.39	
Total – Gross (A)	**934.43**	**1,070.58**
(i) Overseas Investments	-	-
(i) Investments in India	934.43	1,070.58
Total (B)	**934.43**	**1,070.58**
Less: Allowance for Impairment loss (C)	-	-
Total – Net D= (A)-(C)	**934.43**	**1,070.58**

5. Other Financial Assets

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
	₹ in Lakhs	₹ in Lakhs
Advance to Employess	3.18	7.81
Security Deposits	0.08	0.08
Other debts*	4.15	11.46
Sundry debtors	18.50	40.32
Others		0.66
Interest Accrued But Not Due	-	193.53
	25.92	**253.86**

* 100% provided for as aging more then 3 years.

6. Current Tax Assets (Net)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
	₹ in Lakhs	₹ in Lakhs
Advance Income Tax (including earlier years) (Net of Provisions)	70.72	116.77
	70.72	**116.77**

7. Deferred Tax Assets (net)

Particulars	Year Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Deferred Tax Assets	-	8,673.62
Less:- Deferred Tax Liabilities	-	36.12
		-
	-	**8,637.51**

8. Property Plant & Equipment

Particulars	Year Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Gross Carrying Value		
Opening Balance		
a Furniture and Fixtures	9.17	9.17
b Office Equipment	5.17	5.17
c Computer Hardware	120.33	119.56
	134.67	**133.91**
Addition/(Sale) during the period		
a Furniture and Fixtures	-	-
b Office Equipment	-	-
c Computer Hardware	-	0.77
	-	**0.77**
Closing Balance		
a Furniture and Fixtures	9.17	9.17
b Office Equipment	5.17	5.17
c Computer Hardware	120.33	120.33
	134.67	**134.67**
Accumulated Depreciation		
Opening Balance		
a Furniture and Fixtures	8.11	7.48
b Office Equipment	4.19	3.75
c Computer Hardware	117.07	108.09
	129.36	**119.32**
Depreciation for the period		
a Furniture and Fixtures	0.78	0.63
b Office Equipment	0.41	0.44
c Computer Hardware	3.15	8.97
	4.33	**10.04**
Closing Balance of Accumulated Depreciation		
a Furniture and Fixtures	8.88	8.11
b Office Equipment	4.59	4.19
c Computer Hardware	120.22	117.07
	133.69	**129.36**

Net Block		
a Furniture and Fixtures	0.29	1.07
b Office Equipment	0.58	0.98
c Computer Hardware	0.11	3.27
	0.98	**5.31**

9. Other Intangible Assets

Particulars	**Year Ended March 31, 2024 ₹ in Lakhs**	**Year Ended March 31, 2023 ₹ in Lakhs**
Gross Carrying Value		
Opening Balance		
a Computer Software	98.32	98.32
	98.32	**98.32**
Addition/(Sale) during the period		
a Computer Software	-	-
	-	-
Closing Balance		
a Computer Software	98.32	98.32
	98.32	**98.32**
Accumulated Depreciation		
Opening Balance		
a Computer Software	88.59	82.14
	88.59	**82.14**
Depreciation for the period		
a Computer Software	2.75	6.45
	2.75	**6.45**
Closing Balance of Accumulated Depreciation		
a Computer Software	91.34	88.59
	91.34	**88.59**
Net Block		
a Computer Software	6.98	9.73
	6.98	**9.73**

10. Other Non-Financial Assets

Particulars	**Year Ended March 31, 2024 ₹ in Lakhs**	**Year Ended March 31, 2023 ₹ in Lakhs**
Indirect Taxes Recoverable	74.31	91.71
Prepaid expenses	4.44	6.22
Advance recoverable cash in kind		
	78.75	**97.94**

11. Debt Securities

Particulars	Year Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
At Amortised Cost		
Secured#		
Redeemable, Non-Convertible Bonds	-	4,106.86
Unsecured		
Redeemable, Non-Convertible Bonds	-	10,001.02
Total (A)	**-**	**14,107.88**
Debt securities in India	-	14,107.88
Debt securities outside India		
Total (B) to tally with (A)	**-**	**14,107.88**

 # Secured by pari passu charge on corporate loan receivables & current assets other than factored receivables.

12. Borrowings (Other than Debt Securities)

Particulars	Year Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
At Amortised Cost		
Secured		
- Term loans IFCI	-	-
Total (A)	-	-
Borrowings in India	-	-
Borrowings outside India		
Total (B) to tally with (A)	-	-

13. Other Financial Liabilities

Particulars	Year Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Interest accrued and not due on Debt Securities	-	1,106.00
Other Payables	239.29	188.26
	239.29	**1,294.25**

14. Provisions

Particulars	Year Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Provision for employee benefits		
- Gratuity	82.60	99.58
- Leave Encashment	49.47	77.98
Contingent Provisions against Standard	287.44	40.51
	419.52	**218.07**

15. Other Non-financial liabilities

Particulars	Year Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
TDS Payable	3.41	6.67
GST Payable	0.06	0.59
Other Taxes	2.77	1.89
		-
	6.24	**9.14**

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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2024

17. Interest Income

Particulars	Year Ended Marchr 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Financial assets measured at Amortised Cost		
Interest on Loans	11.34	652.64
Total	11.34	652.64

17A . Discount and Service Charges

Particulars	Period Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Financial assets measured at Amortised Cost		
Discount and Service Charges	1,988.06	333.11
Total	1,988.06	333.11

17B . Application and Administration Charges

Particulars	Period Ended March 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Financial assets measured at Amortised Cost		
Application and Administration Charges	-	2.57
Total	-	2.57

18. Other Income

Particulars	Year Ended Marchr 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Income from Mutual Funds	6.86	120.98
Interest On FDRs	87.72	353.15
Miscellaneous Income	94.19	13.12
Total	188.77	487.25

19. Finance Costs

Particulars	Year Ended Marchr 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Financial liabilities measured at Amortised Cost		
Interest on Borrowings	214.53	1,476.05
Other Borrowing Costs	0.52	-5.27
Total	215.05	1,470.78

20. Employee Benefits Expenses

Particulars	Year Ended Marchr 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Salaries and wages	316.02	509.49
Contribution to provident and other funds	21.92	25.35
Staff welfare expenses	11.74	16.40
Total	349.68	551.25

21. Impairment on Financial Instruments

Particulars	Year Ended Marchr 31, 2024 ₹ in Lakhs	Year Ended March 31, 2023 ₹ in Lakhs
Bad Debts Written Off	31,863.24	522.29
Provision for Bad and Doubtful Debts Written Back	(30,492.53)	(2,479.45)
Standard / Restructure Assets	246.93	(18.42)
Bad and Doubtful Debts and Loans	-	1,177.54
Total	1,617.63	-798.04

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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2024

22. Other Expenses

Particulars	Year Ended Marchr 31, 2024	Year Ended March 31, 2023
	₹ in Lakhs	₹ in Lakhs
Rent, Rates and Taxes	80.62	170.99
Repairs and maintenance	14.78	15.08
Printing and stationery	3.89	4.95
Postage, Telephone and Fax	4.64	7.55
Travelling & Conveyance	3.10	8.56
Directors fees, allowances and expenses		9.48
Legal and Professional charges	32.29	55.68
Business Promotion	4.70	2.71
Miscellaneous Expenses	11.10	7.23
Total	**155.13**	**289.44**

23. Items that will not be reclassified to profit or loss

Particulars	Year Ended Marchr 31, 2024	Year Ended March 31, 2023
	₹ in Lakhs	₹ in Lakhs
Remeasurements of the defined benefit plans	26.24	56.21
Equity Instruments through Other Comprehensive Income	-199.54	133.03
Total	**(173.29)**	**189.23**

	For the year ended 31 March 2024	For the year ended 31 March 2023
24 Payment to Auditors		
Audit Fees	4.36	7.22
Certification and other services	-	
Reimbursement of Expenses	-	-
Total	4.36	7.22
25 Details of corporate social responsibility expenditure		
a) Gross amount required to be spent by the company for respective financial year		
b) Construction/acquisition of any assets		
c) Yet to be paid in cash		
d) Amount spent during the period -		
- Development of Human Capital		
- Development of Rural areas & sustainable development actvities		
- Promotion of sports		
- Other welfare activities		
- Corpus to the IFCI Social Foundation	-	-
- Admin & other expenses		
Total	-	-

	For the year ended 31 March 2024	For the year ended 31 March 2023
26 Contingent liabilities and commitments (to the extent not provided for)		
A. Contingent Liabilities		
(i) Claims not acknowledged as debts		
(ii) Bank Guarantees Provided	-	-
(iii) Guarantee/Letter of comfort Issued on behalf of third parties	-	-
(iv) Guarantee/Letter of comfort Issued on behalf of subsidiaries companies	-	-
(v) **Tax Matters :**	-	-
Income Tax	1.29	25.82
GST	-	-
	-	-
Total	1.29	25.82
B. Commitments		
(i) Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	NIL	NIL
(ii) Undrawn Commitments	NIL	Nil
Total	-	-
27 Expenditure in Foreign Currencies:		
Membership Fee and Subscription Fee	-	-
Import Factor Commission	-	-
Others	-	-
Total	-	-
28 Earnings in Foreign Currency:		
Earnings in Foreign Currency	Nil	Nil

29 Arrear of Dividend on Compulsorily Convertible Cumulative Preference Shares is INR 6103.28 lakhs which has not been provided for as per sanction terms & conditions.

(All amounts are in INR Lakhs unless otherwise stated)

30 Employee benefits

The Company operates the following post-employment plans -

i. Defined contribution plan

The Company makes monthly contribution towards pension which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as expense towards such contribution are as follows:

	For the year ended 31 March 2024	For the year ended 31 March 2023
Provident Fund and Family Pension Schemes	21.92	25.35

ii. Defined Benefit plan

A. Gratuity

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. This plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months (Maximum Limit – Rs. 20,00,000/-), based on the rate of wages last drawn by the employee concerned. . This defined benefit plan expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2024. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	For the year ended 31 March 2024	For the year ended 31 March 2023
Net defined benefit liability	82.61	99.58

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	**Defined benefit obligation**	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**
Balance at the beginning of the year	99.58		99.58	135.73		135.73
Included in profit or loss			-			-
Current service cost	6.32		6.32	8.55		8.55
Past service cost including curtailment Gains/Losses			-			-
Interest cost (income)	7.31		7.31	9.72		9.72
	13.63	-	**13.63**	**18.27**	-	**18.27**
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions	-		-	-		-
- financial assumptions	1.05		1.05	(2.12)		(2.12)
- experience adjustment	4.42		4.42	3.07		3.07
– on plan assets			-			
	5.47	-	**5.47**	**0.95**	-	**0.95**
Other						
Contributions paid by the employer			-			
Benefits paid	(36.07)		(36.07)	(55.37)		(55.37)
	(36.07)	-	**(36.07)**	**(55.37)**	-	**(55.37)**
Balance at the end of the year	**82.61**	-	**82.61**	**99.58**	-	**99.58**

(c) Plan assets

	For the year ended 31 March 2024	For the year ended 31 March 2023
Investment	NIL	NIL

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages).

	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate	7.23%	7.34%
Future salary growth	6.00%	6.00%
Withdrawal rate:		
Up to 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
Retirement Age (in year)	60	60
Expected rate of return on plan assets	0.00%	0.00%
Mortality	IALM (2012-2014)	IALM (2012-2014)

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	For the year ended 31 March 2024		For the year ended 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(4.62)	5.05	(5.56)	6.04
Future salary growth (0.50% movement)	5.01	(4.69)	6.09	(5.66)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown
Sensitivities due to mortality & withdrawals are not material & hence impact of change due to these not calculated.

(f) Expected maturity analysis of the defined benefit plans in future years

	For the year ended 31 March 2024	For the year ended 31 March 2023
1 year	1.69	6.62
Between 2-5 years	16.14	16.00
Between 5-6 years	1.05	1.27
Over 6 years	63.73	75.68
Total	82.61	99.58

IFCI FACTORS LIMITED
Notes to financial statements for the year ended 31 March 2024
(All amounts are in INR Lakhs unless otherwise stated)

(g) Discreption of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow –

Salary Increases : Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

Investment Risk : If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

B. Earned Leave Liability and Sick Leave Liability

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	For the year ended 31 March 2024	For the year ended 31 March 2023
Net defined benefit liability	49.47	77.98

(a) Funding

The funding requirements are based on the gratuity fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out in Section E below. Employees do not contribute to the plan.

(b) Reconciliation of the net defined benefit (asset) / liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	**Defined benefit obligation**	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**
Balance at the beginning of the year	77.98	-	77.98	131.94	-	131.94
Included in profit or loss						
Current service cost	3.95		3.95	7.19		7.19
Past service cost including curtailment Gains/Losses						
Interest cost	5.72		5.72	9.45		9.45
	9.68	-	9.68	16.64	-	16.64
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions	-		-	-		-
- financial assumptions	0.71		0.71	(1.63)		(1.63)
- experience adjustment	(32.42)		(32.42)	(55.53)		(55.53)
– on plan assets			-			-
	(31.71)	-	(31.71)	(57.16)	-	(57.16)
Other						
Contributions paid by the employer			-			-
Benefits paid	(6.48)		(6.48)	(13.44)		(13.44)
	(6.48)	-	(6.48)	(13.44)	-	(13.44)
Balance at the end of the year	49.47	-	49.47	77.98	-	77.98

(c) Plan assets

There were no plan assets with the Company w.r.t said post retirement medical benfit plan

On an annual basis, an asset-liability matching study is done by the Company whereby the Company contributes the net increase in the actuarial liability to a restricted fund in order to manage the liability risk.

(All amounts are in INR Lakhs unless otherwise stated)

(d) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	For the year ended 31 March 2024	For the year ended 31 March 2023
Discount rate	7.23%	7.34%
Future medical cost increase	6.00%	6.00%
Withdrawal rate:		
Up to 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%
Retirement Age (in year)	60	60
Expected rate of return on plan assets	0.00%	0.00%
Mortality	100 % of IALM (2012 - 14)	100 % of IALM (2012 - 14)

(e) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	For the year ended 31 March 2024		For the year ended 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(3.06)	3.28	(4.38)	4.68
Future salary growth (0.50% movement)	2.12	(3.08)	3.09	(4.41)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.
Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable.

(f) Expected maturity analysis of the defined benefit plans in future years

	For the year ended 31 March 2024	For the year ended 31 March 2023
1 year	1.03	5.03
Between 2-5 years	5.20	10.90
Between 5-6 years	0.71	1.03
Over 6 years	42.53	61.02
Total	49.47	77.98

(g) Discreption of risk exposures

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

Medical Cost Increase - increase in actual medical cost per retiree will increase the Plan's liability. Increase in medical Cost per Retiree rate assumption will also increase the liability.

Investment Risk : If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

Discount Rate : Reduction in discount rate in subsequent valuations can increase the plan's liability.

Mortality & disability : Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

Withdrawals : Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(All amounts are in INR Lakhs unless otherwise stated)

31 Related party disclosure

i. Name of the related party and nature of relationship:-

A. Nature of Relationship	Name of the Related Party
Holding	IFCI Limited
Fellow Subsidiaries	IFCI Infrastructure Development Limited IFCI Financial Service Limited IFCI Venture Capital Funds Limited MPCON Limited Stock Holding Corporation of India Limited
Key Managerial Personnel	Mr. Alan Savio Pacheco (Managing Director) Mr. Smit Kumar (Company Secretary) Mr. Chirag Sapra (Chief Financial Officer) wef September 21, 2023 Mr. Manish Jain (Chief Financial Officer) upto September 20, 2023

ii. Related party transactions during the year and balance receivable from and payable to related parties as at the balance sheet date:-

	Name of related party		Nature of transaction	For the year ended 31 March 2024	For the year ended 31 March 2023
A.	**Holding:**				
	IFCI Limited	(i)	Rent and Maintence Paid	81.48	166.24
		(ii)	Loan Repayment/Conversion	1,900.00	-
		(iii)	Loan - Outstanding	-	-
		(iv)	Interest Paid	62.04	-
		(v)	**Reimbursement of Expenses**		
			- Managerial Remuneration	-	25.32*
			- Others	11.72	12.91
			- Commission against Letter of comfort to Banks	-	-
		(vi)	Salary Reimbursement of employee deputed	117.07	43.87
B.	**Subsidiaries:**				
	IFCI Venture Capital Fund Ltd.	(i)	Salary Reimbursement of employee deputed	29.40	18.65
		(ii)	Interest paid	-	-
	Stock Holding DMS Limited	(i)	Rent Paid	1.55	0.86
	IFCI Infrastructure Development Limited	(i)	Salary Reimbursement of employee deputed	12.64	-
C	**Key Managerial Personnel : Managerial renumeration**				
	Mr. Alan Savio Pacheco (Managing Director)				
	Mr. Smit Kumar (CS)				
	Mr. Manish Jain CFO (up to Sept 23)				
	Mr. Chirag Sapra CFO (wef Sept 23)				
(a)	**Compensation of key managerial personnel**				
	Short-term employee benefits		Manish Jain(up to Sep 2023)	11.97	23.59
	Short-term contractual benefits		Smit Kumar	5.40	5.40
	Total			**17.37**	**28.99**

*Paid for 6 Month for Bikas Kanti Roy

Terms and conditions

All transactions with these related parties are priced on an arm's length basis.

32 Leases

A. Lease as lessee

The Company has entered into short term lease agreement at one center. The leases typically run for a period of 11 months, with an option to renew the lease after that period. Lease payments are renegotiated on regular intervals to reflect market rentals.

For the year ended 31 March 2024	For the year ended 31 March 2023
83.03	167.1

ii. Amounts recognised in profit or loss

During the year ended 31 March 2024, rental expenses of ₹ 83.03 Lakhs (31 March 2023: ₹ 167.1 Lakhs) have been recognised in statement of profit and loss account .

33 Earnings per share (EPS)

		Particulars	Units	For the year ended 31 March 2024	For the year ended 31 March 2023
i	(a)	Profit Computation for Equity shareholders			
		Net profit as per Statement of Profit & Loss	₹ in Lakhs	(8,793.91)	(421.83)
		Less: Preference Dividend			
		Net profit attributable to Equity Shareholders	₹ in Lakhs	(8,793.91)	(421.83)
	(b)	Weighted Average Number of Equity Shares outstanding	Nos	2,794.39	2,794.39
ii	(a)	Profit Computation for Equity shareholders (including potential shareholders)			
		Net profit as per Statement of Profit & Loss	₹ in Lakhs	(8,793.91)	(421.83)
		Less: Preference dividend			
		Net profit attributable to equity shareholders (including potential shareholders)*	₹ in Lakhs	(8,793.91)	(421.83)
	(b)	Weighted Average Number of Equity Shares outstanding	Nos	2,794.39	2,794.39
		Earnings Per Share (Weighted Average)			
		Basic	₹	**(3.15)**	**(0.15)**
		Diluted	₹	**(3.15)**	**(0.15)**

* There are no potential equity shares outstanding as on March 31, 2024.

34 As on March 31, 2024 there were no events or changes in circumstances which indicate any impairment in the assets as defined by Ind AS 36 - "Impairment of Assets".

35 Operating segments

The Board of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, "Operating Segments." The Company's operating segments are established in the manner consistent with the components of the Company that are evaluated regularly by the Chief Operating Decision Maker as defined in 'Ind AS 108 - Operating Segments.' The Company is engaged primarily in the business of financing and there are no separate reportable segments as per Ind AS 108.

36 **Transfers of financial assets**

In the ordinary course of business, the Company enters into transactions that result in the transfer of loans and advances. In accordance with the accounting policy set out in Note 2, the transferred financial assets continue to be recognised in their entirety or to the extent of the Company's continuing involvement, or are derecognised in their entirety.

The Company transfers financial assets that are not derecognised in their entirety are primarily through the sale of NPA loans to asset reconstruction companies (ARCs)

A. Transferred financial assets that are not derecognised in their entirety

Sale of NPA loans to asset reconstruction companies (ARCs)

Sale of NPA loans to asset reconstruction companies (ARCs)' are transactions in which the Company sells loan and advances to an unconsolidated special vehicle and simultaneously purchases the majority portion of security receipts issued by said vehicle. The security receipts are collateralised by the loans purchased by the vehicle and hence the cash flow of the security receipts is dependent on the recovery of purchased loans.
The Company continues to recognise that part of the loans in their entirety against which security receipts have been subscribed by the Company because it retains substantially all of the risks and rewards of ownership w.r.t that part of the transferred loan. The part of loan transferred against which cash consideration is received is derecognised.

The following table sets out the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

	Financial assets at amortised cost
	Loans and advances to customers
For the year ended 31 March 2024	
(i) Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Carrying amount of assets	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Carrying amount of associated liabilities	-
(ii) For those liabilities that have recourse only to the transferred financial assets	
Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Fair value of assets	-
	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Fair value of associated liabilities	-
	-
For the year ended 31 March 2023	
(i) Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Carrying amount of assets	-
	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Carrying amount of associated liabilities	-
	-

	Financial assets at amortised cost
	Loans and advances to customers
(ii) For those liabilities that have recourse only to the transferred financial assets	
Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Fair value of assets	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Fair value of associated liabilities	-

(All amounts are in INR Lakhs unless otherwise stated)

37 Financial instruments - fair value and risk management

A. Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Particluars	For the year ended 31 March 2024		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents			31.94
Bank balance other than above			-
Loans			907.09
Investments		934.43	
Other financial assets			25.92
	-	934.43	964.95
Financial liabilities:			
Debt securities			-
Borrowings (other than debt securities)			-
Other financial liabilities			239.29
	-	-	239.29

Particluars	For the year ended 31 March 2023		
	FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents			13,153.12
Bank balance other than above			-
Loans			2,643.50
Investments		1,070.58	
Other financial assets			253.86
	-	1,070.58	16,050.47
Financial liabilities:			
Debt securities			14,107.88
Borrowings (other than debt securities)			-
Other financial liabilities			1,294.25
	-	-	15,402.13

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value and
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

For the year ended 31 March 2024	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments			934.43	934.43
	-	-	934.43	934.43

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

For the year ended 31 March 2024	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	31.94			31.94	31.94
Bank balance other than above	-			-	-
Loans	907.09			907.09	907.09
Investments	-			-	-
Other financial assets	25.92			25.92	25.92
	964.95	-	-	964.95	964.95
Financial liabilities:					
Trade payables	-			-	-
Debt securities	-			-	-
Borrowings (other than debt securities)	-			-	-
Subordinated liabilities	-			-	-
Other financial liabilities	239.29			239.29	239.29
	239.29	-	-	239.29	239.29

(All amounts are in INR Lakhs unless otherwise stated)

Financial assets and liabilities measured at fair value - recurring fair value measurements

For the year ended 31 March 2023	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments		-		-
Investments			1,070.58	1,070.58
	-	-	1,070.58	1,070.58
Financial liabilities:				
Derivative financial instruments		-		-
	-	-	-	-

Assets and liabilities which are measured at amortised cost for which fair values are disclosed

For the year ended 31 March 2	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	13,153.12			13,153.12	13,153.12
Bank balance other than above	-			-	-
Loans	2,643.50			2,643.50	2,643.50
Other financial assets	253.86			253.86	253.86
	16,050.47	-	-	16,050.47	16,050.47
Financial liabilities:					
Debt securities	14,107.88			14,107.88	14,107.88
Borrowings (other than debt securities)	-			-	-
Other financial liabilities	1,294.25			1,294.25	1,294.25
	15,402.13	-	-	15,402.13	15,402.13

C. Valuation framework

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the group's quarterly reporting periods. Specific controls include :
- verification of observable pricing
- re-performance of model valuations
- review and approval process for new models and chages to models
- review of significant unobservable imputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Bank develops Level 3 inputs based on the best information available in the circumstances.

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates and expected price volatilities and correlations.

The objective of valuation techniques is ti arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses widely recognised valuation models to determine the fair value of common and simple financial instruments, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for OTC derivatives such as forward rate agreements. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainity associated with determining fair values.

Financial instruments valued at carrying value

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include cash in hand, balances with other banks, trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature and their recorded amounts approximate fair values or are receivable or payable on demand.

(All amounts are in INR Lakhs unless otherwise stated)

38 Financial risk management

The Company's activities exposure it to credit risk, liquidity risk, market risk and operational risk.

A. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

Efficient and timely management of risks involved in the Company's activities is critical for the financial soundness and profitability of the Company. Risk management involves the identifying, measuring, monitoring and managing of risks on a regular basis. The objective of risk management is to increase shareholders' value and achieve a return on equity that is commensurate with the risks assumed. To achieve this objective, the Company employs leading risk management practices and recruits skilled and experienced people.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

B. Credit risk

Credit risk arises from loans and advances, cash and cash equivalents, investment in debt securtiies and deposits with banks and financial institutions and any other financial assets.
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's asset on finance and trade receivables from customers; loans and investments in debt securities.
The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
• it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Credit limits are established for each customer and reviewed quarterly. Any loan exceeding those limits require approval from the risk management committee.

b) Probablity of defalut (PD)
Internal rating is the primary input into the determination of the term structure of PD for exposures. The Company collects performance and default information about its credit risk exposures analysed by jurisdictions or region and type of product or borrower.

The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of passage of time.

c) Definition of default and cure
The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower is rated as either 9 or 10.
The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Following indicators are incorporated:
- Internal ratings as on each reporting date
- actual or expected significant adverse changes in business, financial or economic condition that are expected to cause a significant change to borrower's ability to meet its obligations.
- significant increase in credit risk on other financial instruments of same borrower
- significant changes in value of the collateral supporting tee obligation or in the quality of third arty guarantees or credit enhancements.
- significant changes in expected performance and behavior of the borrower including changes in payment status of borrowers and changes in operating results.

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

d) Exposure at default (EAD)
The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.
To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.
The Company determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The Ind AS 109 PDs are then assigned to each economic scenario based on the outcome of Company's models.

e) Loss given default (LGD)
Recovery pattern for the last 10 year of the Company from the reporting date is used to calculate LGD. The Company evaluates all the loans those are defaulted and closed in the last 10 years for recovery efficiency and accordingly calculates the LGD for the Company.

f) Significant increase in credit risk
The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if rating is degraded by more than 3 basis points, the credit risk is deemed to have increased significantly since initial recognition.

g) Provision for expected credit losses
The Company's exposure to credit risk for asset on finance, trade receivables and other financial assets by type of counterparty is as follows.

	For the year ended 31 March 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost					
Grade 1-6 : Low-fair risk	444.64				444.64
Grade 7-8 : Higher risk		-			-
Grade 9-10 : Loss			927.45		927.45
	444.64	-	927.45	-	1,372.09
Loss allowance					
Carrying value	444.64	-	927.45	-	1,372.09

	For the year ended 31 March 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost					
Grade 1-6 : Low-fair risk	994.30				994.30
Grade 7-8 : Higher risk		-			-
Grade 9-10 : Loss			32,643.73		32,643.73
	994.30	-	32,643.73	-	33,638.03
Loss allowance					-
Carrying value	**994.30**	-	**32,643.73**	-	**33,638.03**

The Company has applied a three-stage approach to measure expected credit losses (ECL) on loans accounted for at amortised cost and FVOCI. Loss rates are calculated using past trend of Five years.

(a) Stage 1: 12- months ECL: For exposures where there is no significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12- months is recognized.

(b) Stage 2: Lifetime ECL, not credit-impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognized.

(c) Stage 3: Lifetime ECL, credit-impaired: Financial assets are assessed as credit impaired upon occurrence of one or more events that have a detrimental impact on the estimated future cash flows of that asset. For financial assets that have become credit-impaired, a lifetime ECL is recognized and interest revenue is calculated by applying the effective interest rate to the amortised cost

At each reporting date, the Company assesses whether there has been a significant increase in credit risk of its financial assets since initial recognition by comparing the risk of default occurring over the expected life of the asset. In determining whether credit risk has increased significantly since initial recognition, the Company uses information that is relevant and available without undue cost or effort. This includes the Company's internal credit rating grading system, external risk ratings and forward-looking information to assess deterioration in credit quality of a financial asset.

Cash and cash equivalents

The Company holds cash and cash equivalents of INR 31.93 Lakhs at 31 March 2024 (31 March 2023: INR 13153.12 Lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+ ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company uses a similar approach for assessment of ECLs for cash and cash equivalents as used for debt securities.

k) Collateral held and other credit enhancements

The company's loans are generally secured by a charge on the asset financed (vehicle loans, property loans and loans against gold and securities). Loans are secured with current assets as well as immovable property and fixed assets in some cases.

Collateral securing each individual loan may not be adequate in relation to the value of the loan. All borrowers must meet the comany's internal credit assessment procedures, regardless of whether the loan is secured. In addition to the collateral stated above, the company holds other types of collateral such as second charges and floating charges for which specific values are generally not available.

The following table sets out the principal types of collateral held against different types of financial assets.

As at March 31, 2024	Maximum exposure to credit risk	Securties	Bank and government guarantees	Tangible assets	Total Collateral	Net Exposure
Loans and advances	907.09	-	264.95	642.14	907.09	-
Total financial assets at amortised cost	**907.09**	-	**264.95**	**642.14**	**907.09**	-

As at March 31, 2023	Maximum exposure to credit risk	Securties	Bank and government guarantees	Tangible assets	Total Collateral	Net Exposure
Loans and advances	2,643.50	-	263.59	2,379.91	2,643.50	-
Total financial assets at amortised cost	**2,643.50**	-	**263.59**	**2,379.91**	**2,643.50**	-

(All amounts are in INR Lakhs unless otherwise stated)

C. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amount are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

For the year ended 31 March 2024	Contractual cash flows						
	Carrying amount	Gross nominal inflow/ (outflow)	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non - derivative financial liabilities							
Borrowings	-	-	-	-	-		
Non-derivative financial assets							
Cash and cash equivalents	31.94	31.94	31.94				
Bank balances other than cash and cash equivalent	-	-	-				
Loans	907.09	907.09	-	-	-	907.09	
Investment securities	934.43	934.43			934.43		

For the year ended 31 March 2023	Contractual cash flows						
	Carrying amount	Gross nominal inflow/ (outflow)	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non - derivative financial liabilities							
Borrowings	14,107.88	14,107.88	1,713.09	-	15,790.37		
Non-derivative financial assets							
Cash and cash equivalents	13,153.12	13,153.12	13,153.12				
Bank balances other than cash and cash equivalent	-	-	-				
Loans	2,643.50	2,643.50	283.58			2,359.92	
Investment securities	1,070.58	1,070.58			1,070.58		

(All amounts are in INR Lakhs unless otherwise stated)

D. Market risk

Market the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. Such risks the market risk for the trading portfolio is managed and monitored based on a VaR methodology that reflects the interdependency between risk variables. Non–trading positions are managed and monitored using other sensitivity analyses. All such transactions are carried out within the guidelines set by the Risk Management Committee.

The following table sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios :

		Market risk measure	
	Carrying amount	**Trading portfolios**	**Non-trading portfolios**
As at 31 March 2024			
Assets subject to market risk			
Cash and cash equivalents	31.94	-	31.94
Bank balance other than above	-	-	-
Loans	907.09	-	907.09
Investments	934.43	-	934.43
Other financial assets	25.92	-	25.92
	1,899.37	-	1,899.37
Liabilities subject to market risk			
Debt securities	-	-	-
Borrowings (other than debt securities)	-	-	-
Other financial liabilities	239.29	-	239.29
	239.29	-	239.29
As at 31 March 2023			
Financial assets:			
Cash and cash equivalents	13,153.12	-	13,153.12
Bank balance other than above	-	-	-
Loans	2,643.50	-	2,643.50
Investments	1,070.58	-	1,070.58
Other financial assets	253.86	-	253.86
	17,121.04	-	17,121.04
Financial liabilities:			
Debt securities	14,107.88	-	14,107.88
Borrowings (other than debt securities)	-	-	-
Other financial liabilities	1,294.25	-	1,294.25
	15,402.13	-	15,402.13

b. Market risk - Non-trading portfolios

(i) Interest rate risk

Exposure to interest rate risk
The interest rate profile of the Company's interest-bearing financial instruments as reported to the management is as follows:

Particulars	31 March 2024	31 March 2023
Fixed rate instruments		
Financial assets	907.09	2,643.50
Financial liabilities	-	14,107.88
Variable rate instruments		
Financial assets		
Financial liabilities	-	-

c. *Operational Risk*

(i) *Operational*
Operational risk is the exposure to loss resulting from inadequate or failed internal processes, people and systems, or from external events. The Company has clearly defined operations procedures for each of its products and services. It also has advanced computer systems that enable it to run operations with speed and accuracy.

The operational risk department operates independently from other units of the Company and reports directly to the Audit Committee, which consists of members of the Board. It conducts regular reviews of all business areas of the Company and reports control deficiencies and exceptions to the Company's policies and procedures. It also recommends measures to mitigate operational risk, which are implemented by management immediately.

The Company also has a contingency plan to take care of any failure of its computer systems. Regular backups are made for all important datasets, and stored outside the Company's premises. This ensures that in case of any system failure, the Company will be able to continue its operations without losing critical data or business transactions. As part of its disaster recovery plan, the Company has established a back-up site which would and operate during an emergency.

The Company has a specific Business Continuity Plan ("BCP") unit. The main objective of the BCP is to ensure that in the event of full or partial disaster, the Company should be able to continue providing essential services to customers, minimizing any adverse effects on the Company's business, through business impact analysis, business restoration plans and procedures, for the identified critical functions.

The Company is using an operational risk management solution for monitoring operational risk, conducting risk and control self assessments and capturing operational loss data.

(All amounts are in INR Lakhs unless otherwise stated)

39 Capital management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

i. Regulatory capital

The Company's regulatory capital consists of the sum of the following elements :

- Common equity Tier 1 (CET1) capital, which includes ordinary share capital, realetd share premiums, retained earnings and reserves after adjustment for dividend declared and deduction for goodwill, intangible assets and other regulatory adjustments relating to items that are not included in equity but are treated differently for capital adequacy puposes.

- Tier 2 capital, which includes preference shares, qualifying subordinated liabilities and any excess of impairment over expected losses.

	For the year ended 31 March 2024	For the year ended 31 March 2023
Common equity Tier 1 (CET1) capital		
Ordinary share capital	27,943.89	27,943.89
Share premium	1,008.20	1,008.20
Retained earnings	(29,159.70)	(20,193.16)
Other reserves	1,599.37	1,600.03
Deductions:		
Intangible assets	(6.98)	(9.73)
Defeered tax other than temporary differnces	-	(8,637.51)
Prepaid Expenses	(4.44)	(6.22)
	1,380.34	1,705.50
Tier 2 capital instruments		
PDI	-	-
Provision against Standard Assets	283.24	40.51
	283.24	40.51
Total regulatory capital	1,663.58	1,746.01
Risk weighted assets	1,947.17	4,070.41
CRAR (%)	85.44%	42.90%
CRAR -Tier I Capital (%)	70.89%	41.90%
CRAR -Tier II Capital (%)	14.55%	1.00%

ii. Capital allocation

Management uses regulatory capital ratios to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on regulatory capital requirements, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Company Risk and Company Credit, and is subject to review by the Company Asset and Liability Management Committee (ALCO).

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Company to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Company's longer-term strategic objectives. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

40 **The following additional information is disclosed in terms of RBI Circulars applicable to Non-Banking Financial Companies:**

(i) Certificated of Registration no. as issued by Reserve Bank of India - B-14.01248

(ii) No penalty has been imposed by RBI and any other regulators during the year.

(iii) Ratings assigned by credit rating agencies and migration of ratings during the period ended March, 2024

Long Term (Bonds/NCDs/Term Loans)

Ratings by	31-Mar-24	31-Mar-23
CARE	NA	CARE BB; Negative (Double B; Outlook: Negative)

Short Term (Commercial Paper/Short term borrowings)

Ratings by	31-Mar-24	31-Mar-23
CARE	NA	CARE A4 [A Four]

Long Term Non-Convertible Debentures

Ratings by	31-Mar-24	31-Mar-23
Brickwork	NA	BWR BB : Pronounced BWR BB (Outlook Stable)
CARE	MA	CARE BB; Negative (Double B; Outlook: Negative)

(iv) Disclosures relating to Customer Complaints

	Particulars	31-Mar-24	31-Mar-23
a)	No. of complaints pending at the beginning of the period		
b)	No. of complaints received during the period	-	-
c)	No. of complaints redressed during the period	-	-
d)	No. of complaints pending at the end of the period	-	-

(v) **Capital to Risk Assets Ratio (CRAR)**

	Particulars	31-Mar-24	31-Mar-23
(a)	Capital to Risk Assets Ratio (CRAR)	85.44%	42.90%
(i)	Core CRAR	70.89%	41.90%
(ii)	Supplementary CRAR	14.55%	1.00%
(b)	Subordinated debt raised, outstanding as Tier II Capital	-	-
(c)	Risk-weighted assets	1,947.17	4,070.41
(i)	On-Balance Sheet Items	1,947.17	4,070.41
(ii)	Off-Balance Sheet Items	-	-

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

	Particulars	As on 31/03/2024		As on 31/03/2023	
		Outstanding	Overdue	Outstanding	Overdue
(a)	**Debentures:**				
(i)	Secured	-		4,452.57	
(ii)	Unsecured	-		10,761.48	
(b)	**Deferred Credits**				
(c)	Term Loans	-		-	
(d)	Inter Corporate loans & borrowing				
(e)	CBLO/ Commercial Paper				
(f)	Other Loans (Cash Credit and Overdraft)	-		-	
(g)	Funds placed with IFCI				
(h)	Bonds				

The Company has not defaulted in repayment of dues to any financial institution or bank or bond/ debenture holders.

(vii) Investor group wise classification of all investments (Current & Long Term) in shares and securities (both Quoted & Unquoted)

	Category	31-Mar-24		31-Mar-23	
		Market/ Break- up/ Fair Value/ NAV	Book Value	Market/ Break- up/ Fair Value/ NAV	Book Value
	Related Parties				
(a)	Subsidiaries	-	-	-	-
(b)	Companies in same group	-	-	-	-
(c)	Joint Venture	-	-	-	-
(d)	Other than Related Parties	934.43	934.43	1,070.58	1,070.58
	Total	**934.43**	**934.43**	**1,070.58**	**1,070.58**

(viii) Details of investment and movement in provision :

	Particulars	31-Mar-24	31-Mar-23
A)	**Value of Investment in India**		
	Provisions for Depreciation		
	Net Value of Investments	934.43	1,070.58
B)	**Movement of provisions held towards depreciation on investments**		
(i)	Opening balance		
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

(ix)

Particulars	31-Mar-24	31-Mar-23
Leased Assets and stock on hire and other assets counting towards Loan activities	-	-

(x) **Borrower group-wise classification of assets financed:**

	Category	31-Mar-24	31-Mar-23
1	Related Parties		
(a)	Subsidiaries		
(b)	Companies in same group		
2	Other than Related Parties	907.09	2,643.50
	Total	**907.09**	**2,643.50**

Amount is net of provision against non-performing and standard restructured assets

(xi) **Details of Single Borrower Limit - exceeded by the NBFC on the basis of Gross Exposure**

S.No	Concern Name	Total Outstanding 31-Mar-2024	%of owned funds	Total Outstanding 31-Mar-2023	%of owned funds
1	PAN INDIA INFRAPROJECTS PRIVATE LIMITED	658.0	47.67%	658.01	40.90%
2	SHRIRAM EPC LIMITED	445.0	32.24%	711.00	44%
3	ADIGEAR INTERNATIONAL			636.78	39.58%
4	AMAR REMEDIES			1801.79	111.99%
5	APEX BUILDSYS LIMITED			1501.24	93.31%
6	ARCHON ENGICON PVT. LTD.			1229.65	76.43%
7	ARVIND CASTINGS PRIVATE LIMITED			500.00	31.08%
8	CONCAST STEEL & POWER LIMITED			2500.00	155.39%
9	ELDER PHARMACEUTICALS LIMITED			1499.27	93.19%
10	ERA INFRA ENGINEERING LIMITED - SB			1500.22	93.25%
11	GANGOTRI IRON & STEEL CO. LIMITED			640.39	39.80%
12	GEI INDUSTRIAL SYSTEMS LTD.			1479.82	91.98%
13	INNOVENTIVE INDUSTRIES LIMITED			837.62	52.06%
14	JAY POLYCHEM INDIA LIMITED			739.39	45.96%
15	KALYANI ENGINEERING WORKS			672.92	41.83%
16	KEW INDUSTRIES LIMITED - SB			788.40	49.00%
17	LEEWAY LOGISTIC LTD.			1284.66	79.85%
18	MARGDARSHAK FINANCIAL SERVICES LIMITED			448.97	27.91%
19	MAXX MOBLINK PRIVATE LIMITED			1165.59	72.45%
20	MULTI-FLEX LAMI-PRINT LTD.			548.25	34.08%
21	MVL LIMITED			1150.77	71.53%

22 NAVAKARNATAKA STEELS PVT. LTD.	837.53	52.06%
23 NAVRANG ROADLINES PRIVATE LIMITED	900.00	55.94%
24 NET 4 COMMUNICATIONS LTD.	1336.79	83.09%
25 OVERNITE EXPRESS LIMITED	575.57	35.78%
26 SHIVA UDYOG A/C	533.35	33.15%
27 SHREESHYAM PULP AND BOARD MILL LIMITED	938.83	58.35%
28 SPANCO LIMITED	546.93	34.00%
29 UNILEC ENGINEERS LIMITED	490.10	30.46%
30 VNR INFRASTRUCTURES LIMITED	1801.59	111.98%

(xii) Details of Group Borrower Limit - exceeded by the NBFC on the basis of Gross Exposure

Group Name	Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023
(a) Loan Total Outstanding	-	-
(b) %of owned funds	-	-
(c) Investment outstanding	-	-
(d) % of owned funds	-	-
(e) Total Exposure	-	-
(f) % of owned funds	-	-

(xiii) Concentration of Advances

	Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023
Total Advances to top twenty largest borrowers / customers	1,372.09	24,624.18
Percentage of Advances to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	100.00%	74.19%

(xiv) Concentration of Exposures

	Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023
Total Exposure to top twenty largest borrowers / customers	1,372.09	24,624.18
Percentage of Exposures to top twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	100.00%	74.19%

(xv) Concentration of NPAs

	Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023
Total Exposure to top Four NPA Accounts	927.45	7,604.79

(xvi) Status of Non-Performing Assets

Particulars	Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023
1 **Gross Non-Performing Assets**		
(a) Related Parties	-	-
(b) Other than Related parties	927.45	32,643.72
2 **Net Non-Performing Assets**		
(a) Related Parties	-	-
(b) Other than Related parties	462.45	1,649.19
Assets acquired in satisfaction of debt	-	-

(xvii) Movement of NPA :

Particulars	Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023
(i) **Net NPAs to Net Advances (%)**	181.81%	62.39%
(ii) **Movement of NPAs (Gross)**		
(a) Opening balance	32,643.72	35,616.38
(b) Additions during the year	-	-
(c) Reductions during the year	31,716.27	2,972.66
(d) Closing balance	**927.45**	**32,643.72**
(iii) **Movement of Net NPAs**		
(a) Opening balance	1,649.19	3,319.94
(b) Additions during the year	-	
(c) Reductions during the year	1,186.74	1,670.75
(d) Closing balance	**462.45**	**1,649.19**
(iv) **Movement of provisions for NPAs (excluding provisions on standard assets)**		
(a) Opening balance	30,994.52	32,296.43
(b) Provisions made during the year	-	1,177.54
(c) Write-off / write-back of excess provisions	30,529.52	2,479.45
(d) Closing balance	465.00	30,994.52

(xviii) Sectoral Exposure

	Sector	Total Exposure		NPAs out of Total Advances		% of NPAs to Total Advances	
		Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023	Total Outstanding 31-Mar-2024	Total Outstanding 31-Mar-2023	31-Mar-24	31-Mar-23
1	MSME		4,570.85	-	4,570.85	-	100%
2	Corporate Borrowers	1,372.09	25,276.25	927.45	24,281.95	67.59%	96%
3	Services		3,790.92	-	3,790.92	-	100%
5	Other personal loans			-	-	-	-

(xix) **Provisions and contingencies**

Break up of Provisions and Contingencies	31-Mar-24	31-Mar-23
Provisions for depreciation on Investment		
Provision for Diminution in value of Non-Current Investments		
Provision towards NPA	465.00	30,994.53
Provision for Standard Assets	287.44	40.51

(xx) **Exposure to Real Estate Sector**

	Category	31-Mar-24	31-Mar-23
a)	**Direct Exposure**		
(ii)	**Commercial Real Estate-** Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	-	1,175.04

(xxi) **Exposure to Capital Market**

	Particulars	31-Mar-24	31-Mar-23
(i)	direct investment 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;		
(ii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	5,375.50
(iii)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures 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;	-	-
	Total Exposure to Capital Market	-	**5,375.50**

(xxii) Assets sold to Securitization Company/ Reconstruction Company (SC/ RC):

	Particulars	31-Mar-24	31-Mar-23
1	Number of Accounts	57	-
2	Aggregate outstanding of accounts sold to SC/ RC (Net of Provision)	1,150	-
3	Aggregate consideration	1,321	-
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain/ (loss) over net book value	171	-

(xxiii)

Particulars	31-Mar-24	31-Mar-23
Assignment transactions undertaken	-	-

(xxiv) Details of Non-performing financial assets purchased:

Particulars	31-Mar-24	31-Mar-23
Number of accounts purchased during the year	-	-
Aggregate Outstanding (` crore)	-	-
Of the above number of accounts restructured during the year	-	-
Aggregate Outstanding (` crore)	-	-

(xxv) Non-performing financial assets sold to other than SC/RC

	Particulars	31-Mar-24	31-Mar-23
1	Number of Accounts	-	-
2	Aggregate outstanding of accounts sold to SC/ RC	-	-
3	Aggregate consideration	-	-

The company has not undertaken any exchange traded interest rate (IR) derivatives during the quarter.

(xxvi) **Maturity Pattern of assets and liabilities:**

Particulars	1 day to 30 days	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
LIABILITIES									
Borrowing from Banks	-		-	-		-			-
Market borrowings		-							-
TOTAL	-	-	-	-	-	-	-	-	-
ASSETS									
Advances	-					-	907.09	-	907.09
Investments		63						871.04	934.43
TOTAL	-	63	-	-	-	-	907	871	1,841.52

(xxxv) Disclosure of Restructured Accounts

41 Restructuring Movement

(₹ in Crore)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April, 1, 2023 of the (opening figures)*	No. of borrowers	1				1							-	-	4	4	1	-	-	4	5
		Amount outstanding	710.71				710.71							-	-	2,805.82	2,805.82	710.71	-	-	2,805.82	3,516.53
		Provision thereon	40.51				40.51							-	-	2,805.82	2,805.82	40.51	-	-	2,805.82	2,846.33
2	Fresh restructuring during the year	No. of borrowers	-				-										-	-	-	-	-	-
		Amount outstanding	-				-										-	-	-	-	-	-
		Provision thereon					-										-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers					-										-	-	-	-	-	-
		Amount outstanding					-										-	-	-	-	-	-
		Provision thereon					-										-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers																	-	-	-	-
		Amount outstanding																	-	-	-	-
		Provision thereon																	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers					-										-	-	-	-	-	-
		Amount outstanding					-										-	-	-			-
		Provision thereon					-										-	-	-	-		-
6	Write-offs of restructured accounts during the FY**	No. of borrowers					-									4	4	-	-	-	4	4
		Amount outstanding					-									2,805.82	2,806	-	-	-	2,806	2,806
		Provision thereon					-									2,805.82	2,806	-	-	-	2,806	2,806
7	Reduction in Principal/Provision	No. of borrowers	1				1								-		-	1	-	-	-	1
		Amount outstanding	266.07				266.07								-		-	266.07	-	-	-	266.07
		Provision thereon	(242.73)				(242.73)								-		-	(242.73)	-	-	-	(242.73)
8	Restructured Accounts as on March, 31, 2024 of the FY (closing figures)*	No. of borrowers	1				1						-	-	-	-	-	1	-	-	-	1
		Amount outstanding	444.64				444.64						-	-	-	-	-	444.64	-	-	-	444.64
		Provision thereon	(283.24)				(283.24)						-	-	-	-	-	(283.24)	-	-	-	(283.24)

42 Maturity analysis of assets and liabilities

Rs.in crore

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
I. ASSETS						
(1) Financial Assets						
(a) Cash and cash equivalents	0.32	-	0.32	131.53	-	131.53
(b) Bank Balance other than (a) above	-	-	-	-	-	-
(c) Derivative financial instruments	-	-	-	-	-	-
(d) Receivables	-	-	-	-	-	-
(e) Loans	-	9.07	9.07	2.84	23.60	26.44
(f) Investments	0.63	8.71	9.34	-	10.71	10.71
(g) Other Financial assets	0.26	-	0.26	2.54	-	2.54
Total financial assets	**1.21**	**17.79**	**18.99**	**136.91**	**34.31**	**171.22**
(2) Non-financial Assets						
(a) Investment in subsidiaries	-	-	-	-	-	-
(b) Equity accounted investees	-	-	-	-	-	-
(c) Current tax assets (Net)	-	0.71	0.71	-	1.16	1.16
(d) Deferred tax Assets (Net)	-	-	-	-	86.38	86.38
(e) Investment Property	-	-	-	-	-	-
(f) Property, Plant and Equipment	-	0.01	0.01	-	0.05	0.05
(g) Capital work-in-progress	-	-	-	-	-	-
(h) Other Intangible assets	-	0.07	0.07	-	0.10	0.10
(i) Other non-financial assets	0.79	-	0.79	0.98	-	0.98
Total non-financial assets	**0.79**	**0.79**	**1.58**	**0.98**	**87.69**	**88.66**
Assets held for sale	-	-	-	-	-	-
Total assets	**2.00**	**18.57**	**20.57**	**137.89**	**122.00**	**259.88**
II. LIABILITIES						
LIABILITIES						
(1) Financial Liabilities						
Derivative financial instruments						
(a)Payables						
(I) Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other Payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-			

(b) Debt Securities	-	-	-	-	141.08	141.08
(c) Borrowings (Other than Debt Securities)	-	-	-	-	-	-
(d) Subordinated Liabilities	-	-	-	-	-	-
(e) Other financial liabilities	2.39	-	2.39	12.94	-	12.94
Total financial liabilities	**2.39**	-	**2.39**	**12.94**	**141.08**	**154.02**
(2) Non-Financial Liabilities						
(a) Provisions	-	4.20	4.20	0.16	2.02	2.18
(b) Other non-financial liabilities	0.06	-	0.06	0.09	-	0.09
Total non-financial liabilities	**0.06**	**4.20**	**4.26**	**0.25**	**2.02**	**2.27**
Total Liabilities	**2.45**	**4.20**	**6.65**	**13.19**	**143.10**	**156.29**
Net	**(0.46)**	**14.38**	**13.92**	**124.70**	**(21.11)**	**103.59**

43 During the period the company did not undertake any derivative transaction.

44 The financial statements are prepared as per the "Ind AS Compliant Schedule III to Companies Act, 2013 for Non Banking Financial Companies

45. Disclosure on Moratorium for COVID 19 Regulatory Package and others:-

(i) Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended;

Moratorium was extended in NIL cases as on 31.3.2024) (Nil during the year ended 31.3.2023) as follows:

Particulars	**31.03.2024**		**31.03.2023**	
SMA Category	**No. of cases**	**Amount (Rs. lakh)**	**No. of cases**	**Amount (Rs. lakh)**
NO SMA	0	0	0	0
SMA 1	0	0	0	0
SMA 2	0	0	0	0
Total	0	0	**0**	**0**

(ii) Respective amount where asset classification benefits is extended.

As on 31.3.2024, asset classification benefit had been extended in nil cases (nil as on 31.03.2023).

(iii) Provisions made during the FY 2021;

Nil Provision made during the year. (Nil during last year ended 31.03.2023).

(iv) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6.

Provision of Nil created last year was adjusted as the account slipped into NPA category. (Nil, As provision has been created as on 31/03/2023)

Provision of Nil created last year was adjusted as the account slipped into NPA category.

V) In accordance with the RBI Circular No. RBI/ 2021-22/ 17 DOR.STR.REC.4/ 21.04.048/ 2021-22 dated April 7, 2021 and the methodology for calculation of interest on interest based on guidance issued by Indian Banks' Association, the Company has put in place a Board approved policy to refund / adjust interest on interest charged to borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 i.e. for the moratorium period.

46

Notes to financial statements for the year ended 31 March 2024
(All amounts are in Rupees in lacs unless otherwise stated)

Trade payables

As at 31 March 2024	Outstanding for following periods from due date of payment					
	Less then 6 Months	Less than 1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME		-	-	-	-	-
(ii) Others (provision for expenses)	2.25	-	-	-	-	2.25
(iii) Disputed dues –MSME		-	-	-	-	-
(iv) Disputed dues - Others		-	-	-	-	-
Total						2.25

As at 31 March 2023	Outstanding for following periods from due date of payment					
	Less then 6 Months	Less than 1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME		-	-	-	-	-
(ii) Others (provision for expenses)	10.10	-	-	-	-	10.10
(iii) Disputed dues –MSME		-	-	-	-	-
(iv) Disputed dues - Others		-	-	-	-	-
Total						10.10

There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at all the reporting dates. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent the status of such parties identified on the basis of information available with the Company.

47 DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20

Asset Classification as per RBI Norms	Asset Classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as per required under Ind AS 109	Net Carrying Amount	Provision Required as per IRACP Norms	Difference between Ind AS 109 provisions and IRACP Norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Standard	**Stage 1**	445	19	426	283	-264
	Stage 2	-	-	-	-	-
Subtotal		**445**	**19**	**426**	**283**	**-264**
Non Performing Assets(NPA)						
Substandard(Sub Total - A)	**Stage 3**	-	-	-	-	-
Doubtful						
Upto 1 Year	**Stage 3**	-	-	-	-	-
1 to 3 Years	**Stage 3**	-	-	-	-	-
More than 3 years	**Stage 3**	927	556	371	465	91
Doubtful (Sub Total - B)		**927**	**556**	**371**	**465**	**91**
Loss (Sub Total - C)	**Stage 3**	-	-	-	-	-
Subtotal of NPA (Sub Total - (A)+(B)+C		**927**	**556**	**371**	**465**	**91**
Total	**Stage 1**	445	19	426	283	-264
	Stage 2	-	-	-		-
	Stage 3	927	556	371	465	91
	Total	1,372	575	797	748	-172.63

48 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.

49 As per amendments made to CSR Provisions brought by the Companies (Amendment) Act 2020 read with Companies (Corporate Social Responsibility Policy) Amendment Rules 2021 in view of consistent losses faced by the company and substantial erosion of Net Worth of the Company, the Company has decided not to create any CSR provision in the current year

50 Previous year figures have been re-grouped/ re-arranged wherever necessary, to conform to current period's presentation.

51 Stage 3 income has not been recognized in the books of Accounts.

52 The investor (IFCI Limited) reserves the right of recompense (on conversion of perpetual debt in to equity) to the extent of Rs.14.28 crore (on account of interest on perpetual debt). However, any payment on this account shall be subject to following terms & conditions:
a. The company is in profit in the previous financial year.
b. Mutual consent on the terms & conditions of recompense.
c. Such Payment should not lead the company turning in to losses.

53 The Company had assigned its portfolio of 57 accounts during the financial year for a total consideration of Rs.13.21 crore. The net book value of 57 accounts as on March 31, 2023 is Rs.11.50 crore. The sale of portfolio comprising of 57 accounts lead to a reversal of Deferred Tax Asset of Rs. 83.67 crore.
The Board of IFCI Factors Limited has approved monetization of the remaining 5 assets through sale / assignment process.

54 The balance DTA of Rs. 2.71 crore has been reversed due to uncertainty in future profitability.

55

Liquidity Coverage Ratio as on 31st March 2024	Rs in Lacs
Cash & Bank Balance & other High Quality liquid assets at the end of the March 31, 2024	95.32
Liabilities Payable In Next 30 days(up to April 30,2024)	49
LCR	1.95

56 The total amount of provisions requird as per IGAAP is Rs.7.48 crore whereas the amount of provisions required to be made as per IND AS against the NPA accounts is Rs.5.56 crore and the total provisions required to done as per IND AS is Rs.5.75 crore. The difference between the provision as per IGAAP and Ind AS has been transferred to Impairment Reserve A/c. The table below enumerates the comparative status of provisioning between IGAAP and IND AS.

Rs. In Cr

	IGAAP		Ind AS		
Particulars	Amount	Provision	Amount	Provision -ECL	%
NPA-100% in Nature	9.27	4.65	9.27	5.56	60%
Good Debtors	4.45	2.83	4.45	0.19	4.25%
Stress debtors	-	0.00	-	-	31.0%
Total	**13.72**	7.48	**13.72**	**5.75**	**1.73**

Net Reversal Rs.1.73crore. *

*The company has created impairment allowance on its loan assets at higher of ECL assessment/ RBI norms on portfolio level, based on homogeneous grouping of loans.

In terms of our Report of even date
For Raghu Nath Rai & Co.
Chartered Accountants
Firm Registration No. 000541N

For and on behalf of Board

(CA Arjun Mehta)
Partner
Membership No. 097685

(Alan Savio Pacheco)
Managing Director
DIN: 03497265

(Sachikanta Mishra)
Nominee Director
DIN: 02755068

(Chirag Sapra)
Chief Financial Officer

(Smit Kumar)
Company Secretary

Place: New Delhi
Dated:April 26,2024