

30<sup>th</sup>  
Annual Report  
2017-18



**IFCI Venture Capital Funds Limited**

## BOARD OF DIRECTORS

(As on 08.08.2018)



Dr. Emandi Sankara Rao  
Non-Executive Chairman



Mr. Lalit K. Patangia  
Non-Executive Director



Mr. J. Venkateswarlu  
Additional Director



Mr. Subhash C. Kalia  
Additional Director



Ms. Anjali Kaushik  
Additional Director



Mr. Raghvendra N. Dubey  
Additional Director



Mr. V S V Rao  
Nominee Director



Mr. Alok Sabharwal  
Managing Director

## CHIEF FINANCIAL OFFICER

Ms. Indu Gupta

## COMPANY SECRETARY

Mr. Mukesh Girdhar

## AUDITORS

## STATUTORY AUDITORS

Lunawat & Co.  
Chartered Accountants  
54, Daryaganj  
New Delhi-110002

## INTERNAL AUDITORS

Gianender & Associates  
Chartered Accountants  
Plot No. 6 Site No. 21,  
Geeta Mandir Marg,  
New Rajinder Nagar,  
New Delhi - 110 060

## SECRETARIAL AUDITORS

D Dixit & Associates  
Company Secretaries  
H-2/206-207, 02<sup>nd</sup> Floor,  
Apra North Ex Plaza, Netaji  
Subhash Place,  
New Delhi - 110 034

## BANKERS

Axis Bank Ltd  
HDFC Bank Ltd  
Karur Vysya Bank

State Bank of India  
Punjab National Bank  
South Indian Bank

## REGISTRAR

MCS Share Transfer Agent Limited  
F-65, 1<sup>st</sup> floor Okhla Industrial  
Area, Phase I,  
New Delhi -110020

## DEBENTURE TRUSTEE

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

IDBI Trusteeship Services Ltd.  
Asian Building, Ground Floor  
17. R. Kamani Marg , Ballard Estate  
Mumbai - 400 001

## REGISTERED OFFICE

IFCI Tower,  
61, Nehru Place,  
New Delhi - 110 019.  
Tel (011) 26444932, 26453346  
Fax (011) 26453348  
Website: [www.ifciventure.com](http://www.ifciventure.com)  
E-Mail: [cs@ifciventure.com](mailto:cs@ifciventure.com)

## CONTENTS

Notice	1
<b>Directors' Report</b>	15
Policy on Dealing with Related Party Transactions	32
Form No. AOC-2	35
Extract of Annual Return (MGT-9)	37
Corporate Social Responsibility	42
Secretarial Audit Report (MR-3)	44
Management Discussion & Analysis	48
Comments of Comptroller and Auditor General of India	52
Report on Corporate Governance	54
<b>Independent Auditors' Report</b>	63
Balance Sheet	70
Profit & Loss Account	71
Cash Flow Statement	72
Notes to the Financial Statements	73

## NOTICE

NOTICE is hereby given that the THIRTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF IFCI VENTURE CAPITAL FUNDS LIMITED (IFCI VENTURE) will be held on MONDAY, SEPTEMBER 10, 2018 AT 11:30 A.M., at the Registered Office of the Company situated at IFCI Tower, 61, Nehru Place, New Delhi - 110 019, to transact the following business(es):

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2018 and the Profit & Loss Account for the year ended March 31, 2018, and the Reports of the Board of Directors and Auditors thereon, as presented to the Members.
2. To declare dividend on equity shares for the Financial Year Ended March 31, 2018.
3. To appoint a Director in place of Dr. Emandi Sankara Rao (holding DIN 05184747), Non-Executive Director who retires by rotation and being eligible offers himself for re-appointment.
4. To fix the remuneration of Auditors and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and any other applicable provisions of Companies Act, 2013 and the rules made thereunder (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 fix the remuneration including out of pocket expenses, if any, to be payable to the Statutory Auditors as may be appointed by the Comptroller and Auditor General of India for the Financial Year 2018-19."

"RESOLVED FURTHER THAT reimbursement made towards out of pocket expenses incurred by the statutory auditors in the course of conducting statutory audit of IFCI Venture Capital Funds Limited for the Financial Year 2018-19, be and is hereby, ratified."

### SPECIAL BUSINESS

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

**"RESOLVED THAT** pursuant to the provisions of Section 152 read with Section 161 and any other provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), Mr. Venkateswarlu Jonnalagadda (DIN: 00051001), who was appointed as an Additional Director under the category of Non-Independent Director liable to retire by rotation on the Board of the Company w.e.f. 18<sup>th</sup> October, 2017, to hold office up to the date of this Annual General Meeting of the Company and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act,



2013, as amended, has been received in the prescribed manner, be and is hereby appointed as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on Board of the Company.”

**“RESOLVED FURTHER THAT** Mr. Mukesh Girdhar, Company Secretary, be and is hereby, authorized to do all such acts, deeds and things necessary in this behalf and to file necessary particulars with the Registrar of Companies, NCT of Delhi & Haryana.”

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

“RESOLVED THAT pursuant to the provisions of Section 152 read with Section 161 and any other provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), Mr. Subhash Chander Kalia (DIN: 00075644), who was appointed as an Additional Director under the category of Non-Independent Director liable to retire by rotation on the Board of the Company w.e.f. 26<sup>th</sup> March, 2018, to hold office up to the date of this Annual General Meeting of the Company and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013, as amended, has been received in the prescribed manner, be and is hereby appointed as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on Board of the Company.”

**“RESOLVED FURTHER THAT** Mr. Mukesh Girdhar, Company Secretary, be and is hereby, severally authorized to do all such acts, deeds and things necessary in this behalf and to file necessary particulars with the Registrar of Companies, NCT of Delhi & Haryana.”

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

“RESOLVED THAT pursuant to the provisions of Section 152 read with Section 161 and any other provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), Ms. Anjali Kaushik (DIN: 08128096), who was appointed as an Additional Director under the category of Non-Independent Director liable to retire by rotation on the Board of the Company w.e.f. 8<sup>th</sup> May, 2018, to hold office up to the date of this Annual General Meeting of the Company and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013, as amended, has been received in the prescribed manner, be and is hereby appointed as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on Board of the Company.”



"RESOLVED FURTHER THAT Mr. Mukesh Girdhar, Company Secretary, be and is hereby, severally authorized to do all such acts, deeds and things necessary in this behalf and to file **necessary particulars with the Registrar of Companies, NCT of Delhi & Haryana.**"

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

"RESOLVED THAT pursuant to the provisions of Section 152 read with Section 161 and any other provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force), Mr. Raghvendra N. Dubey (DIN: 07561054), who was appointed as an Additional Director under the category of Non-Executive Non-Independent Director liable to retire by rotation on the Board of the Company w.e.f. 8<sup>th</sup> August, 2018, to hold office up to the date of this Annual General Meeting of the Company and in respect of whom a notice in writing pursuant to Section 160 of the Companies Act, 2013, as amended, has been received in the prescribed manner, be and is hereby appointed as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation **on Board of the Company.**"

"RESOLVED FURTHER THAT Mr. Mukesh Girdhar, Company Secretary, be and is hereby, severally authorized to do all such acts, deeds and things necessary in this behalf and to file necessary particulars with the **Registrar of Companies, NCT of Delhi & Haryana.**"

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

"**RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Alok Sabharwal (DIN 02144568), who was appointed as an Additional Director designated as Managing Director of the Company by the Board of Directors with effect from November 09, 2017, in terms of Section 161 of the Companies Act, 2013 and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director, be and is hereby, appointed as a Director of the **Company.**"

"RESOLVED FURTHER THAT pursuant to the applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the members of the Company, be and is hereby, accorded for ratification of appointment of Mr. Alok Sabharwal (DIN 02144568) as a Managing Director of the Company by the Board of Directors for a period of one year effective from November 09, 2017 to November 08, 2018, under the Articles of Association of the Company, on the terms and conditions of appointment and remuneration as contained in the letters dated November 03, 2017 issued by IFCI Limited, holding Company, a copy whereof initialed by the Chairman for the purpose of identification is placed before the **meeting.**"

“RESOLVED FURTHER THAT the Board, be and is hereby, authorized to do all such acts, deeds, as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub delegate in order to give effect to this resolution or as otherwise considered by the **Board in the best interest of the Company, as it may deem fit.**”

By order of the Board of Directors  
For IFCI Venture Capital Funds Ltd.

Sd/-  
(Mukesh Girdhar)  
Company Secretary

Place : New Delhi  
Date : August 08, 2018

## Inspection of Documents

All documents referred to in the accompanying Notice and the Explanatory Statement as well as the other documents as required under the provisions of the Companies Act, 2013 and Rules made thereunder, are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 10:00 a.m. to 1:00 p.m. upto the date of this Annual General Meeting.

### Notes:

1. Members/Proxies attending the meeting are requested to bring the Attendance Slip (duly completed and signed) to the Meeting.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

The instrument of proxy in order to be effective should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
4. Members are requested to kindly communicate immediately any change in their address, if any, to the Managing Director/Company Secretary at the Registered Office of the Company.
5. Explanatory Statement as per Section 102 of the Companies Act, 2013 is mentioned below.



EXPLANATORY STATEMENT  
(PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013)

Item No. 5

Mr. Venkateswarlu Jonnalagadda (DIN: 00051001) aged 58 years is a Non-Executive Non-Independent Director of the Company. Mr. Venkateswarlu was appointed as an Additional Director by the Board of Directors of the Company w.e.f. October 18, 2017 and is also a Chairman of Audit Committee, Executive Committee, CSR Committee and Risk Management Committee of Directors and a member of the Nomination and Remuneration Committee of Directors.

Under Section 161 of the Companies Act, 2013 read with Article 110(10)(a) of the Articles of Association of the Company, Mr. Venkateswarlu holds office only up to the date of this Annual General Meeting of the Company. A notice has been received proposing candidature of Mr. Venkateswarlu for the office of Director of the Company.

Mr. Venkateswarlu is a practicing Chartered Accountant since last 32 years rendering professional services in the fields of accountancy, auditing, finance, taxation, banking and other economic laws to NBFCs, Insurance Companies, Not for profit Organizations and Corporates, as Statutory Auditors, Internal Auditors, Management and Tax Consultants. The Board considers that given his vast and diverse experience, the Company would benefit under his guidance. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Venkateswarlu as a Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on Board of the Company, for the approval of the shareholders of the Company.

He will be eligible to pay the sitting fees for attending Board and Committee Meetings, in compliance with the provisions of the Companies Act, 2013 and directions of the Board prevailing from time to time. He is not holding any shares in the Company. He is not having any relationship with other directors, Manager and Key Managerial Personnel of the Company. He has attended two Board Meetings out of three during the FY 2017-18. Details of his other Directorships and Membership/ Chairmanship of Committees of other Boards are given separately in the section of Report on Corporate Governance.

Except Mr. Venkateswarlu, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relative(s) is/ are concerned or interested, financially or otherwise, in the resolution set out in Item No. 5.

Note: Articles of Association of the Company and all other documents related to appointment of Mr. Venkateswarlu Jonnalagadda will be available for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 10:00 a.m. to 1:00 p.m. up to the date of this Annual General Meeting.

Item No. 6

Mr. Subhash Chander Kalia (DIN: 00075644) aged 67 years is a Non-Executive Non-Independent Director of the Company. Mr. Kalia was appointed as an Additional Director by the Board of Directors of the Company w.e.f. March 26, 2018 and is also a Chairman of Recovery and NPA Management Committee of Directors and a member of the Audit Committee and E- Governance Committee of Directors of the Company.

Under Section 161 of the Companies Act, 2013 read with Article 110(10)(a) of the Articles of Association of the Company, Mr. Kalia holds office only up to the date of this Annual General Meeting of the Company. A notice has been received proposing candidature of Mr. Kalia for the office of Director of the Company.

Mr. Kalia is Gold Medalist having Master's degree in Political Science, he is a CAIIB and have 38 years of experience in the field of Public Sector Banking Industry. He has been a recipient of several awarded like Banker Shiromani Award, Utkarsh Award, Hindi Diwas Award, etc. The Board considers that given his vast and diverse experience, the Company would benefit under his guidance. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Kalia as a Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on Board of the Company, for the approval of the shareholders of the Company.

He will be eligible to pay the sitting fees for attending Board and Committee Meetings, in compliance with the provisions of the Companies Act, 2013 and directions of the Board prevailing from time to time. He is not holding any shares in the Company. He is not having any relationship with other directors, Manager and Key Managerial Personnel of the Company. He has attended one Board Meeting during the FY 2017-18. Details of his other Directorships and Membership/ Chairmanship of Committees of other Boards are given separately in the section of Report on Corporate Governance.

Except Mr. Kalia, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relative(s) is/ are concerned or interested, financially or otherwise, in the resolution set out in Item No. 6.

Note: Articles of Association of the Company and all other documents related to appointment of Mr. Subhash Chander Kalia will be available for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 10:00 a.m. to 1:00 p.m. up to the date of this Annual General Meeting.

#### Item No. 7

Ms. Anjali Kaushik (DIN: 08128096) aged 48 years is a Non-Executive Non-Independent Director of the Company. Ms. Kaushik was appointed as an Additional Director by the Board of Directors of the Company w.e.f. May 08, 2018.

Under Section 161 of the Companies Act, 2013 read with Article 110(10)(a) of the Articles of Association of the Company, Ms. Kaushik holds office only up to the date of this Annual General Meeting of the Company. A notice has been received proposing candidature of Ms. Kaushik for the office of Director of the Company.

Ms. Kaushik is a MBA from MDI, Gurgaon and PhD from Delhi University. Since last 15 years she is rendering professional services in the field of academic and research. She is a Professor at Management Development Institute (MDI), Gurgaon which is one of the Top Business Schools in India. She has also worked as consultant on various projects related to strategic planning, policy making in e-governance and cyber security with Government of India. The Board considers that given her vast and diverse experience, the Company would benefit under her guidance. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Kaushik as a Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on Board of the Company, for the approval of the shareholders of the Company.

She will be eligible to pay the sitting fees for attending Board and Committee Meetings, in compliance with the provisions of the Companies Act, 2013 and directions of the Board prevailing from time to time. She is not holding any shares in the Company. She is not having any relationship with other directors, Manager and Key Managerial Personnel of the Company. Details of her other Directorships and Membership/ Chairmanship of Committees of other Boards are given separately in the section of Report on Corporate Governance.

Except Ms. Anjali Kaushik, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relative(s) is/ are concerned or interested, financially or otherwise, in the resolution set out in Item No. 7.

Note: Articles of Association of the Company and all other documents related to appointment of Ms. Anjali Kaushik will be available for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 10:00 a.m. to 1:00 p.m. up to the date of this Annual General Meeting.

#### Item No. 8

Mr. Raghvendra N. Dubey (DIN: 07561054) aged 60 years is a Non-Executive Non-Independent Director of the Company. Mr. Dubey was appointed as an Additional Director by the Board of Directors of the Company w.e.f. August 08, 2018.

Under Section 161 of the Companies Act, 2013 read with Article 110(10)(a) of the Articles of Association of the Company, Mr. Dubey holds office only up to the date of this Annual General Meeting of the Company. A notice has been received proposing candidature of Mr. Dubey for the office of Director of the Company.

Mr. Dubey has Master's Degree in Economics from Rajasthan University and M.Sc Degree in Management and Implementation of Development Projects from the University of Manchester Institute of Science and Technology (UMIST), UK. He has joined Department of Financial Services, Ministry of Finance w.e.f., 20.11.2015 as Economic Adviser. Earlier he was working in the Ministry of Defence, since February, 2012, initially as Joint Secretary & Adviser to the Defence Minister till December, 2014 and thereafter as Joint Secretary (Training) and Chief Administrative Officer till November 2015. The Board considers that given his vast and diverse experience, the Company would benefit under her guidance. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Dubey as a Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on Board of the Company, for the approval of the shareholders of the Company.

He will be eligible to pay the sitting fees for attending Board and Committee Meetings, in compliance with the provisions of the Companies Act, 2013 and directions of the Board prevailing from time to time. He is not holding any shares in the Company. He is not having any relationship with other directors, Manager and Key Managerial Personnel of the Company. Details of his other Directorships and Membership/ Chairmanship of Committees of other Boards are given separately in the section of Report on Corporate Governance.

Except Mr. Raghvendra N. Dubey, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relative(s) is/ are concerned or interested, financially or otherwise, in the resolution set out in Item No. 8.

Note: Articles of Association of the Company and all other documents related to appointment of Except Mr. Raghvendra N. Dubey will be available for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 10:00 a.m. to 1:00 p.m. up to the date of this Annual General Meeting.

#### Item No. 9

IFCI Ltd., the holding company, had deputed Mr. Alok Sabharwal (DIN; 02144568) as the Managing Director of IFCI Venture for a period of one year w.e.f. November 09, 2017 in place of Mr. Deepak Mishra,

on the terms and conditions as set out in IFCI Ltd.'s letter dated November 03, 2017. The Board of Directors at the meeting held on November 09, 2017 appointed Mr. Alok Sabharwal, subject to the approval of Members of the Company, as Additional Director designated as Managing Director of the Company.

The terms and conditions of the appointment of the Managing Director are governed as per provisions of Schedule V of the Companies Act, 2013, and are subject to prescribed limit based on effective capital of the Company. The net profit of IFCI Venture during 2017-18 was adequate in terms of requirements of Schedule V of the Companies Act, 2013. Hence, the approval of the Central Government is not required for the same. The appointment of Mr. Alok Sabharwal as a Managing Director of the Company is subject to the approval by shareholders at this Annual General Meeting. Accordingly, the Board recommends the resolutions contained in Item No. 8 to be moved for consideration and approval by the members.

Mr. Alok Sabharwal aged 50 years is on deputation from IFCI Ltd. He has over 25 years of experience in the financial services, banking and NBFC sector. Presently designated as General Manager of IFCI Limited, he has diverse exposure in Credit, Merchant Banking, NPA Resolution, Corporate Advisory etc. He has done MBA(Finance) and completed CAIIB from Indian Institute of Bankers and LL.B. from Delhi University.

#### TERMS & CONDITIONS OF RE-APPOINTMENT OF MR. ALOK SABHARWAL AS PER LETTER ISSUED BY IFCI LTD. TO IFCI VENTURE

1. PERIOD OF DEPUTATION: From November 09, 2017 till November 09, 2018, for a period of one year.  
However, IFCI Ltd. has a right to recall him at any point of time during the period of deputation.
2. PAY & ALLOWANCES: During the period of deputation, he will draw his pay and allowances in accordance with his compensation in IFCI Ltd. including deputation allowance. IFCI Ltd. shall recover the same from IFCI Venture.
3. DEPUTATION ALLOWANCE: During the period of deputation, he will also be entitled for deputation allowance @ 4% of the pay subject to a maximum of Rs. 1,200/- per month and IFCI Venture shall reimburse the same to IFCI Ltd.
4. LEAVE: He will continue to be governed by the leave rules applicable to him in the service of the IFCI Ltd. as amended from time to time for the duration of the deputation.
5. LEAVE SALARY CONTRIBUTION: IFCI Venture shall make a monthly contribution at 12.50% of his pay & allowances (excluding all reimbursements, if any) towards the leave salary. Accordingly, leave salary for any ordinary leave taken during the period of deputation will be borne by IFCI Ltd.
6. T.A. FOR JOURNEY ON DUTY DURING THE PERIOD OF DEPUTATION: To be regulated as per the rules of IFCI Venture.
7. RESIDENTIAL ACCOMODATION: He will be eligible for residential accommodation as per rules of IFCI Venture. Accordingly, if residential accommodation is provided by IFCI Venture as per their rules, he will not be entitled to House Rent Allowance which would have been admissible to him if he had not been provided with the residential accommodation.

OR

In case he occupies the IFCI accommodation, the recovery on this account will be made from his salary as per **IFCI Ltd.'s rules.**

8. PROVIDENT FUND CONTRIBUTION: **IFCI Venture will remit the Employer's PF contributions to IFCI Ltd. @ 10% of his Basic Pay.**

9. GRATUITY: IFCI Venture shall make proportionate contribution towards Gratuity for the period the officer concerned remains on deputation. The amount of proportionate Gratuity will be recovered from IFCI Venture at the end of deputation.
10. GROUP TERM LIFE ASSURANCE CONTRIBUTION: As a social security measure, IFCI Ltd. has taken Group Term Life Assurance Policy, covering basic life and Accidental Death & Dismemberment, for the entire staff of IFCI Ltd. IFCI Venture shall bear the proportionate insurance premium in respect of the aforesaid policy on account of the officer concerned for the period he remains on deputation.
11. OTHER FACILITIES: He will continue to avail meal coupons, medical and hospitalization facilities for **himself and family as per IFCI Ltd.'s rules and** the cost towards the same will be recovered from IFCI Venture. Further, the expenses in account of mobiles phone will be recovered from IFCI Venture.

Pay & allowances paid to Mr. Alok Sabharwal are as per the structure prevalent in IFCI Ltd. Revision in the same in future will be paid to him as per the structure of IFCI Ltd. Mr. Alok Sabharwal is not holding any shares in the Company. He is not having any relationship with other directors, Manager and Key Managerial Personnel of the Company and is not acting as a Director on the Board of any other Company. He has attended three Board Meetings out of three during the FY 2017-18.

Except Mr. Alok Sabharwal, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8.

Note: Articles of Association of the Company and all documents related to the appointment of Mr. Deepak Mishra as Managing Director will be available for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 10:00 a.m. to 1:00 p.m. up to the date of this Annual General Meeting.

By order of the Board of Directors  
For IFCI Venture Capital Funds Ltd.

Sd/-  
(Mukesh Girdhar)  
Company Secretary



IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

Regd. Office: IFCI Tower, 61 Nehru Place, New Delhi - 110019

Website: [www.ifciventure.com](http://www.ifciventure.com); E mail: [cs@ifciventure.com](mailto:cs@ifciventure.com); Tel No. 011 - 4173 2525

Attendance Slip

(Please complete this Attendance Slip and hand it over at the venue of the meeting)

Folio No.

I hereby record my presence at the Thirtieth Annual General Meeting of IFCI Venture Capital Funds Ltd. to be held on Monday, September 10, 2018 at 11:30 a.m. at IFCI Tower, 61 Nehru Place, New Delhi - 110 019, and at any adjournment thereof.

NAME OF THE SHAREHOLDER

.....

NAME OF PROXY #

.....

# To be filled in case proxy attends instead of Shareholder

SIGNATURE OF THE SHAREHOLDER/PROXY\*

\* Strike out whichever is not applicable



## IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

Regd. Office: IFCI Tower, 61 Nehru Place, New Delhi - 110 019

Website: [www.ifciventure.com](http://www.ifciventure.com); E mail: [cs@ifciventure.com](mailto:cs@ifciventure.com); Tel No. 011-4173 2525

## FORM MGT-11 - PROXY FORM

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

CIN:

Name of the company:

Registered office:

Name of the member (s):

Registered address:

E-mail Id:

Folio No:

**I/We, being the member (s) of ..... share(s) of IFCI Venture Capital Funds Limited, hereby appoint**

1. **Name:** .....**Address:**.....**E-mail Id:**.....**Signature:**....., or failing him2. **Name:** .....**Address:**.....**E-mail Id:**.....**Signature:**....., or failing him3. **Name:** .....**Address:**.....**E-mail Id:**.....**Signature:**....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirtieth Annual general Meeting of the company, to be held on Monday, September 10, 2018 at 11:30 a.m. at the registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution/s Matter	Optional	
		For	Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2018 and the Profit and Loss Account for the year ended on March 31, 2018 and the Reports of the Board of Directors and Auditors thereon, as presented to the Members.		

2.	To declare dividend on equity shares for the Financial Year Ended March 31, 2018.		
3.	To appoint a Director in place of Dr. Emandi Sankara Rao (holding DIN 05184747), Non-Executive Chairman who retires by rotation and being eligible offers himself for re-appointment.		
4.	To fix the remuneration of Statutory Auditors of the Company;		
<b>Special Business</b>			
5.	To appoint Mr. Venkateswarlu Jonnalagadda (DIN: 00051001) as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on the Board of the Company.		
6.	To appoint Mr. Subhash Chander Kalia (DIN: 00075644) as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on the Board of the Company.		
7.	To appoint Ms. Anjali Kaushik (DIN: 08128096) as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on the Board of the Company.		
8.	To appoint Mr. Raghvendra N. Dubey (DIN: 07561054) as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation on the Board of the Company.		
9.	To appoint Mr. Alok Sabharwal (DIN; 02144568) as Managing Director on the Board of the Company.		

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

Signature of shareholder.....

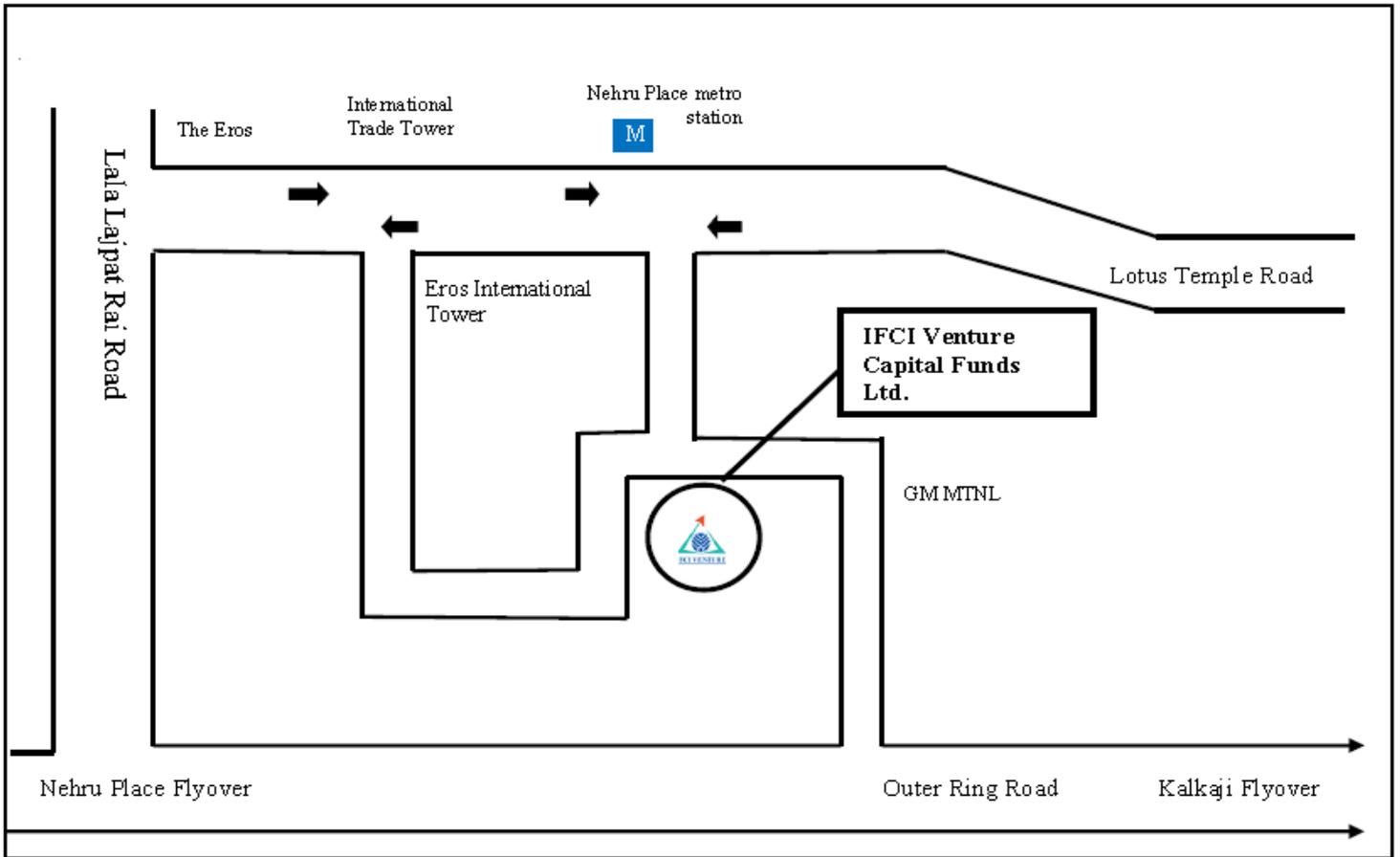
Signature of Proxyholder(s).....

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

\* it is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

**ROUTE MAP OF THE VENUE OF THE MEETING IS AS UNDER:**





## **DIRECTORS' REPORT**

TO THE MEMBERS OF IFCI VENTURE CAPITAL FUNDS LIMITED

The Board of Directors of your Company has the pleasure of presenting the Thirtieth Annual Report of IFCI Venture Capital Funds Limited (the Company) together with the Management Discussion and Analysis, Report on Corporate Governance and Audited Financial Statements for the Financial Year ended March 31, 2018.

### 1. **FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS**

The financial results of your Company for the Financial Year 2016-17 and 2017-18 under review are summarised in the following table:

Financial Year	2017-18	2016-17
Total Income	8,746.26	9,429.89
Expenditure		
- Employee Benefit Expenses	448.23	379.50
- Finance Cost	4,478.02	5,467.85
- Depreciation	1.81	2.96
- Other Expenses	390.82	276.24
Total Expenditure	5,318.88	6,126.56
Profit before Provisions/ Write-Off	3,427.38	3,303.32
Write offs/ Provision for Standard Assets/ Bad & Doubtful Debts	2,242.20	526.97
Profit Before Tax	1,185.18	2,776.36
Less: Provision for Income Tax & Other Tax adjustment	663.10	824.98
Profit After Tax	522.08	1,951.38
Add: Surplus brought forward from previous year	7,873.25	7,038.76
Less: <u>Appropriations</u>		
Reserve u/s 45IC of RBI Act	-	390.28
Depreciation of Assets having nil life	-	-
Dividend incl. Distribution Tax	-	726.61
Balance Surplus carried to Balance Sheet	8,395.33	7,873.25

### 2. CHANGE IN NATURE OF BUSINESS & MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There has been no change in the nature of business of your Company during the reporting period. Further, there have been no material changes and commitments which affect the financial position **between the end of the Financial Year and date of Directors' Report** except as per statutory requirements transition of your Company to IND-AS (Indian Accounting Standards), as it has become applicable w.e.f. April 01, 2018.

### 3. DIVIDEND

The Board of Directors had not declared Interim Dividend on equity shares issued by the Company for the Financial Year 2017-18. However, in terms of the provisions of the Companies Act, 2013 read with rules made thereunder, your Directors are pleased to recommend a dividend of Rs. 0.25/- per equity share for the Financial Year ended March 31, 2018. Payment of dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting (AGM) and would involve a cash outflow of approx. Rs. 1.82 crore including dividend distribution tax.

### 4. TRANSFER TO RESERVES

**In term of guidelines issued by the Reserve Bank of India ('RBI'),** your Company being a Government Company is exempt from creation of reserve fund, in compliance with Section 45IC of RBI Act, 1934, as amended from time to time.

### 5. CAPITAL STRUCTURE/CHANGE IN SHARE CAPITAL

The capital structure of your Company is given as under:

Authorized Share Capital	Issued, Subscribed and Paid-up Share Capital
15,00,00,000 Equity Shares of <b>Rs. 10/-</b> each aggregating to <b>Rs. 150,00,00,000/-</b>	6,03,71,008 Equity Shares of <b>Rs. 10/-</b> each aggregating to <b>Rs. 60,37,10,080/-</b>

\* *During the Financial Year 2017-18, there was no change in authorised, issued, subscribed and paid-up share capital of the company.*

### 6. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED OR RESIGNED DURING THE FINANCIAL YEAR.

During the Financial Year, the following changes have occurred in the composition of the Board of Directors and in the KMP of your Company:

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, during the Financial Year 2017-18, consequent upon completion of term of 3 years, Mr. Amarjit Chopra (DIN: 00043355) had ceased to act as an Independent Director w.e.f. July 30, 2017. Consequent upon nomination by IFCI Limited, Dr. Emandi Sankara Rao was appointed as a Non-Executive Chairman in place of Mr. Sanjeev Kaushik (DIN: 02842527) and Mr. Alok Sabharwal (DIN: 02144568) was appointed as a Managing Director in place of Mr. Deepak Mishra (DIN: 05245002) w.e.f. September 06, 2017 and November 09, 2017, respectively.

Mr. Lalit Kumar Patangia (DIN: 01892842) and Mr. J. Venkateswarlu (DIN: 00051001) were appointed as Additional Director under the category of Non-Executive Non-Independent Director liable to retire by rotation, w.e.f. September 15, 2017 and October 18, 2017, respectively. Thereafter, Mr. Lalit Kumar Patangia (DIN: 01892842) was regularized as Non-Executive Director under the category of Non-Independent Director liable to retire by rotation, in the Annual General Meeting held on September 29, 2017. Ms. Neeru Abrol (DIN: 01279485) had completed her tenure of 3 years as Independent Director on March 11, 2018.

Subsequently, Mr. Subhash Chander Kalia and Ms. Anjali Kaushik were appointed as an Additional Director under the category of Non-Independent Director liable to retire by rotation, w.e.f. March 26, 2018 and May 08, 2018, respectively. Afterward, upon nomination by IFCI Ltd., the holding company, Mr.



V S V Rao was appointed as Nominee Director in place of Mr. B N Nayak w.e.f. July 19, 2018. Further, Mr. Raghvendra N. Dubey was appointed as an Additional Director w.e.f. August 08, 2018.

During the year, no other changes took place in the composition of the Board of Directors of the Company. The composition of the Board of Directors of the Company is not in compliance with the applicable norms of the Companies Act, 2013, since in terms of the Act, 1/3rd of the total number of Board of Directors of IFCI Venture shall be Independent Directors and as per notification dated June 05, 2015 for the induction of Independent Director on the Board of a Government Company, opinion from concerned Ministry or parent Department of the Central Government, which is administratively in charge of the Company or as the case may be, the State Government, is required that the person intending to act as Independent Director shall be a person of integrity and posses relevant expertise and experience. Accordingly, in view of the above, a letter to Department of Financial Services, Ministry of Finance, Government of India was forwarded by IFCI Ltd. on the request of its subsidiary companies and reply to the same is awaited.

#### 7. DIRECTOR LIABLE TO RETIRE BY ROTATION

Dr. Emandi Sankara Rao (DIN: 05184747) will retire by rotation at the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

#### 8. SECRETARIAL STANDARDS

Pursuant to the provisions of Section 118 of the Companies Act, 2013, the Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Companies Secretaries of India.

#### 9. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2017-18, in compliance with the provisions of the Companies Act, 2013 and rules made thereunder, 7 (seven) meetings of the Board of Directors were conducted, and the details of such meetings forms part of the Report on Corporate Governance, appearing separately in the Annual Report.

#### 10. COMPOSITION OF AUDIT COMMITTEE OF DIRECTORS

Your Company has in place an Audit Committee of Directors, as required under the provisions of Companies Act, 2013 and other applicable regulations. However the composition of the Audit Committee is not in compliance with the provisions of the Companies Act, 2013. Reasons of such non-compliance and detailed composition of Audit Committee of Directors forms part of Report on Corporate Governance, 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 the recommendations of the Committee.

#### 11. DISCLOSURE OF NOMINATION AND REMUNERATION POLICY

Pursuant to the provisions of the Companies Act, 2013, your Company has put in place a Nomination & Remuneration Policy. The Policy has also been placed on the website of your Company at [www.ifciventure.com](http://www.ifciventure.com). The terms of reference of the Nomination & Remuneration Committee and attendance of the members are mentioned in the Report on Corporate Governance, appearing separately in the Annual Report.



As per Notification dated June 05, 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. Accordingly, your Company being a Government Company is not required to disclose the Nomination and Remuneration Policy in the **Directors'** Report.

## 12. POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

Your Company has formulated a Related Party Transactions Policy, for the purpose of identification and dealing with related parties. The Policy on dealing with Related Party Transactions as approved by the Board has been uploaded on your **Company's website** at [www.ifciventure.com](http://www.ifciventure.com) and is also enclosed at Annexure I.

## 13. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions were placed before the Audit Committee of Directors for approval. Prior approval of the Audit Committee was obtained on quarterly basis for the transactions which were of foreseen and repetitive nature. None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company.

Disclosure on Related Party Transactions during FY 2017-18 in the prescribed format of Form AOC-2 is given at Annexure II.

## 14. EXTRACT OF ANNUAL RETURN - FORM MGT - 9

Pursuant to the provisions of the Companies Act, 2013, the extract of the Annual Return in the prescribed format of Form MGT - 9 is enclosed at Annexure III.

## 15. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to section 135 of the Companies Act, 2013 and Rules made thereunder, the brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure IV of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

## 16. PARTICULARS OF EMPLOYEES AND REMUNERATION

As per Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs, Government Companies are exempt from complying with the provisions of section 197 of the Companies Act, 2013, read with Rules made thereunder. Accordingly, your Company being a Government Company is exempt from disclosing the information required under the said section read with Rules made thereunder in the Board's report.

## 17. PERFORMANCE EVALUATION

The Board of Directors and Nomination & Remuneration Committee of Directors has put in place an evaluation framework for the evaluation of the Board, its Committees and of the individual Directors, in compliance with the provisions of the Companies Act, 2013. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Directors' functioning such as delegation of responsibilities to the Committees, level of Directors' integrity and ability to handle conflict constructively, Directors acting in accordance with the provisions of Articles of

Association of the Company and the Committees' functions in accordance with terms of reference prescribed by the Board, etc.

The Directors expressed their satisfaction with the evaluation process.

#### 18. DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has a policy on Prevention of Sexual Harassment at Workplace and is complying with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year 2017-18, no complaint was received on this ground.

#### 19. PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

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

#### 20. RISK MANAGEMENT

Disclosure on Risk Management in your Company is provided separately in the Management Discussion and Analysis Report forming part of this Report.

#### 21. DEPOSITS

Your Company being a Non-Deposit Accepting Company has not accepted any deposits during the Financial Year 2017-18. There were no public deposits outstanding as at the beginning or end of the Financial Year 2017-18.

#### 22. SIGNIFICANT OR MATERIAL ORDERS PASSED BY REGULATORS OR COURT IMPACTING THE GOING CONCERN STATUS OF THE COMPANY

During the Financial Year 2017-18, no significant or material orders were passed by any regulators or Court impacting the going concern status of your Company and Company's operations. However, SEBI had passed an order imposing penalty of Rs. 50,000/- on IFCI Venture for violation of provisions of SEBI (Substantial Acquisition and Takeover) Regulations, 2011. Details of the same are provided separately in the Form MGT-9, forming part of this Report.

#### 23. VIGIL MECHANISM

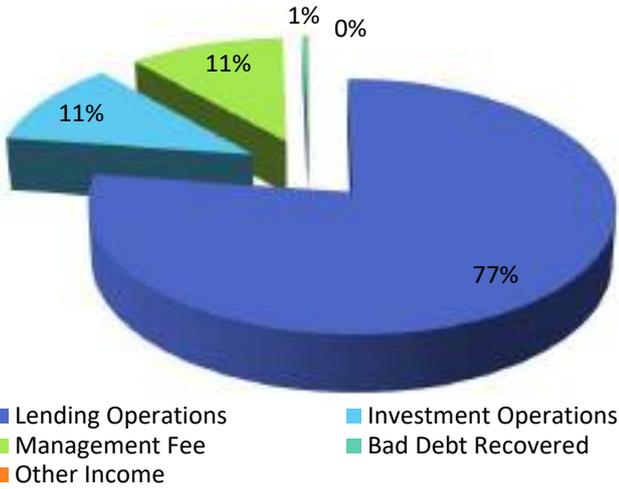
Your Company has in place a Vigil Mechanism Policy, in compliance with the provisions of Companies Act, 2013, under which the Directors and employees can report to the Management their concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct and to provide adequate safeguards to them against any sort of victimization on raising an alarm. The Policy also provides for direct access to the Chairperson of the Audit Committee of Directors in exceptional cases. During the Financial Year under review, no instance of the secured disclosure has been made to the Designated Authority or to the Chairman of the Audit Committee of Directors.

The details of the Vigil Mechanism Policy are posted on the website of the Company i.e. [www.ifciventure.com](http://www.ifciventure.com).

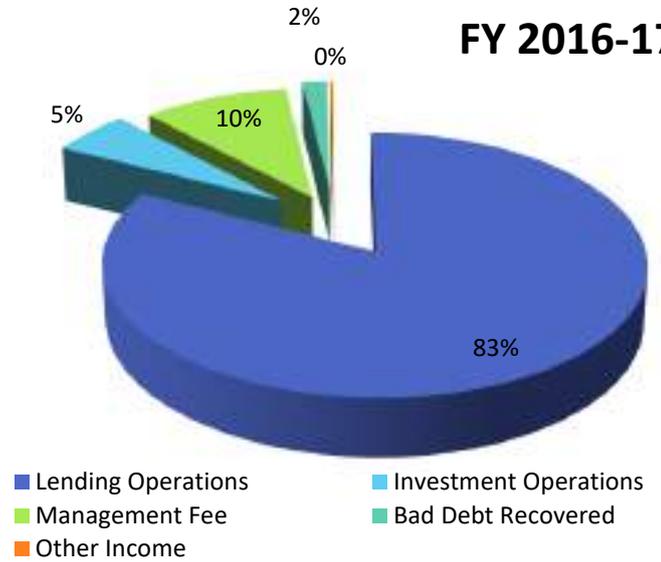
24. INCOME AND EXPENDITURE COMPONENTS

i) Income Components

**FY 2017-18**

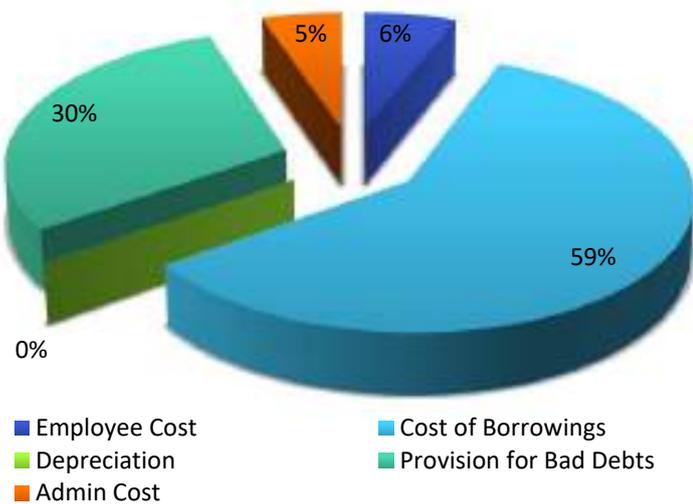


**FY 2016-17**

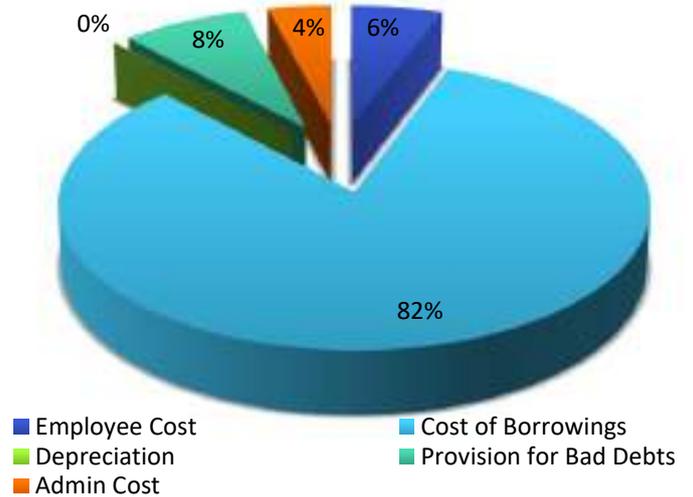


ii) Expenditure Components

**FY 2017-18**



**FY 2016-17**



## 25. INDUSTRY AND BUSINESS OF THE COMPANY

### I. INDUSTRY STRUCTURE & DEVELOPMENTS

#### i. Introduction

The world economy grew at a fastest pace in 2017 at 3.8% since 2011 as compared to 3.2% growth registered in 2016.

In India, growth slowed for the first two quarters of Financial Year 2017-18 due to adjustments by businesses to the newly introduced Goods and Services Tax (GST) in July, 2017. In the second quarter of Financial Year 2017-18, the slowdown in economic activity bottomed out at 6.3% (Year on Year) growth. In the third quarter, GDP grew at 7% and further accelerated to 7.7% in fourth quarter of Financial Year 2017-18. Overall, **FY 2017-18 was a mixed year for the Indian economy, however, Government's continued support through expenditure boosted the industrial growth and demand in the second half of Financial Year 2017-18.**

#### A. Banking Sector

The asset quality of Scheduled Commercial Banks (SCBs) deteriorated across broad sectors between March and September, 2017 with industrial sector leading this group due to protracted balance sheet weaknesses and elevated non performing loans in the banking sector. Among the major industry sub-sectors, mining and quarrying, food processing, engineering, construction and infrastructure registered increase in the stressed advances ratios between March – September, 2017. The asset quality of sub-sectors such as textiles, rubber, cement, basic metals and vehicles, however, improved during the same period. Weak private investment was only partially mitigated by a public infrastructure investment push and a surge in current expenditure. The stressed assets of banking sectors are expected to increase further in Financial Year 2018-19 as well.

#### B. NBFC Sector

Non-banking Finance Companies (NBFCs) have been consistent in forming an integral part by increasing their share in the Indian financial system. While the Banks had the first mover advantage and were the main source of funding, off-late they have been saddled with their own issues such as high NPAs in the large ticket corporate and infrastructure lending.

The NBFCs have been growing at a fast pace on account of their customized offerings, better market understanding and doorstep reach to the customers. In 2017, NBFCs increased their share in the total credit market to 16% from 13% in 2015. However, asset quality of NBFCs have also been severally impacted as Gross NPAs of NBFC sector increased from 4.4% in March, 2017 to 4.9% in September, 2017. The CRAR of NBFC sector also decreased marginally in 2017 from 22.8% in March, 2017 to 22.5% in September, 2017. As per the report of CARE, one of the leading Indian Rating Agencies, the Return on Assets of NBFC ND-SI (Non-Deposit taking Systemically Important) as on March 2017 was 1.8%.

#### C. Private Equity

An overview of the private equity industry:

Year 2017 has been the biggest year for venture capital and private equity (PE/VC) investments in the past decades. Risk capital investors have infused a record \$23.34 billion through 537 deals in 2017 so far, according to research firm Venture Intelligence. In 2016, the PE/VC segment saw a higher number of deals, at 725, but the \$15.38 billion invested was much lower than in the current year. The previous

highest investment was of \$17.5 billion in 2015 through 823 deals. Market participants said the increase in fund sizes, some big-ticket deals and successful exits in the primary markets for PE players have helped fuel the boom.

Last 2-3 years was the plethora of profitable exits by way of IPOs, strategic sales, and other means which have given investors greater confidence in the PE/VC asset class. Over the past few years, the maximum number of deals has occurred in the small to mid-sized segment where investment tickets are below \$25 million per deal. This year, however, has seen a fair number of big-ticket transactions. E-commerce leader Flipkart received \$2,500 million from SoftBank Corp and another \$1,400 million from Tencent and others. One97 Communications, which owns mobile payments service provider Paytm, received \$1,400 million from SoftBank Corp. Online cab aggregator Ola received \$1,100 million from Tencent, SoftBank Corp and other investors. Among the old economy businesses, Axis Bank received \$1,049 million from Bain Capital, while Bharti Infratel, Ruchi Soya, Global Logic and IndoSpace Core received \$500 million or more each.

The fund sizes have increased for most of the PE funds and they are looking at larger deals. The second driver is the increase in dilution of stake by the promoters. Sources say market participants expect significant private equity activity in 2018 too. Both public and private equity markets will continue to see robust activity in 2018. There is incredible entrepreneurial activity, resulting in significant investment opportunities across segments. The sectors that are likely to continue to see significant deal activity will be financial services, consumer and healthcare, which are driven by the domestic consumption and urbanisation themes.

## ii. Regulatory Changes

NBFCs operate under certain regulatory constraints, which put them at a disadvantage vis-à-vis banks. **The Reserve Bank of India released the 'Revised Regulatory Framework for NBFCs on November 10, 2014** which broadly focuses on strengthening the structural profile of NBFC Sector, wherein focus is more on bringing Regulatory Framework for NBFCs in line with banks in a phased manner and safeguarding of the **depositors' money**.

According to the new guidelines, NBFCs will require higher minimum capital, have less time to declare bad loans, and a board-approved fit and proper criteria for appointment of Directors. According to regulations applicable till March 31, 2014, an asset was classified as non-performing when it has remained overdue for six months or more, compared with 90 days for banks. The new asset classification norms issued by RBI have brought NBFCs at par with banks i.e. the time period after which an overdue asset would be classified as a Non Performing Asset reduced from 6 months to 3 months for the financial year 2017-18. Similarly, an asset would be classified as sub-standard if it remains NPA for a period of 12 months and a doubtful asset beyond that for the financial year ending 31st March 2018 and thereafter.

Moreover, general provisioning for standard assets, which was 0.25 per cent till March 31, 2015, has been increased to 0.40 per cent during the year in line with banks.

The regulator has also tightened the corporate governance and disclosure norms for NBFCs.

## II. BUSINESS OVERVIEW

### i. Lending Operations

Interest Income is the major source of revenue for your Company, which accounted for 77.30% of the Operating Revenue for the Financial Year 2017-18. Your Company disbursed Rs.57.34 crore during the

year. The lending portfolio stood at Rs.421.22 crore as at March 31, 2018 against Rs.647.30 crore as at March 31, 2017.

Your Company continued its exposure limits to an individual company of upto Rs.25 crore (11.85% of Owned Funds as at March 31, 2018) and to a Group of upto Rs.40 crore (18.96% of Owned Funds as at March 31, 2018). The tenor of loans is generally 4 years. However, in order to attract good companies in terms of financial position and credit rating, marginal relaxation has been allowed in tenor of loans to 5 years and security margins. Further, to ensure proper risk evaluation of proposals, the internal risk rating process continues to be outsourced to CARE Ratings and the same is linked to pricing of loans.

In order to enhance lending operations in view of the current market scenario and rate reduction by RBI/banks, your Company is endeavoring to have competitive pricing to compete with peers without compromising on the quality of portfolio.

## ii. Private Equity/Venture Capital Funds

One of the core activities of your company is management of private equity/venture capital funds.

Your Company started management of three funds in 2008 viz. Green India Venture Fund, India Automotive Component Manufacturers Private Equity Fund 1 – Domestic and India Enterprise Development Fund with the corpus of funds raised from 38 investors including Public Sector Banks/Financial institutions/Insurance Companies/retail individuals etc. Your Company steadily moved forward by investing in various deals across India across Energy Efficiency, Renewable Energy, Auto-components and Hospitality Sector etc. These funds are in the exit mode and exits are happening by way of **IPO, Second round of Private Equity Investments, Promoter's Buyback etc.**

Your Company has earned an annual management fee @ 2% p.a. on the outstanding fund corpus for the above three funds. Besides, the Company is entitled to profit sharing on divestments since it is also an investor in all the three funds.

These funds were set up originally with a total tenure of ten years (with permissible extensions) since 2008. Therefore, the tenure of all the three funds is due for closure by June 2018. The total corpus of the three funds (Rs. 508 Crore) was invested in 29 Companies. Out of total 29 companies, the funds have achieved full exits from 12 companies, partial exits from 8 companies with approximately 18%-19% exit returns. There are few deals which are difficult and will require longer time for exit, therefore, your Company is proposing for an extension of one year after obtaining approvals from investors for achieving exits.

In 2015, your company, in association with Ministry of Social Justice and Empowerment, GOI and IFCI Ltd., has launched Venture Capital Fund for Scheduled Castes (VCF-SC) with an initial corpus of Rs. 250 crore. Further, the fund has received a contribution of Rs. 80.01 Crore from GOI and the present corpus of the fund is Rs. 330.01 Crore. IFCI Venture has sanctioned investment of Rs.240.04 crore in 66 Companies being promoted by Scheduled Caste entrepreneurs during the year under review.

To increase the scope and coverage of "Venture Capital Fund for Scheduled Castes" (VCF-SC), IFCI Venture has participated in conferences and conventions on pan-India basis.



Seminar conducted for Scheduled Castes/ Backward Classes Entrepreneurs at Phagwara, Punjab **in presence of Shri Vijay Sampla, Hon'ble Minister of State for Social Justice and Empowerment.**

It has successfully generated deals from 16 states viz. Punjab, Gujarat, Maharashtra, Delhi NCR, Telangana, Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Karnataka, Pondicherry, West Bengal, Assam, Haryana, Chattisgarh, Himachal Pradesh and Bihar. Efforts are being made to expand the reach of the Fund.

IFCI Venture earns an annual management fee @ 1.5% p.a. on the fund corpus of VCF-SC.

#### NEW INITIATIVES BY YOUR COMPANY:

- A. Further, Group of Secretaries, Govt. of India on Education and Social Development have recommended for launching of Venture Capital Fund for Backward Classes (BCs), Scheduled Tribes (STs) and Minorities as provided for Scheduled Castes (SCs). On the basis of that recommendation, an initiative for incorporating the Venture Capital Fund for Backward Classes (BCs) in the ongoing scheme of Venture Capital Fund for SCs has been entrusted again to your Company by Ministry of Social Justice and Empowerment (MoSJE).
- B. Your Company has worked towards registration of the fund with SEBI under AIF regulations, 2012 within the targeted timeframe prescribed by GoI. The fund has received an initial commitment of Rs. 40 crore out of which Rs. 10 crore was received from Government of India in the year 2017-18. IFCI Venture has also committed Rs. 10 crore in the fund as sponsor and investor. IFCI Venture is actively sourcing deals under the fund.
- C. In order to tap the new opportunities and participate in upcoming trends of GOI policies across sectors, your Company has further proposed to launch a 'Affordable Housing Finance Fund (AHFF)' seeing the larger thrust of the Government of India to Affordable Housing segment in Indian economy and also with interest rates at almost its decade-low level and Pradhan Mantri Awas Yojana picking up the momentum in 2018 apart from the already registered following two funds, which are also progressing gradually for raising funds from the domestic investors. The brief of already registered two funds is as under:

a. Green India Venture Fund – II (GIVF – II)

The Fund shall focus on investing in companies/projects which would provide the support infrastructure for a **“Green Initiatives & Economy”** The investments shall be in manufacturing and services of Green Initiative & projects as given below and GIVF-II also support Entrepreneurs contributing to Green and Make in India Initiatives. The investments broadly shall be made but not limited in the sectors viz. Renewable & Alternative energy, Energy efficiency, Water infrastructure & technologies, Pollution reduction, Waste recycling and management, Environmental support services, Green Chemicals, etc. These sectors are only indicative and GIVF-II may look at initiatives beyond these sectors which contribute to the Indian Green Economy.

b. Small and Medium Enterprises Advantage Fund (SMEAF)

Seeing the larger thrust of the Government of India to promote the SME segment in the Indian economy, your Company has conceptualized the Small and Medium Enterprises Advantage Fund (SMEAF). SMEAF shall majorly focus in Indian manufacturing and services companies engaged in growth oriented, government focused and sunrise sectors of the economy like Auto-Component, Light and Medium Engineering, Chemical, FMCG products, Pharmaceutical, IT & ITeS, Defence, Electronics & EMSD, Telecommunication, Food Processing & Agro products, Petro-chemicals, Logistics & transportation, Biotechnology, E-governance, E-learning, Healthcare, Energy efficiency etc. with prospects for high commercial returns.

Both the funds have been registered with SEBI as category II funds in October and November 2015 respectively and the fund raising activity is being actively pursued.

Further, IFCI Ltd. has already committed upto Rs. 50 crore each in both of the funds as Sponsor and Lead Investor.

## 26. PERFORMANCE OF YOUR COMPANY

In addition to the management of PE/ VC Funds, your Company continued its business of corporate lending, during the Financial Year under report. **Your Company's approach towards lending and investments** was guided by maximization of return on investments, while ensuring adequate security cover, adequate risk containment and helping your Company achieve an appropriate trade-off between returns and risk during the Financial Year.

i. Financial Performance

During FY 2017-18 your Company has earned PAT of **Rs. 522.08** lakh as compared to PAT of **Rs. 1951.38** lakh in FY 2016-17. The book value per share increased to **Rs. 36.94** per share in FY 2017-18 from **Rs. 36.07** per share in FY 2016-17.



## ii. Sanctions and Disbursements

Your Company has undertaken NBFC activities providing Corporate Loan to credit-worthy companies. During the Financial Year 2017-18, your Company sanctioned and disbursed corporate loans of only Rs.56.50 crore and Rs.57.34 crore, respectively. The corporate loan portfolio of your Company decreased to Rs.421.22 crore as on March 31, 2018 from Rs.647.30 crore as on March 31, 2017 due to scheduled repayments and prepayments of approx. Rs.147 crore (in 13 loan accounts) during the year on account of higher interest rates and security cover, competitive prices available in the market etc.

During FY 2017-18, your company faced difficulties in raising new loans from banks due to higher NPA as well as lowering of credit rating (CARE BBB from BBB+). As a result, your company, as a last resort, had to raise loans of Rs.69.50 crore in October 2017 from IFCI and group companies for ensuring timely redemption of bond liabilities of Rs.58.24 crore. Consequently, it was decided to consolidate operations with focus on maintaining comfortable liquidity position & timely repayment of loans of IFCI and group companies. As a result, the lending operations were slowed down with increased focus on NPA recovery and recovery of investments under the 3 PE/VC funds being managed by it which are due for closure in 30th June 2018. Thus, the disbursements during FY 2017-18 were less due to focus being mainly on recovery from NPA cases as well as closure of the three funds.

## iii. Management of Private Equity/Venture Capital Funds

As you are aware, your company has been acting as an Asset Manager for managing Venture Capital Funds since 1991. Your Company was responsible for managing 4 PE/ VC funds viz. India Automotive Component Manufacturers Private Equity Fund-1-Domestic (IACM-I-D), Green India Venture Fund (GIVF), India Enterprise Development Fund (IEDF) and Venture Capital fund for Scheduled Castes (VCF-SC) with an aggregate fund corpus of Rs. 838.01 crore.

The status of fund corpus, sanction, disbursement and outstanding investment under the four PE/ VC funds managed by your Company as on March 31, 2018, is as under:

Particulars	IACM-1-D	GIVF	IEDF	VCF-SC	Total
Objective	To invest mainly in Automotive Component companies, besides other sectors.	To fund environment friendly projects.	To invest in projects in emerging sectors with potential of high growth prospects.	To promote entrepreneurship among the scheduled castes and to provide concessional finance to them.	
Fund Corpus (Rs. in crore)	190.00	220.00	98.00	330.01	838.01
Sanctioned Deals (in nos.)	9	14	6	52*	81
Amounts Sanctioned (Rs. in crore)	182.92	210.75	93.49	240.04**	727.20
Amounts Disbursed (Rs. in crore)	182.92	210.75	93.49	168.74***	655.90
Investments Exited (Rs. in crore)	124.71	121.28	30.84	NA	276.83
Equity Shares received in lieu of accrued premium (Rs. in crore)	NIL	NIL	3.29	NA	3.29
Percentage of Investment exited	68.18%	57.55%	32.99%	NA	56.83%
Investments Outstanding (Rs. in crore)	58.21	89.47	62.65	NA	210.33
Total Consideration Received (Rs. in crore)	251.98	209.40	56.69	NA	518.07

\*, \*\* and \*\*\* Indicating total disbursed cases and sanctioned investments so far, as the fund is currently in investment mode.

**Note:**

- A. The difference in fund corpus and sanctions is due to the expenditures incurred against management fees & set up cost under the three funds.
- B. In IACM-1-D, partial exits have been done in 2 companies and full exit has been done in 5 companies. In IEDF, partial exits have been done in 2 companies and full exit has been done in 3 companies. In GIVF, 6 full exits and 3 partial exits have happened. The exits out of the investee companies under the three funds materialized mostly through second round of private equity funding/ strategic investment/ IPO/ Secondary sale of shares and/ or through promoters' buyback.

Thus, at present your company is managing four funds namely GIVF, IACM-1D, IEDF and VCF-SC. The total amount of funds under management in year 2017-18 is Rs. 838.01 crore. Your Company has a team of young and experienced professionals having considerable length of experience, exposure and knowledge.

27. DOCUMENTS PLACED ON THE WEBSITE ([www.ifciventure.com](http://www.ifciventure.com))

The following documents have been placed on the website of your Company in compliance with the SEBI Regulations:

- Corporate Social Responsibility Policy as per section 135(4)(a) of the Companies Act, 2013.
- Financial Statements of the Company along with the relevant documents as per third proviso to section 136(1) of the Companies Act, 2013.
- Details of vigil mechanism for Directors and employees to report genuine concerns as per proviso to section 177(10) of the Companies Act, 2013.
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in compliance with SEBI Prohibition of Insider Trading Regulations, 2015.
- Related Party Transactions Policy as per guidelines issued by Reserve Bank of India (RBI).

- Guidelines on Corporate Governance, as per guidelines issued by Reserve Bank of India (RBI).
- Code of Business Conduct & Ethics for Board Members, KMPs and Senior Management, in compliance with the applicable rules and regulations.

28. CORPORATE GOVERNANCE

A detailed report on Corporate Governance is appearing separately in the Annual Report.

29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As **your Company's operations do not involve any manufacturing or processing activities, the particulars as per Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not applicable.** The Company is also not engaged in any activity relating to exports. During Financial Year 2017-18, your Company neither incurred nor received any amount in foreign currency.

30. QUALIFICATIONS OR OBSERVATIONS OR OTHER REMARKS MADE BY THE STATUTORY AUDITORS

Pursuant to the provisions of Section 139 of the Act and the Rules framed thereunder, M/s Lunawat & Co., Chartered Accountants (Firm Registration No. 000629N), were appointed as Statutory Auditors of your Company by the Comptroller & Auditor General of India. There were no qualification(s) or observation(s) or other remarks made by the Statutory Auditors in the Independent Auditors' Report of your Company for the Financial Year 2017-18 submitted by the Statutory Auditors.

31. QUALIFICATIONS OR OBSERVATIONS OR OTHER REMARKS MADE BY THE SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act, the Board of Directors of your Company appointed M/s D. Dixit & Associates as the Secretarial Auditors of the Company. The observations of the Secretarial Auditors and replies of the management for FY 2017-18, are given below: -

S. No.	Observation	Management's Reply
1.	The company has transferred Rs. 76.24 Lakhs for the purpose of CSR activities to IFCI Social Foundation, a registered trust; however, the Trust did not spend any amount during the financial year 2017-18.	During the FY 2017-18, an aggregate amount of Rs. 76.24 Lakhs was sanctioned for transferring the same to IFCI Social Foundation, a trust formed by IFCI Ltd., the holding company, for undertaking CSR activities on behalf of IFCI Venture. Accordingly funds were transferred to ISF. ISF sanctioned a project of construction of toilets in four states viz. Bihar, UP, Orrisa, Jharkhand under Swachhta Action Plan as directed by Govt. of India, through Rashtriya <b>Gramin Vikas Nidhi ('RGVN')</b> at a total project cost of Rs. 107 Lakhs. It was decided that IFCI <b>Venture's CSR contribution of Rs. 76.24 lakhs</b> will be utilised for the said project. Contribution in the project is linked with achievement of milestones by RGVN set-out under the sanctioned project. Utilization certificate will be obtained from ISF after completion of the project.

2.	As there is vacancy of Independent Directors in the Board, the Constitution of Corporate Social Responsibility (CSR) Committee, Audit Committee and Nomination and Remuneration Committee and decision taken by the said committee(s) are not in accordance with Companies Act, 2013 and Rules made there under.	As per notification dated June 05, 2015 for the induction of Independent Director on the Board of a Government Company, opinion from concerned Ministry or parent Department of the Central Government, which is administratively in charge of the Company or as the case may be, the State Government, is required that the person intending to act as Independent Director shall be a person of integrity and possess relevant expertise and experience. Accordingly, in view of the above, a letter to Department of Financial Services, Ministry of Finance, Government of India was forwarded by IFCI Ltd. on the request of its subsidiary companies and reply to the same is awaited.
3.	In terms of the Master Circular for NBFC-Corporate Governance (Reserve Bank) Directions, 2015, the company is required to conduct Information System Audit in every two years. However, the company has failed to carry out said audit during the financial year 2017-18.	RBI vide Master Directions dated June 30, 2017, stipulated that Information System audit should ideally be based on the size and operations of the NBFC but may be conducted at least once in a year. It is also specified that Systemically Important NBFCs shall comply with said Master Directions by June 30, 2018. Accordingly, Information System Audit will be conducted at the earliest.

Copy of the Secretarial Audit Report is annexed as Annexure V.

### 32. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to the provisions of Companies Act, 2013, during the Financial Year 2017-18, there were only two Independent Directors viz. Mr. Amarjit Chopra (ceased to act as Director w.e.f. July 30, 2017) and Ms. Neer Abrol (ceased to act as Director w.e.f. March 11, 2018) and both of them had submitted the Declaration of Independence, as per the requirement of Section 149 of the Companies Act, 2013. However, as on March 31, 2018, there was no Independent Director on the Board of the Company, as detailed in Para 6 of this Report.

### 33. INTERNAL FINANCIAL CONTROLS

Your Company has in place an Internal Financial Controls (IFC) Framework driven by the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the **Company's policies, safeguarding of its assets, prevention** and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

### 34. **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Director 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 Profit & 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 Companies Act, 2013, 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 were operating effectively. "Internal Financial Controls"** mean the policies and procedures adopted by the Company for ensuring the orderly and efficient **conduct of its business, including adherence to company's policies, safeguarding of its assets,** prevention and detection of frauds, and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information; and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 35. AUDITORS

M/s Lunawat & Co., Chartered Accountants (Firm Registration No. 000629N) were appointed by the Comptroller & Auditor General of India (C&AG) as Statutory Auditors of your Company for FY 2017-18.

### 36. MANAGEMENT AND DISCUSSION ANALYSIS

A Report on Management and Discussion Analysis is annexed as Annexure VI to this Report.

### 37. SUBSIDIARIES/ JOINT VENTURE/ ASSOCIATE

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

### 38. COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India (C&AG) has informed that on the basis of statutory audit conducted, C&AG has decided not to conduct the supplementary audit of the financial statements of your Company for the Financial Year ended March 31, 2018 under section 143(6)(b) of the Companies Act, 2013. No-review report given by C&AG is annexed as Annexure VII.

### 39. INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act.

### 40. ACKNOWLEDGEMENTS

Your Directors wish to express gratitude for the cooperation, guidance and support from the Ministry of Finance, Ministry of Social Justice & Empowerment and various other Ministries and Departments of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, other regulatory bodies, Comptroller & Auditor General of India, Statutory Auditors, Internal Auditors and Secretarial Auditors and State Governments. Your Directors also acknowledge the valuable assistance and

continued cooperation received from all banks, financial institutions, other members of the banking fraternity and investors. Your Directors would also like to express their appreciation for the efforts and dedicated service put in by the employees at all levels of your Company.

For and on behalf of the Board of Directors

Sd/-  
(Alok Sabharwal)  
Managing Director

Sd/-  
(V S V Rao)  
Nominee Director

Place: New Delhi  
Date: August 08, 2018

## ANNEXURE I

## Policy on Dealing with Related Party Transactions

## A. Approvals

I. Approval by Audit Committee

1. All Related Party Transactions (including any subsequent modifications thereof) shall require prior approval of the Audit Committee of Directors. However, the Audit Committee of Directors may grant omnibus approval for the RPTs proposed to be entered into by the Company subject to the following conditions:
  - a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of IFCI Venture and such approval shall be applicable in respect of transactions which are repetitive in nature.
  - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of IFCI Venture.
  - c. Such omnibus approval shall specify:
    - i. The name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
    - ii. The indicative base price/current contracted price and the formula for variation in the price if any, and
    - iii. Such other conditions as Audit Committee may deem fit.
  - d. Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by IFCI Venture 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.

Proviso:

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

- i. Transactions entered into between 2 Government Companies.
- ii. Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

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

## II. Approval by Board of Directors

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

- (a) Sale, purchase or supply of any goods or materials;

- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) **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;
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company.

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

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

*Explanation-*

the expression **"office or place of profit"** means any office or place-

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

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

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

### III. Approval by Shareholders

- 1) Except with the prior approval of the company by a special resolution, IFCI Venture shall not enter into a transaction or transactions, where the transaction or transactions to be entered into-
  - (a) as contracts or arrangements with respect to clause(a) to (e) of subsection (1) of section 188 of the Companies Act 2013, with criteria as mentioned below –
    - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding 10% of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
    - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of the net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
    - (iii) leasing of property of any kind exceeding ten percent of the net worth of the company or ten per cent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

- (iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

*Explanation-* It is hereby clarified that the limit specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (b) is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188; or
- (c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

*Explanation:-* (1) The Turnover of Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.

- 2) In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.
- 3) All Material RPTs shall require approval of the shareholders through Special Resolution and the related parties shall abstain from voting on such resolutions.
- 4) No Member of IFCI Venture shall vote on such Special Resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

*Proviso:*

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

- (i) Transactions entered into between 2 Government Companies.
- (ii) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

## ANNEXURE II

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
  - (a) Name(s) of the related party and nature of relationship;
  - (b) Nature of contracts/arrangements/transactions;
  - (c) Duration of the contracts/arrangements/transactions;
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any;
  - (e) Justification for entering into such contracts or arrangements or transactions;
  - (g) Date(s) of approval by the Board;
  - (h) Amount paid as advances, if any;
  - (i) Date on which the special resolution was passed in general meeting as required under first proviso to section 188.
  
2. Details of material contracts or arrangement or transactions at arm's length basis:

S No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1.	IFCI Ltd, Holding Company	Loan availed from IFCI Ltd	Three Years	Stand by Revolving Credit Facility of Rs. 50 crore	N.A.	N.A.
2.		Interest on loan paid to IFCI Ltd	Three Years	Rate of Interest on credit facility availed @ 13.50%/reduced to 11.70 % p.a.	N.A.	N.A.
3.		Rent and Maintenance paid to IFCI Ltd	Agreement(s) for 11 months	Rent @ Rs. 256.20 per sq. feet per month plus taxes	N.A.	Advance payable before 7th of every month
4.		Other Expenses paid to IFCI Ltd (IT Services, Professional Fee paid for LOC, etc.)	Ongoing basis	Transactions in the ordinary course of business	N.A.	N.A.

5.		Salaries paid to IFCI Ltd for employees deputed by IFCI Ltd	As per terms approved by IFCI Ltd.	On deputation from IFCI Ltd.	N.A.	N.A.
6.		Interest received and accrued on Bonds subscribed	As per terms of Offer Document issued by IFCI Ltd.	For Rs. 5.00 crore investment interest @ 8.39% p.a. For Rs. 10 crore investment interest @ 9.40% p.a.	N.A.	N.A.
7.	IFCI Factors Ltd., Fellow Subsidiary	Loan taken from IFCI Factors Ltd.	Two Months	Rs. 15 Cr.	N.A.	N.A.
8.		Loan Paid to IFCI Factors Ltd.	-	Repaid	N.A.	N.A.
9.		Interest on loan paid	On monthly basis	Rate of Interest 13.50% p.a	N.A.	N.A.
10.	IFCI Financial Services Ltd., Fellow Subsidiary	Loan taken from IFCI Financial Services Ltd	Two Months	Rs. 4.50 Cr.	N.A.	N.A.
11.		Loan Paid to IFCI Financial Services Ltd	-	Repaid	N.A.	N.A.
12.		Interest on loan paid	On monthly basis	Rate of Interest 13.50% p.a	N.A.	N.A.
13	IFCI Social Foundation, Trust formed by IFCI Ltd., the Holding Company	Transfer of CSR contribution	As per terms approved by the Board of Directors.	2% of the average net profit of preceding 3 years was transfer to ISF for undertaking CSR activities.	N.A.	N.A.

Form shall be signed by the people who have signed the Director's Report.

Sd/-  
(Alok Sabharwal)  
Managing Director

Sd/-  
(V S V Rao)  
Nominee Director

Place: New Delhi  
Date: August 08, 2018

## ANNEXURE III

## FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management &amp; Administration) Rules, 2014.

## I. REGISTRATION &amp; OTHER DETAILS:

i	CIN	U65993DL1988GOI030284
ii	Registration Date	12/01/1988
iii	Name of the Company	IFCI Venture Capital Funds Limited
iv	Category/Sub-category of the Company	Company limited by shares/ Union Government Company
V	Address of the Registered office & contact details	IFCI Tower, 61, Nehru Place, New Delhi – 110019, Tel No. 26453346
vi	Whether listed company	Yes (Debentures are Listed)
vii	Name, Address & contact details of Registrar & Transfer Agent, if any.	MCS Share Transfer Agent Limited, F-65, 1st floor, Okhla Industrial Area, Phase I, New Delhi-110020, Tel No. (011) 5140 6149

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name & Description of main product/services	NIC code of the product/services	% of total turnover of the company
1.	Lending Operations	649	77.00
2.	Management of Private Equity/ Venture Capital Funds	649	11.00

## III. PARTICULARS OF HOLDING, SUBSIDIARY &amp; ASSOCIATE COMPANIES

Sl. No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	IFCI Limited IFCI Tower, 61, Nehru Place, New Delhi - 110019	L74899DL1993GOI053677	Holding	98.60	2(46)

## IV. SHAREHOLDING PATTERN (Equity Share capital Break up as percentage to total Equity)

## a) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	4	4	0.00	-	4	4	0.00	-
b) Central Govt.									
c) State Govt.									
d) Bodies Corporate									
e) Bank/FI	-	5,95,21,004	5,95,21,004	98.60	-	5,95,21,004	5,95,21,004	98.60	-

f) Any other.									
SUB TOTAL: (A) (1)	-	5,95,21,008	5,95,21,008	98.60	-	5,95,21,008	5,95,21,008	98.60	-
(2) Foreign									
a) NRIs-Individuals									
b) Other Individuals									
c) Bodies Corporate									
d) Banks/FI									
e) Any other									
SUB TOTAL: (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	-	5,95,21,008	5,95,21,008	98.60	-	5,95,21,008	5,95,21,008	98.60	-
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt.									
d) State Govt.									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Other (specify)									
SUB TOTAL (B) (1):	-	-	-	-	-	-	-	-	-
(2) Non Institutions									
a) Bodies Corporate	-	8,50,000	8,50,000	1.40	-	8,50,000	8,50,000	1.40	-
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ` 1 Lakh									
ii) Individual shareholders holding nominal share capital in excess of ` 1 Lakh									
c) Others (specify)									
SUB TOTAL (B) (2):	-	8,50,000	8,50,000	1.40	-	8,50,000	8,50,000	1.40	-

Total Public Shareholding (B) = (B)(1) + (B)(2)	-	8,50,000	8,50,000	1.40	-	8,50,000	8,50,000	1.40	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		6,03,71,008	6,03,71,008	100.00	-	6,03,71,008	6,03,71,008	100.00	

## (ii) SHAREHOLDING OF PROMOTERS

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change on Shareholding during the year
		No. of Shares	% of total shares of the company	% of pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of pledged / encumbered to total shares	
1	IFCI Limited	5,95,21,008	98.60%	-	5,95,21,008	98.60%	-	-
Total		5,95,21,008	98.60%	-	5,95,21,008	98.60%	-	-

## (iii) CHANGE IN PROMOTER'S SHAREHOLDING

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	No Change		No change	
2.	Date wise Increase/Decrease In Promoters Share Holding during the year specifying the reasons for increase / decrease (e.g. allotment/ Transfer/bonus/sweat equity etc)	No Change		No change	
3.	At the end of the year	No Change		No change	

## (iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDER (OTHER THAN DIRECTORS, PROMOTERS &amp; HOLDER OF GDRS &amp; ADRS)

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2017		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Tata Global Beverages Ltd.	2,50,000	0.41	Nil	Nil	2,50,000	0.41
2.	Tata Chemicals Ltd.	2,50,000	0.41	Nil	Nil	2,50,000	0.41
3.	IL&FS Financial Services Ltd.	2,50,000	0.41	Nil	Nil	2,50,000	0.41
4.	Tata Steel Ltd.	1,00,000	0.17	Nil	Nil	1,00,000	0.17

## (v) SHAREHOLDING OF DIRECTORS &amp; KEY MANAGERIAL PERSONNEL:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors & KMP*				

1.	At the beginning of the year	1	0.00	1	0.00
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc)	(1)	0.00	(1)	0.00
3.	At the end of the year	NIL	NIL	NIL	NIL

\* None of the Directors or KMPs were holding any shares of the Company except 1 (one) share held by Mr. Deepak Mishra, who ceased to act as Director w.e.f. November 09, 2017, consequent upon withdrawal of nomination by IFCI Ltd., the Holding Company.

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in Rs.)

	Secured Loans/Bonds excluding deposits	Unsecured Loans/Bonds	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	418,09,09,972	79,30,00,000	-	497,39,09,972
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,69,31,448	48,28,492	-	3,17,59,940
Total (i+ii+iii)	420,78,41,420	79,78,28,492	-	500,56,69,912
<b>Change in Indebtedness during the financial year</b>				
•Additions	71,50,00,000	-	-	71,50,00,000
•Reduction	211,96,95,378	58,51,80,360	-	270,48,75,738
Net Change	(140,46,95,378)	(58,51,80,360)	-	(198,98,75,738)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	277,22,88,706	21,06,00,000	-	298,28,88,706
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,08,57,336	2,048,132	-	32,905,468
Total (i+ii+iii)	280,31,46,042	21,26,48,132	-	301,57,94,174

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in Rs.)

Sl. No.	Particulars of Remuneration	Mr. Deepak Mishr, Managing Director (April 2017-Oct. 2017)	Mr. Alok Sabharwal, Managing Director (Nov. 2017 – March 2018)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	12,71,088	9,13,048	21,84,136
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	4,00,065	3,24,162	7,24,227
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961			
2.	Stock option			
3.	Sweat Equity			
4.	Commission-as % of profit -others (specify)			
5.	Others, please specify	2,78,124	2,00,274	4,78,398
	Total (A)	19,49,277	14,37,484	33,86,761

\* Mr. Alok Sabharwal was appointed as Managing Director w.e.f. November 09, 2018 in place of Mr. Deepak Mishra.

B. Remuneration to other director:-

(in Rs.)

Sl. No.	Name of the Directors	Fee for attending Board/ Committee meetings	Conveyance Charges	Total

1.	Mr. Amarjit Chopra	33,500	-	33,500
2.	Ms. Neeru Abrol	2,06,500	4,000	2,10,500
3.	Mr. J. Venkateswarlu	76,000	-	76,000
4.	Mr. Lalit Kumar Patangia	1,18,000	-	1,18,000
5.	Mr. Subhash Chander kalia	12,500	-	12,500

\* No Commission was paid during the year.

Total Managerial Remuneration	<b>Rs. 33,86,761</b>
Overall Ceiling as per the Act.	<b>Rs. 1,71,36,882</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	11,05,058	22,40,343	33,45,401
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	2,33,618	5,67,901	8,01,519
	(b) Value of perquisites u/s 17(3) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission -as % of profit -others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>13,38,676</b>	<b>28,08,244</b>	<b>41,46,920</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made, if any (give details)
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**A. COMPANY**

Penalty	Companies Act, 2013 - N.A. Regulation 29 of SEBI (SAST) Regulations, 2011	Violation of provisions of SEBI (SAST) Regulations i.e. disclosure of invocation of shares aggregating to more than 5% of the total shareholding of a target company.	Penalty of Rs. 50,000/- was imposed by SEBI and the same was paid by IFCI Venture.	SEBI	N.A.
Punishment			None		
Compounding			None		

**B. DIRECTORS**

Penalty					
Punishment			None		
Compounding					

**C. OFFICERS IN DEFAULT**

Penalty					
Punishment			None		
Compounding					

## ANNEXURE IV

## CORPORATE SOCIAL RESPONSIBILITY

1. **Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

- Pursuant to Section 135 of the Companies Act, 2013 and rules made thereunder, the company has formulated a CSR Policy as stated in: <http://www.ifciventure.com/pages/by4hm8ur/91/1.pdf>.
- In alignment with the vision of the company, IFCI Venture, through its CSR initiatives will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a *Socially Responsible Corporate*, with environmental concern.
- The main objectives of CSR Policy are:
  - i) To directly or indirectly take up programs that benefit the communities in and around its workplace and results, over a period of time, in enhancing the quality of life and economic well-being of the local populace.
  - ii) To generate through its CSR initiatives, a community goodwill for IFCI Venture and help reinforce a positive & socially responsible image of IFCI Venture as a corporate entity and as a good Corporate Citizen.
  - iii) Ensure commitment at all levels in the organization, to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interest of all its stakeholders
- The terms of reference of the CSR Committee is as under:
  - i) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of Companies Act, 2013;
  - ii) To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) above;
  - iii) To monitor the Corporate Social Responsibility Policy of the company from time to time.

2. **Composition of the CSR Committee**

- CSR Committee of Directors consisted of following members as on March 31, 2018:-
  - i. Mr. J. Venkateswarlu, Non-Executive Director as Chairman;
  - ii. Mr. B N Nayak, Non-Executive Director as Member;
  - iii. Mr. Alok Sabharwal, Managing Director as Member.

3. **Average Net Profit of the company for last 3 financial years**

- Average Net Profit: Rs. 38,11,66,972.33/-.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

- The Company was required to spend Rs. 76,23,339/- rounded off as Rs. 76,24,000/- towards CSR activities.

5. **Details of CSR spend for the financial year:**

- a. Total amount spent for the year: **Rs. 76,24,000/-\***  
 b. Amount unspent: **Nil\***  
 c. Manner in which the amount spent during the financial year:

\* Amount was transferred to IFCI Social Foundation, a Trust to undertake the CSR Activities on behalf of IFCI Venture.

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others 2. Specify the state and district where project/ Programme was undertaken	Amount outlay (budget) project or Programme wise	Amount spent on the project/ programme 1. Direct expenditure on project or programmes 2. Overheads (in `)	Cumulative expenditure upto to the reporting period (in `)	Amount spent: Direct/ through implementing agency*
1.	Contraction of toilets in four states viz. Bihar, UP, Orrisa, Jharkhand under Swachhta Action Plan	Sanitation/ Healthcare	Bihar, UP, Orrisa, Jharkhand	Rs. 1,07,00,000 out of which <b>IFCI Venture's</b> contribution of Rs. 76,24,000 are proposed to be spent.	Nil	Nil	Through IFCI Social Foundation

6. Reasons for not spending two per cent of the average net profit of the last three financial years or any part thereof: N.A.

7. Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Alok Sabharwal, Managing Director and Mr. J. Venkateswarlu, Chairman of CSR Committee, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

Sd/-  
 (Alok Sabharwal)  
 Managing Director

Sd/-  
 J. Venkateswarlu  
 Chairman of CSR Committee

## ANNEXURE-V

Form No. MR 3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018

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

To,  
The Members,  
IFCI Venture Capital Funds Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s IFCI Venture Capital Funds Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

**PARA ONE**

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s IFCI Venture Capital Funds Limited ("**the Company**") for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India **Act, 1992 ('SEBI Act'):-**
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client: Not Applicable as the Company is not Registered as Registrar to an Issue and Share Transfer Agent during the financial year under review;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not Applicable as the Company has not delisted its equity shares from any Stock Exchange during the financial year under review; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not Applicable as the Company has not bought back any of its securities during the financial year under review.
- (vi) I have also examined the Compliances of the Provisions of the following other laws applicable specifically to the Company wherein I have also relied on the Compliance Certificates/declaration issued by the head of the respective department/management in addition to the checks carried out by me and found that company has complied with all the provisions of said Acts except the below mentioned observation.

(1) The Stamp Duty Act, 1899

**(2) The Employee's Provident fund & Miscellaneous Provisions Act, 1952**

(3) The Maternity Benefit Act, 1961

(4) Payment of Gratuity Act, 1972

(5) The Reserve Bank of India Act, 1934

#### Observations in Clause (i) Para One of Our Report (Companies Act, 2013)

- 1) As there is vacancy of Independent Directors in the Board, the Constitution of Corporate Social Responsibility (CSR) Committee, Audit Committee and Nomination and Remuneration Committee and decision taken by the said committee(s) are not in accordance with Companies Act, 2013 and Rules made there under.
- 2) As per Management Representation, the company has transferred Rs. 76.24 Lacs for the purpose of CSR activities to IFCI Social Foundation, a registered trust; however, the Trust did not spend any amount during the financial year 2017-18.

#### Observations in Clause (vi) Para One of Our Report (RBI Act, 1934)

- 1) In terms of the Master Circular for NBFC-Corporate Governance (Reserve Bank) Directions, 2015, the company is required to conduct Information System Audit in every two years. However, the company has failed to carry out said audit during the financial year 2017-18.

#### PARA SECOND

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

- (i) Simplified Listing Agreements for Debt Securities and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (ii) Secretarial Standards with respect to Board and General Meetings of The Institute of Company Secretaries of India applicable from 01<sup>st</sup> July, 2015.

**Based on our verification of the Company's Books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents, and its authorized representatives during the conduct of Secretarial Audit we hereby report that in**

our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

*The Board of Directors of the Company is not duly constituted as per section 149(4) of the Companies Act, 2013, as there is vacancy of Independent Directors on the board of the Company. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.*

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

**Majority decision is carried through while the dissenting members' views are captured and recorded** as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

1. Taken Approval of Shareholders in Annual General Meeting of the Company held on 29<sup>th</sup> September, 2017 in respect of following special business.

(a) Appointment of Mr. Lalit Kumar Patangia as Non-Executive Director

Place: New Delhi  
Date: 01.08.2018

For D Dixit and Associates  
Company Secretaries

Sd/-  
CS Debasis Dixit  
FCS No. 7218, CP No.: 7871

Note: This report is to be read with our letter of even date, which is annexed as Annexure-A, and forms as integral part of this report.

### Annexure A to the Secretarial Audit Report

The Members

IFCI Venture Capital Funds Limited

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 01.08.2018

Place: New Delhi

## MANAGEMENT DISCUSSION AND ANALYSIS

A. Industry Structure & Developments

The world economy grew at a fastest pace in 2017 at 3.8% since 2011 as compared to 3.2% growth registered in 2016.

In India, growth slowed for the first two quarters of Financial Year 2017-18 due to adjustments by businesses to the newly introduced Goods and Services Tax (GST) in July, 2017. In the second quarter of Financial Year 2017-18, the slowdown in economic activity bottomed out at 6.3% (Year on Year) growth. In the third quarter, GDP grew at 7% and further accelerated to 7.7% in fourth quarter of Financial Year 2017-18. Overall, FY 2017-18 **was a mixed year for the Indian economy, however, Government's continued support through expenditure boosted the industrial growth and demand in the 2<sup>nd</sup> half of Financial Year 2017-18.**

B. Opportunities & Threats

Non-Banking Financial Companies (NBFCs) have played a critical role in stimulating the growth of the Indian economy and have made a significant contribution towards supporting **the government's agenda** of extending financial inclusion - a sharp contrast to the banking system, which has been grappling with a mountain of bad loans for quite some time now.

NBFCs have emerged as the largest net receiver of funds from the rest of the financial system. Owing to the challenges domestic businesses as well as individuals face in sourcing credit from traditional banking institutions, they are increasingly turning to NBFCs to meet their funding needs. This shift in borrower sentiment has unlocked a tremendous opportunity for NBFCs to capitalise on.

NBFCs are going to take a bigger bite in the credit pie at the cost of the non-performing assets saddled banking sector. The share of NBFCs in total credit is projected to rise to 19% by 2020 from 12% in 2014. This projection takes into account improvement in public banks due to the government's bank recapitalisation programme and a decent improvement in private banks.

Further, avenues of fund raising are restricted. Stringent competition from banks offering finer pricing could constrain NBFC credit growth. In addition, increase in bank deposit base post demonetisation and steep reduction in lending rates is expected to result in migration of some large-ticket and relatively better quality NBFC borrowers to banks. Additionally, NBFCs faced with higher delinquencies in some key asset classes and their categorisation as high-risk financial institutions by the Finance Ministry are expected to focus more on recovery & compliances, which would also impact incremental business volumes in the near to medium-term.

During FY 2017-18, RBI cut repo rate by 25 basis points (bps). The **repo** rate stood at 6% as on March 31, 2018, the lowest in seven years since March 2011. Though, even after reduction of repo rate by RBI, banks have not been able to pass on the benefit to the customers, still Banks will continue to be the largest source of funding for NBFCs. Thus, NBFCs are looking forward to access cheaper funding sources and improving operating efficiencies that could help them maintain adequate pre-provisioning operating profit buffers to moderate rising credit costs.

However, the growing reliance of NBFCs on bank funding requires additional safeguards to be introduced by RBI to contain systemic risks.

### C. Segment wise Performance

The total revenue mainly comprises of interest received from Lending Operations and Management fees received from management of Funds. During the Financial year 2017-18, Income from lending operations was Rs.67.59 Crore out of total income of Rs. 87.46 Crore and Rs.9.71 crore was received from management of funds. Profit on sale of units in Funds / liquid fund units constitute Rs.9.83 crore. Bad debts have been recovered to the tune of Rs.0.30 crore. Other income of Rs.0.03 crore includes interest on staff advances and miscellaneous income.

### D. Industry Outlook

**India's growth prospects appear promising, with household consumption expected to remain strong,** exports expected to recover and investment being projected to revive with the support of structural reforms. Continuing improvements in infrastructure are further expected to aid growth. A normal monsoon is projected during Financial Year 2018-19 which would auger well for agriculture and allied sectors and would help in generating stable rural demand. Due to improvement in capacity utilization in the manufacturing sector owing to pick up in demand, both credit offtake and investments are expected to improve in Financial Year 2018-19.

As per World Economic Outlook, the Emerging and Developing Asia region grew by 6.5% in 2017 and similar level of growth rate is expected to be achieved in 2018 as well.

**India's GDP grew moderately at about 6.7% in Financial Year 2017-18** as economy absorbed the structural changes on account of GST. Going forward, as per RBI projections, GDP growth is expected to pick-up pace in 2018-19 and is expected to grow in the range of 7.5 – 7.6% in Half Year 1 and 7.3 - 7.4% in Half Year 2. The global demand is also expected to improve and provide the requisite impetus to exports from India. On the other hand, rise in prices of petroleum products can act as a dampener to the economic growth. As per recent World Economic Outlook brought out by IMF, the Indian Economy is projected to emerge as the fastest growing economy in the world with a growth rate of 7.4% in 2018 and 7.8% in 2019, surpassing China whose growth rates are expected to moderate at 6.6% and 6.4% respectively.

Growth in India is expected to be balanced with both rural and urban consumption projected to support the economic activity. Private investment is also expected to revive on account of expansion in formal economy due to GST, increase in infrastructure spending, subsidy reforms, fiscal consolidation and stable balance of payment situation. The present situation of higher debt in capital intensive sectors is expected to be mitigated with the help of the efforts of the Government and the Reserve Bank of India. In addition, **Government's focus on enhancing ease of doing business is expected to create conducive environment to attract higher level of Foreign Direct Investment.**

The recapitalization package for public sector banks announced by the Government of India is expected to strengthen the balance sheets of public sector banks so that they can continue to provide their support to various sectors of the economy. However, the major risks to the aforesaid outlook include fiscal slippage, further deterioration in asset quality of public sector banks, rise in crude oil prices and tightening of global liquidity.

## E. Risks and Concerns

**Financial institutions (FI's) involved in lending operations, are susceptible to risks arising out of changes in the credit quality of the borrowers or counter parties.** In pursuance of RBI guidelines, for the purpose of identification, evaluation and mitigation of strategic, operational, regulatory and external risks, a Risk Management Committee of the Directors was constituted by the Board of Directors. Further, as part of good corporate governance practices, your company has also formulated Lending policy and Integrated Valuation Policy for Funds as well as credit functions.

The market and liquidity risk is monitored by the Asset Liability Committee of Executives (ALCO) through analysis of dynamic liquidity position, structural liquidity gaps and interest rate sensitivity positions. In the future, risk management is expected to play a more prominent role because of liberalization, deregulation and global integration of financial markets, which would add newer dimensions to risks faced by Banks and NBFCs.

Your Company would continue to work on various initiatives aimed at strengthening credit risk standards, post sanction monitoring of the portfolio to mitigate any adverse impacts on the loan portfolio of your Company. Your Company would also strive to develop a strong culture for risk management and awareness within the organization.

## F. Internal Control Systems and their adequacy

Your Company has in place adequate systems of internal control commensurate with the size of its operations. Internal audit is being conducted by an Independent Chartered Accountant Firm duly appointed by the Board on recommendation of the Audit Committee. All the Internal Audit Reports along with management replies and corrective measures, if any, have been regularly placed and reviewed by the Audit Committee.

## G. Discussion on Financial Performance with respect to Operational Performance

Despite a challenging environment, IFCI Venture has earned net profit of Rs 5.22 crore for the year ended 31 March 2018 as compared to Rs 19.51 crore during the previous year. The reduction in profitability is mainly due to increased provisions of Rs 22.42 crore as compared to Rs 5.27 crore in 2016-17. Further provisioning on Investments in two venture funds aggregating to Rs.3.67 crore was also made for the first time.

However due to consistent accretion in net worth over the years, the net worth stands at Rs.222.99 crore as on 31<sup>st</sup> March, 2018 alongwith CRAR of 38.63%. IVCF's track record in servicing its existing lenders has been satisfactory.

The major highlights of operations for the year ended March 31, 2018 are as under:

Particulars	(Rs. in lakh)	
	FY 2017-18	FY 2016-17
Operations		
Sanction - Loan / Investment	5,650	28,515
Disbursement - Loan / Investment	5,734	23,277
Borrowings		
Loan /Bonds	7,150	7,231

## H. Resource Mobilization

IFCI Venture has not availed any fresh loans from banks during the year as due to increasing NPAs of IFCI Venture as also the current stress in banking industry, banks were not forthcoming to grant new loans. To meet the temporary mismatch of funds for payment of Bonds and other liabilities, loans were taken from IFCI & Associates (Rs.6950 lakh) which were repaid before the due dates.

The total borrowings of Your Company stood at Rs. 29,829 lakh as at March 31, 2018 as compared to Rs. 49,739 lakh as at March 31, 2017 comprising of bank borrowings and bonds.

## I. Material Developments in Human Resources/ Industrial Relations front, including no. of people employed.

During the year, there were no material developments in human resources/ industrial relations front.



एमएबी-II/ सीएडी-1/66-1/2018-13/129

संख्या / No. :

**भारतीय लेखा तथा लेखापरीक्षा विभाग**  
 कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा  
 एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-II,  
 नई दिल्ली  
**INDIAN AUDIT & ACCOUNTS DEPARTMENT**  
**OFFICE OF THE DIRECTOR GENERAL OF**  
**COMMERCIAL AUDIT & EX-OFFICIO MEMBER,**  
**AUDIT BOARD - II, NEW DELHI**

दिनांक / DATE 26.7.2018

सेवा में,

अध्यक्ष

आई. एफ. सी. आई. वेंचर कैपिटल फण्डस लिमिटेड,  
 आई.एफ.सी.आई. टावर,  
 61, नेहरू प्लेस,  
 नई दिल्ली-110019

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

महोदय,

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

भवदीया,



(नन्दना मुंशी)

महानिदेशक वाणिज्यिक लेखा परीक्षा  
 एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II,  
 नई दिल्ली

संलग्नक:- यथोपरि

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

The preparation of financial statements of IFCI Venture Capital Funds Limited for the year ended 31 March 2017 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 8 May, 2018.

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

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

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

Place: New Delhi  
Date: 26.07.2018

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

IFCI Venture Capital Funds Limited (IFCI Venture) has been adhering to Good Corporate Governance Principles and Practices to maintain a professional approach, transparency, accountability, all of which have enabled it to ensure equity in dealing with all the stakeholders, viz. Shareholders, Government institutions & departments, Regulatory bodies, Bankers, Employees, and others. As a good corporate citizen, IFCI Venture is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

### 2. BOARD OF DIRECTORS

#### A. Composition, Category and Attendance of the Board of Directors

As on March 31, 2018, the Board of the Company consists of 6 (six) Directors, out of which 3 (three) Directors were the nominees of IFCI Ltd. (IFCI), the Holding Company consisting of a Non-Executive Chairman, a Managing Director and a Non-Executive Director. Remaining 3 (three) directors were Non-Executive Directors appointed under the category of Non-Independent Directors.

The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings, last Annual General Meeting and number of Directorship and Chairmanship/ Membership of the Committees in other Companies in respect of each Director for Financial Year 2017-18 is given below:-

S. No.	Name of Director	Category	Attendance Particulars			No. of Directorship/ Committee Memberships/ Chairmanship in other companies		
			No. of Board Meetings during the year 2017-18		At AGM held on September 29, 2017	Other directorship	Committee Membership	Committee Chairmanships
			Held	Attended				
1.	Dr. Emandi Sankara Rao#	Non-Executive Chairman	4	4	Attended	3	-	-
2.	Mr. B N Nayak	Nominee Director	7	6	Attended	2	-	-
3.	Mr. Alok Sabharwal#	Managing Director	3	3	-	0	-	-
4.	Mr. J. Venkateswarlu #	Additional Director	3	2	-	1	-	-
5.	Mr. Lalit Kumar Patangia#	Non-Executive Director	3	3	Attended	0	-	-
6.	Mr. Subhash Chander Kalia#	Additional Director	1	1	-	4	2	2
7.	Mr. Sanjeev Kaushik*	Non-Executive Chairman	3	2	-	6	-	-

8.	Mr. Amarjit Chopra*	Independent Director	2	2	-	7	-	4
9	Mr. Deepak Mishra*	Managing Director	4	4	Attended	0	-	-
10	Ms. Neeru Abrol*	Independent Director	6	6	Attended	9	3	3

# Mr. Dr. Emandi Sankara Rao was appointed as Non-Executive Chairman w.e.f. September 06, 2017. Mr. Alok Sabharwal was appointed as Managing Director we.f. November 09, 2017. Mr. Lalit Kumar Patangia, Mr. J. Venkateswarlu and Mr. Subhash Chander Kalia were appointed as Non-Executive Directors w.e.f. September 15, 2017, October 18, 2017 and March 26, 2018, respectively.

\* Mr. Amarjit Chopra and Ms. Neeru Abrol completed their tenure and ceased to act as Independent Directors w.e.f. July 30, 2017 and March 11, 2018, respectively. Nominations of Mr. Sanjeev Kaushik and Mr. Deepak Mishra were withdrawn as Director w.e.f. September 01, 2017 and November 09, 2017, respectively.

### Notes:

1. Number of Meetings represents the Meetings held during the period in which the Director was Member of the Board.
2. In case of Director(s) retired/ resigned, the status of other Directorship and Committee Membership is on the basis of the last disclosure made by the Director(s).
3. The details of Committee Memberships considered for the above purpose are Audit Committee and **Stakeholders' Relationship Committee of all companies in which he/she is a Director.**
4. None of the Directors are related to each other or to any Key Managerial Personnel of the Company.
5. None of the Directors held directorship in more than 10 Public Limited Companies.
6. None of the Directors on the Board are Members of more than 10 (ten) committees or Chairman of more than 5 (five) committees across all the companies in which he/ she is a Director.
7. Necessary disclosures regarding the positions in other public companies as on March 31, 2017 have been made by the Directors.
8. The independence of a Director is determined by the criteria stipulated under section 149(6) of the Companies Act, 2013.

### B. Number of Board Meetings held and dates:

During the Financial year 2017-18, the Board of Directors met 7 (seven) times, the dates of the Meetings were May 11, 2017, July 17, 2017, August 03, 2017, September 06, 2017, November 09, 2017, January 24, 2018 and March 26, 2018.

## 3. AUDIT COMMITTEE

### A. TERMS OF REFERENCE

**The terms of reference of Audit Committee is (a) to examine the financial statement and the auditors' report thereon; (b) to approve or any subsequent modification of transactions of the company with related parties; (c) scrutiny of inter- corporate loans and investments; (d) valuation of undertakings or assets of the company, wherever it necessary; (d) to evaluate internal financial controls and risk management systems; (f) to monitor the end use of funds raised through public offers and related matters; (g) to review and monitor the auditor's independence and performance and effectiveness of audit process; and (h) to recommend for appointment, remuneration and terms of appointment of auditors of the company.**

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

The composition of the Audit Committee and attendance of Directors at the Meetings, during the F.Y. 2017-18 is shown below:

S. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. Amarjit Chopra *	Independent Director	1	1
2.	Ms. Neeru Abrol*	Independent Director	4	4
3.	Mr. B N Nayak	Nominee Director	5	4
4.	Mr. J. Venkateswarlu**	Additional Director	2	2

\* Mr. Amarjit Chopra and Ms. Neeru Abrol completed their tenure and ceased to act as Independent Directors w.e.f. July 30, 2017 and March 11, 2018, respectively, thereafter the Audit Committee was re-constituted.

\*\* Mr. J. Venkateswarlu was appointed as an Additional Director under the category of Non-Executive Non Independent Additional Director w.e.f. October 18, 2017.

Note: Number of Meetings represents the Meetings held during the period in which the Director was Member of the committee. The composition of Audit Committee is not in compliance with the relevant provisions of the Companies Act, 2013 due to not having Independent Director on the Board of the Company.

The Statutory Auditors and other senior executives were invited to participate in the Meetings of the Audit Committee wherever necessary, as decided by the Committee. The Company Secretary acts as the secretary of the Audit Committee.

During the Financial year 2017-18, the Audit Committee met 5 (five) times, the dates of the Meetings were May 11, 2017, August 03, 2017, November 09, 2017, January 23, 2018 and March 26, 2018.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

##### A. TERMS OF REFERENCE

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

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

The composition of the Nomination and Remuneration Committee and attendance of Directors at the Meetings, during the F.Y. 2017-18, is shown below:

S. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. B N Nayak	Nominee Director	4	3
2.	Ms. Neeru Abrol*	Independent Director	3	3
3.	Mr. Deepak Mishra*	Managing Director	2	1
4.	Mr. Lalit K. Patangia**	Non-Executive Director	2	2
5.	Mr. J. Venkateswarlu**	Additional Director	1	1

\*Mr. Deepak Mishra and Ms. Neeru Abrol ceased to act as Director w.e.f. November 09, 2017 and March 11, 2018, respectively, thereafter the Nomination & Remuneration Committee was re-constituted.

\*\*Mr. Lalit K. Patangia and Mr. J. Venkateswarlu were appointed as a Non-Executive Director and Additional Director w.e.f. September 15, 2017 and October 18, 2017, respectively.

Note: Number of Meetings represents the Meetings held during the period in which the Director was Member of the committee. The composition of Nomination & Remuneration Committee is not in compliance with the relevant provisions of the Companies Act, 2013 due to not having Independent Director on the Board of the Company.

During the Financial year 2017-18, the Nomination and Remuneration Committee of Directors met 4 (four) times, the dates of the Meetings were September 06, 2017, November 09, 2017, January 23, 2018 and March 26, 2018.

## 5. EXECUTIVE COMMITTEE

### A. TERMS OF REFERENCE

Executive Committee of Directors was constituted to consider matters such as corporate/ project loans proposals, one time settlement, restructuring of dues, etc. to enable the Board to oversee routine matters and concentrate on policy/ strategic issues including the matters which require approval of the Board.

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

The composition of the Executive Committee and attendance of Directors at the Meetings, during FY 2017-18, is shown below:

S. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. B N Nayak	Nominee Director	3	3
2.	Ms. Neeru Abrol*	Independent Director	5	5
3.	Mr. Deepak Mishra*	Managing Director	3	3
4.	Mr. Lalit K. Patangia**	Non-Executive Director	3	3
5.	Mr. Alok Sabharwal**	Managing Director	3	3
6.	Mr. J. Venkateswarlu**	Additional Director	3	2

\*Mr. Deepak Mishra and Ms. Neeru Abrol ceased to act as Director w.e.f. November 09, 2017 and March 11, 2018, respectively, thereafter the Executive Committee was re-constituted.

\*\*Mr. Lalit K. Patangia and Mr. J. Venkateswarlu were appointed as a Non-Executive Director and Additional Director w.e.f. September 15, 2017 and October 18, 2017, respectively. Mr. Alok Sabharwal was appointed as Non-Executive Director w.e.f. November 09, 2017.

Note: The number of Meetings represents the Meetings held during the period in which the Director was a Member of the committee.

During the Financial Year 2017-18, the Executive Committee of Directors met 6 (eleven) times, the dates of the meetings were June 20, 2017, July 14, 2017, September 06, 2017, November 09, 2017, January 23, 2018 and March 26, 2018.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### A. TERMS OF REFERENCE

The terms of reference of the Corporate Social Responsibility (CSR) Committee are to recommend the aggregate amount of expenditure to be incurred on the prescribed activities, to approve the CSR Activities involving the prescribed limit as approved by the Board and to monitor the Corporate Social Responsibility Policy of the Company, from time to time.

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

The composition of the Corporate Social Responsibility Committee and attendance of Directors at the Meetings, during the FY 2017-18, is shown below:

S. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. B N Nayak	Nominee Director	1	1
2.	Mr. Deepak Mishra	Managing Director	1	-
3.	Ms. Neeru Abrol	Independent Director	1	1

Note: The number of Meeting represents the Meeting held during the period in which the Director was Member of the Committee. The composition of CSR Committee is not in compliance with the relevant provisions of the Companies Act, 2013 due to not having Independent Director on the Board of the Company.

During the Financial year 2017-18, the Corporate Social Responsibility (CSR) Committee of Directors met once on November 09, 2017.

## 7. E-GOVERNANCE COMMITTEE OF DIRECTORS

### A. TERMS OF REFERENCE

The terms of reference of the E-Governance Committee (i) To guide Information Technology Department of the Company to develop and implement all IT policies and procedures, including those of network security and disaster recovery; (ii) To oversee streamlining operations of IT in the Company; (iii) To oversee the deployment of long-term strategic plans for acquiring and enabling efficient and cost-effective information processing and communication technologies; (iv) To review performance of IT System to determine upgrade requirements and maintenance required from time to time; (v) To review and make recommendations for the improvement of the IT infrastructure and IT systems of the Company; (vi) To oversee accusation, deployment, monitoring, maintenance, developmental and support of all hardware and software based on departments needs; (vii) To seek IT solutions that support business operations.

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

The composition of the E-Governance Committee of Directors was re-constituted during the year, as the erstwhile members of the Committee had completed their tenure on the Board of the Company and ceased to act as Director. Accordingly the Committee was re-constituted and as on March 31, 2018 the Committee consists of three members viz. Mr. Subhash Chander Kalia, Mr. Lalit Kumar Patangia and Mr. Alok Sabharwal. No meeting of E-Governance Committee of Directors took place during the FY 2017-18.

## 8. RECOVERY AND NPA MANAGEMENT COMMITTEE

### A. TERMS OF REFERENCE

The Board of Directors constituted Recovery and NPA Management Committee. The terms of reference of Recovery and NPA Management Committee is to have more effective control on the recovery of both Standard Accounts as well as NPA Accounts, to monitor the recovery efforts in all accounts and also to ensure that all accounts are properly identified for classification as NPA.

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

The composition of the Recovery and NPA Management Committee and attendance of Directors at the Meetings, during the FY 2017-18, is shown below:

S. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Ms. Neeru Abrol*	Independent Director	1	1
2.	Mr. Lalit K. Patangia	Non-Executive Director	2	2
3.	Mr. Alok Sabharwal	Managing Director	2	2

\*Ms. Neeru Abrol ceased to act as Director w.e.f. March 11, 2018, thereafter the Recovery and NPA Management Committee was re-constituted.

Note: The number of Meetings represents the Meetings held during the period in which the Director was Member of the committee.

During the Financial year 2017-18, the Non-Executive Directors met 2 (two) times, the dates of the meetings were on January 23, 2018 and March 26, 2018.

## 9. RISK MANAGEMENT COMMITTEE

### A. TERMS OF REFERENCE

Risk Management Committee was constituted with a view to identify, evaluate and mitigate all internal and external risks associated with IFCI Venture Capital Funds Limited, from time to time.

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

The composition of the Risk Management Committee and attendance of Directors at the Meeting, during the FY 2017-18, is shown below:

S. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. J. Venkateswarlu	Additional Director	1	1
2.	Mr. Lalit K. Patangia	Non-Executive Director	1	1
3.	Mr. Alok Sabharwal	Managing Director	1	1

Note: The number of Meeting represents the Meeting held during the period in which the Director was Member of the committee.

During the Financial year 2017-18, the Risk Management Committee of Directors met once on January 23, 2018.

## 10. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As the number of shareholders of the Company being nine including four shareholders representing **beneficial interest of IFCI Ltd., Stakeholders' Relationship Committee is not required to be constituted** in IFCI Venture. This is to confirm that no complaints/grievances were received from the Shareholders during the FY 2017-18.

## 11. GENERAL BODY MEETINGS

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

AGM Date	Venue	Time
03/09/2015	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	12.00 noon
05/09/2016	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	12.00 noon
29/09/2017	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	03.00 P.M

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

AGM DATE	As per Companies Act	Particulars of Special Resolution
03/09/2015	No special resolution was passed by the shareholders of IFCI Venture.	
05/09/2016	No special resolution was passed by the shareholders of IFCI Venture.	
29/09/2017	No special resolution was passed by the shareholders of IFCI Venture.	

## 12. DISCLOSURES

Transaction with the related party during the period ended March 31, 2018: -

Nature of Relationship	Name of the Related Party
Holding Company	IFCI Ltd. (IFCI)
Key Managerial Personnel (on deputation from IFCI)	Mr. Deepak Mishra (MD) Mr. Alok Sabharwal (MD)
Other subsidiaries of Holding company	IFCI Infrastructure Development Ltd. (IIDL) IFCI Financial Services Ltd. (IFIN) IFIN Securities Ltd. (ISFL) IFCI Factors Ltd.

Type of Transaction –	Current Year (Rs.)	Previous Year (Rs.)
1. IFCI		
Loan taken	50,00,00,000	22,00,00,000
Loan paid back	72,00,00,000	--
Interest on Loan Paid to IFCI	1,67,68,668	81,370
Rent & Maintenance paid to IFCI Ltd.(Exclusive of taxes and cess)	1,59,31,051	1,49,88,300
Salaries paid to IFCI for employees deputed by IFCI Ltd. including PLI	54,48,144	77,37,071
Paid towards other expenses to IFCI	1,38,155	14,629
Paid towards IT Services taken from IFCI.(Exclusive of taxes)	6,00,000	6,00,000
Interim Dividend paid	--	5,95,21,008
Interest Received and accrued on Bonds subscribed	1,65,61,332	1,35,95,000
Brokerage/ Professional fee paid-LOC	1,36,52,520	1,92,85,044
2. IFCI Factors Ltd.		
Loan taken	15,00,00,000	--
Loan Repaid	15,00,00,000	

Interest on Loan Paid	23,15,342	--
3. IFIN Securities Finance Ltd.		
Loan taken	4,50,00,000	--
Loan Repaid	4,50,00,000	
Interest on Loan Paid	6,15,822	--
4. IFCI Social Foundation – CSR contribution	76,24,000	--

Balance Outstanding with the related party during the period: -

	Current Year	Previous Year
Outstanding Balances – IFCI		
Payable to IFCI towards salary of employees deputed by IFCI	289,299	5,38,979
Interest accrued on Bonds - IFCI Ltd.	3,25,18,696	2,01,52,365
Bonds Subscribed & outstanding	15,00,05,000	15,00,05,000
Loan taken from IFCI- outstanding	0.00	22,00,00,000
Interest on Loan Paid to IFCI- outstanding	0.00	81,370
Other Expense payable	27,88,760	0.00

The Company is dealing with related parties at Arm's Length basis.

Except for the above, there were no materially significant related party transactions i.e. transactions material in nature with its Promoters, Directors or the management, their subsidiaries or relatives etc. that may potentially conflict with the interests of the Company at large.

- (ii) There has been no non-compliance by IFCI Venture nor any penalties imposed on the Company by any authorities except as stated in Form MGT-9, enclosed to Board's Report.
- (iii) In view of the size and operations of IFCI Venture, the Company has adopted the Vigil Mechanism Policy, in line with the Companies Act, 2013.
- (iii) As IFCI Venture is not under obligation to comply with the mandatory clauses, the report is being prepared as a Good Corporate Governance Practice.

## 11. MEANS OF COMMUNICATION

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

In compliance of the provisions of the Listing Agreement of Debt Securities, the financial results of the company are generally published in Financial Express newspaper and posted on company website [www.ifciventure.com](http://www.ifciventure.com).

## 12. GENERAL SHAREHOLDERS INFORMATION

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

- a) The Financial Year of IFCI Venture is from April 1, 2017 to March 31, 2018.
- b) Shareholding Pattern as on March 31, 2018 and March 31, 2017 are given as under:-

	As on March 31, 2018		As on March 31, 2017	
	No. of shares	(%)	No. of shares	(%)
IFCI Ltd.#	5,95,21,008#	98.60	5,95,21,008#	98.60
Other Body Corporate	8,50,000	1.40	8,50,000	1.40
<b>Total</b>	<b>6,03,71,008</b>	<b>100.00</b>	<b>6,03,71,008</b>	<b>100.00</b>

# includes 5,25,21,008 shares @ Rs. 19.04 (Rs. 9.04 as premium) and 60,00,000 shares at the face value of Rs. 10/- per share allotted by IFCI Venture and 10,00,000 shares @ Rs. 15.5 bought from SUUTI. Also, includes four shares held by employees, for its beneficial interest, of IFCI, which are mentioned as below:-

NAME OF THE BENEFICIARY	NUMBER OF SHARES HELD	BENEFICIAL INTEREST WITH
Mr. Shivendra Tomar	1	IFCI LIMITED
Mr. Deepak Mishra	1	IFCI LIMITED
Mr. S. K. Bhatia	1	IFCI LIMITED
Ms. Purnima Umesan	1	IFCI LIMITED

c) Address of Registered Office for correspondence:

Name and Address: IFCI Venture Capital Funds Ltd.  
 IFCI Tower  
 61 Nehru Place  
 New Delhi – 110 019.  
 Telephone: 41731888, 41731666  
 E-mail: [cs@ifciventure.com](mailto:cs@ifciventure.com)  
 Website: [www.ifciventure.com](http://www.ifciventure.com)

d) Registrar to the Issue:

Name and Address: MCS Share Transfer Agent Ltd.  
 F-65, 1<sup>st</sup> floor  
 Okhla Industrial Area,  
 Phase I, New Delhi-110020  
 Telephone: (011) 5140 6149  
 Fax No: (011) 5170 988  
 E-mail: [admin@mcsdel.com](mailto:admin@mcsdel.com)

Sd/-  
 Alok Sabharwal  
 (Managing Director)

Date: August 08 2018  
 Place: New Delhi

## INDEPENDENT AUDITORS' REPORT

To the Members of  
IFCI Venture Capital Fund Limited

Report on the Financial Statements

We have audited the accompanying financial statements of IFCI Venture Capital Fund Limited which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flow of the company in accordance with the accounting principles generally accepted in India, including Accounting Standards specified under section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014. This Responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in **the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditors consider internal financial controls relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.**

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. **As required by the companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.**
2. As required under Section 143(5) of the Companies Act, 2013, we enclose herewith, in Annexure **"B"**, our report for the Company on the directions and sub-directions (Part A and Part B, respectively) issued by the Comptroller & Auditor General of India.
3. As required by section 143(3) of the Act and Companies (Audit and Auditors) Rule 2014, 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 purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statements dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014;
  - (e) On the basis of the written representations received from the Directors as on March 31, 2018 taken on record by the board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act 2013;
  - (f) With respect to adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in **Annexure "C"**;
  - (g) **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, in our opinion and to the best of our information and according to the explanations given to us:**
    - i) The Company does not have any pending litigations which would impact its financial position.
    - ii) The Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

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

For Lunawat & Co.  
Chartered Accountants  
F.R. No. 000629N

Sd/-  
(Ramesh Kumar Bhatia)  
Partner  
M. No.: 080160  
54, Daryaganj  
New Delhi-110002

Place: New Delhi  
Date: 08.05.2018

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 3 and 4 of our report of even date

RE: IFCI Venture Capital Fund Limited

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets are being physically verified by the management at all its office in a phased manner at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not own any immovable properties.
- 2) The Company is a Non-Banking Financial Company, accordingly it does not hold any inventory. Thus, paragraph 3(ii) of the Order is not applicable.
- 3) In our opinion, and according to the information & explanation given to us, the Company has not granted any unsecured loan to any company, firm, LLP or other parties covered in the register maintained under section 189 of the Companies Act 2013 during the year. Hence clause (iii) (a), (b) & (c) are not applicable.
- 4) In our opinion, and according to the information & explanation given to us, the Company has not granted any loans, not made any investments, not given any guarantees and security covered under section 185 of the Companies Act 2013. The provisions of section 186 of the Companies Act 2013 are not applicable to the Company.
- 5) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits in contravention of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under, where applicable, have been complied with. No order has been passed by the Company Law Board or National Company Law Tribunal or RBI or any court or any other tribunal.
- 6) According to the information and explanation given to us, the government has not prescribed maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013.
- 7) a) According to the information provided and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, service tax, value added tax, cess and any other material statutory dues applicable to it with the appropriate authorities. There are no outstanding statutory dues existing as at the last day of the financial year for a period of more than six months from the day they became payable.
  - b) According to the information and explanation given to us, there are no dues on account of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess, which have not been deposited on account of any dispute.
- 8) According to the information provided and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or Government or dues to debenture holders.
- 9) According to the information provided and explanations given to us, no moneys have been raised by way of initial public offer or further public offer (including debt instruments) and the term loans raised from different banks/financial institutions during the year were applied for the purposes for which those are raised.

- 10) According to information and explanations given to us, no fraud by the Company or on the Company by its officer or employees has been noticed or reported during the year.
- 11) According to the information and explanations given to us and in terms of GSR 463 (E) dated June 05, 2015, issued by the Ministry of Corporate Affairs, the provisions of Section 197 pertaining to managerial remuneration do not apply to a government company. Accordingly, paragraph 3(xi) of the Order is not applicable.
- 12) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company hence clause (xiii) is not applicable.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- 14) According to the information and explanation given to us, and in our opinion, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- 15) According to the information and explanation given to us, and in our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- 16) According to the information provided and explanations given to us, the Company is registered under Section 45–IA of the Reserve Bank of India Act, 1934.

For Lunawat & Co.  
Chartered Accountants  
F.R. No. 000629N

Sd/-  
(Ramesh Kumar Bhatia)  
Partner  
M. No. 080160  
54, Daryaganj  
New Delhi-110002

Place: New Delhi  
Date: 08.05.2018



## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 2 of Report on Other Legal and Regulatory Requirements of our report of even date of standalone financial statements

### Part A

S. No.	Directions	Auditors' Comment
1	Whether the Company has clear title/lease deed for freehold and leasehold land respectively? If not please state the area of freehold and lease hold land for which title/ lease deeds are not available?	The company does not own any freehold or leasehold land; hence this clause is not applicable to the Company.
2	Whether there are any cases of waiver/write off of debtors/ loans/ interest etc., If yes, the reason there for and amount involved.	According to the information and explanations provided to us by the Company, there was one case of waiver of interest & LD charges of Rs.34.83 lakh to Sunciti Financial Services Pvt. Ltd. wherein OTS was arrived at principal of Rs.81 lakh. It was informed that the waiver was decided after due assessment of the possibility of recovery/realization and the financial position of the borrower considering the fact that there was no security available in this case.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from the Govt. or other authorities.	According to the information and explanations provided to us by the Company: (a) Being a Non-Banking Financial Institution, there is no involvement of any inventories; (b) The Company has not received any gift/ grants(s) from government or any other authorities during the year. Therefore, no records are required to be maintained for inventories lying with third parties & assets received as gift/ grant(s) from the Govt. or other authorities.

### Part B

S. No.	Directions	Auditors' Comment
1	Whether the titles of ownership in respect of CGS/SGS/Bonds/Debentures etc. are available in physical/de-mat form and these, in aggregate, agree with the respective amounts shown in the <b>Company's books of accounts? If not, details may be stated.</b>	Yes, the titles of ownership of all investments are available in physical and/or de-mat form as applicable. And the same agree with the respective <b>amounts shown in the Company's books of accounts.</b>
2	In respect of provisioning requirement of all restructured, rescheduled,	Yes, there is a system of periodical assessment of realizable value of securities available against all



	renegotiated loan-whether a system of periodical assessment of realisable 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 alongwith financial impact.	such loans in place. Also, adequate provision has been created during the year against these loans.
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For Lunawat & Co.  
Chartered Accountants  
F.R. No.000629N

Sd/-  
(Ramesh Kumar Bhatia)  
Partner  
M. No. 080160  
54, Daryaganj  
New Delhi-110002

Place: New Delhi  
Date: 08.05.2018

**IFCI VENTURE CAPITAL FUNDS LIMITED**

CIN: U65993DL1988GOI030284

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2018**

(Amount in ₹)

PARTICULARS	Note No.	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>I. EQUITY &amp; LIABILITIES</b>			
(1) <b>Shareholders' Funds</b>			
- Share Capital	02	60,37,10,080	60,37,10,080
- Reserves and Surplus	03	1,62,62,14,612	1,57,40,06,899
		<b>2,22,99,24,692</b>	<b>2,17,77,16,979</b>
(2) <b>Non-current Liabilities</b>			
(a) Long-term Borrowings	04	2,01,74,98,706	2,96,40,65,371
(b) Long-term Provisions	05	3,25,13,357	3,15,96,980
		<b>2,05,00,12,063</b>	<b>2,99,56,62,351</b>
(3) <b>Current Liabilities</b>			
(a) Short-term Borrowings	06	20,00,00,000	51,30,57,934
(b) Other Current Liabilities	07	80,80,72,766	1,53,24,78,364
(c) Short-term Provisions	08	46,67,45,645	25,45,41,152
		<b>1,47,48,18,411</b>	<b>2,30,00,77,449</b>
<b>TOTAL</b>		<b>5,75,47,55,166</b>	<b>7,47,34,56,780</b>
<b>II. ASSETS</b>			
(1) <b>Non-Current Assets</b>			
(a) Property, Plant & Equipments	09	2,16,749	3,12,224
(b) Intangible Assets	10	13,981	20,723
(c) Non-current Investments	11	76,43,26,687	82,28,74,318
(d) Deferred Tax Asset (Net)		13,24,79,404	9,24,43,308
(e) Long-term Loans & Advances	12	1,73,66,32,237	3,46,92,45,176
		<b>2,63,36,69,058</b>	<b>4,38,48,95,749</b>
(2) <b>Current Assets</b>			
(a) Current Investments	13	25,00,00,000	-
(b) Cash and Cash Equivalents	14	33,40,19,816	30,13,730
(c) Short-term Loans and Advances	15	2,47,61,01,709	3,00,46,65,935
(d) Other Current Assets	16	6,09,64,583	8,08,81,366
		<b>3,12,10,86,108</b>	<b>3,08,85,61,031</b>
<b>TOTAL</b>		<b>5,75,47,55,166</b>	<b>7,47,34,56,780</b>

Notes 1 to 22 form an integral part of financial statements

As per our report of even date attached.

For Lunawat &amp; Co.

Chartered Accountants

FRN: 000629N

Ramesh K.Bhatia

Partner

M. No. 080160

Dr. E. S. Rao  
Chairman (DIN:05184747)Alok Sabharwal  
Mg. Director (DIN:02144568)Indu Gupta  
Chief Finance OfficerMukesh Girdhar  
Company SecretaryPlace : New Delhi  
Date : May 08, 2018

**IFCI VENTURE CAPITAL FUNDS LIMITED**

CIN: U65993DL1988GOI030284

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

PARTICULARS	Note No.	(Amount in ₹)	
		For the Year ended 31 <sup>st</sup> March, 2018	For the Year ended 31 <sup>st</sup> March, 2017
<b>I. REVENUE</b>			
Revenue from Operations	17	87,43,62,317	94,09,07,442
Other Income	18	2,63,772	20,81,382
<b>TOTAL REVENUE (A)</b>		<b>87,46,26,089</b>	<b>94,29,88,824</b>
<b>II. EXPENDITURE</b>			
Employees Benefit Expenses	19	4,48,23,119	3,79,50,463
Finance Cost	20	44,78,01,589	54,67,85,425
Depreciation	9,10	1,81,373	2,96,187
Other Expenses	21	3,90,82,358	2,76,24,429
<b>TOTAL EXPENDITURE (B)</b>		<b>53,18,88,439</b>	<b>61,26,56,504</b>
<b>III. PROFIT BEFORE PROVISIONS/ WRITE-OFF (A-B)</b>		34,27,37,650	33,03,32,319
<b>IV</b> Provision for Bad & Doubtful Assets and Others (Net of Write-off)	22	22,42,20,034	5,26,96,560
<b>V. PROFIT BEFORE TAX</b>		<b>11,85,17,616</b>	<b>27,76,35,759</b>
<b>VI. TAX EXPENSE</b>			
- Current Tax		10,63,46,000	10,14,60,000
- Deferred Tax (Net)		(4,00,36,096)	(1,89,62,201)
<b>VII. PROFIT FOR THE YEAR (V-VI)</b>		<b>5,22,07,712</b>	<b>19,51,37,961</b>
<b>VIII. Earning Per Equity</b>			
Basic Earnings per share of Rs.10.00 each		0.86	3.23
Diluted Earnings per share of Rs. 10.00 each		0.86	3.23

Notes 1 to 22 form an integral part of financial statements

As per our report of even date attached.

For Lunawat &amp; Co.

Chartered Accountants

FRN: 000629N

Ramesh K.Bhatia  
Partner  
M. No. 080160

Dr. E. S. Rao  
Chairman (DIN:05184747)

Alok Sabharwal  
Mg. Director (DIN:02144568)

Indu Gupta  
Chief Finance Officer

Mukesh Girdhar  
Company Secretary

Place : New Delhi  
Date : May 08, 2018

## IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

PARTICULARS	(Amount in ₹)	
	Year ended 31st March, 2018	Year ended 31st March, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before Tax	11,85,17,616	27,76,35,760
Adjustments for:		
Depreciation	1,81,373	2,96,187
Provision / write off of Bad Debts	19,52,70,732	5,02,91,403
Provision for standard assets	(76,22,180)	2,405,157
Provision / write off for Investments	3,65,71,482	-
Provision for Employee Benefits	1,01,54,193	1,596,147
(Profit) / Loss on Sale of Assets	-	-
	23,45,55,600	5,45,88,894
<b>Operating Profit before Working Capital Changes &amp; Operating Activity</b>	<b>35,30,73,216</b>	<b>33,22,24,654</b>
Adjustment for Operating Activity		
Increase/(Decrease) in Borrowings	(1,99,10,21,266)	(6,53,82,570)
Long Term Loans Given (Net)	2,26,07,86,679	(26,08,84,842)
Sale of Investments (Net)	2,19,76,149	17,56,091
	29,17,41,562	(32,45,11,321)
<b>Operating Profit before Working Capital Changes</b>	<b>64,48,14,778</b>	<b>77,13,333</b>
Decrease / (Increase) in Current Assets	2,03,07,270	(2,47,09,682)
Increase / (Decrease) in Current Liabilities	69,91,069	(1,25,12,952)
	2,72,98,339	(3,72,22,634)
<b>Cash Generated from Operations</b>	<b>67,21,13,117</b>	<b>(2,95,09,301)</b>
Income tax paid/refund(net)	(9,10,27,874)	(10,10,14,924)
<b>Net cash from Operating Activities</b>	<b>58,10,85,243</b>	<b>(13,05,24,225)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of/Advance for Fixed Assets	(79,157)	(73,128)
Sale/ (Investments) in Liquid Funds	(25,00,00,000)	9,97,84,226
Sale proceed of Fixed Assets	-	-
<b>Net cash used in/raised from Investing Activities</b>	<b>(25,00,79,157)</b>	<b>9,97,11,098</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid (incl. Dividend tax)	-	(7,26,61,125)
<b>Net Cash from Financing Activities</b>	<b>-</b>	<b>(7,26,61,125)</b>
<b>Net Change in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>33,10,06,086</b>	<b>(10,34,74,252)</b>
Opening Cash and Cash Equivalent	30,13,730	10,64,87,982
Closing Cash and Cash Equivalent #	33,40,19,816	30,13,730
<b>Increase/Decrease in Cash &amp; Cash Equivalent</b>	<b>33,10,06,086</b>	<b>(10,34,74,252)</b>

# Please refer note No. 14 to notes to accounts.

**Note:** Figures for previous year have been regrouped, wherever considered necessary

As per our report of even date attached.

For Lunawat &amp; Co.

Chartered Accountants

FRN: 000629N

Ramesh K.Bhatia  
Partner  
M. No. 080160Dr. E. S. Rao  
Chairman (DIN : 05184747)Alok Sabharwal  
Mg. Director (DIN : 02144568)Place : New Delhi  
Date : May 08, 2018Mukesh Girdhar  
Company SecretaryIndu Gupta  
Chief Finance Officer

**NOTE - 1**

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

**(A) SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

The accompanying financial statements have been prepared on a historical cost convention, and conform in all material aspects to the Generally Accepted Accounting Principles in India which encompasses applicable accounting standards relevant provisions of the Companies Act, 2013, the applicable guidelines issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies, other statutory provisions and regulatory framework. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**2. REVENUE RECOGNITION**

- (a) Interest and other dues are recognized on accrual basis except in the case of income on Non-Performing Assets (NPA) which is recognized, as and when received, as per the prudential norms prescribed by the RBI for Non-Banking Financial Companies.
- (b) Front-end fees are accounted for on realization basis.

**3. INVESTMENTS**

Investments are classified under two categories i.e. current and long term and are valued in accordance with the RBI Guidelines as applicable to Non-Banking Financial Companies (NBFCs).

- (i) Long term investments are valued at cost unless there is a permanent diminution in their value.
- (ii) Current Investments are carried at the lower of cost or fair value on an individual basis. However, appreciation if any, within the category, is available for set off.

**4. PROPERTY PLANT & EQUIPMENT AND DEPRECIATION**

- (a) Property, Plant & Equipments are capitalized at cost including directly attributable cost of bringing the assets to the working condition for intended use. Residual Value in respect of assets held by the company has been taken at NIL.
- (b) Depreciation on Property, Plant & Equipments and Intangibles is provided for on Straight Line Method, on the basis of useful life mentioned under Schedule II of the Companies Act, 2013. The useful life of the following Assets have been taken as follows:
  - Computers & Servers: 3 Years for Computers and 6 years for Server & Networks
  - Office Equipments: 5 Years
  - Furniture & Fixtures: 10 Years, and
  - Computer Software: 5 Years
- (c) Depreciation is provided on pro rata basis from the date on which Property, Plant & Equipments and Intangibles have been put to use and up to the date on which the assets have been disposed off or expiry of its useful life, whichever is earlier, as the case may be.

**5. PROVISIONS/ WRITE OFF AGAINST LOANS AND OTHER CREDIT FACILITIES**

- (a) All credit exposures are classified into performing and non-performing assets (NPAs) as per the RBI Guidelines as applicable to Non-Banking Financial Companies. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provision are made on standard, sub-standard, and doubtful assets at rates prescribed by RBI. Loss assets and unsecured portion of doubtful assets are fully provided/written off as per the extant RBI Guidelines.
- (b) For restructured/ rescheduled assets, provision is made in accordance with the amended guidelines issued by RBI.
- (c) Recovery against debts written off/ provided for is credited to revenue. Income is recognized where amounts are either recovered and/ or adjusted against securities/ properties or advances there-against or are considered recoverable in terms of RBI Guidelines.

**6. EMPLOYEE BENEFITS**

- (i) Monthly contribution to the Provident Fund being in the nature of defined contribution scheme, is charged against revenue.
- (ii) The company has a defined benefit employee scheme in the form of gratuity with LIC. Expense for the year has been determined on the basis of actuarial valuation of the company's year end obligations and the value of year end assets of the scheme. The premium is deposited with LIC based on intimation received.
- (iii) Provision for Leave Encashment and Leave Fare Concession is made on the basis of actuarial valuation in accordance with Accounting Standard (AS-15).

**7. INCOME TAXATION**

Tax Expense comprises of current & deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being difference between taxable incomes and accounting income/ expenditure that originate in one period and are capable of reversal in one or more subsequent year(s). Deferred taxes are reviewed for their carrying values at each balance sheet date.

**8. Cash & Cash Equivalents**

Cash & Cash equivalents comprises of balances with banks in current accounts and cash in hand.

**NOTES TO ACCOUNTS**
**02 SHARE CAPITAL**

	As at 31 <sup>st</sup> March, 2018	(Amount in ₹) As at 31 <sup>st</sup> March, 2017
AUTHORISED 15,00,00,000 (Previous Year - 15,00,00,000) Equity Shares of Rs.10/- each	1,50,00,00,000	1,50,00,00,000
	<b>1,50,00,00,000</b>	<b>1,50,00,00,000</b>
ISSUED 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of Rs 10/- each fully paid up	60,37,10,080	60,37,10,080
SUBSCRIBED 6,03,71,008 (Previous Year - 6,03,71,008) Equity	60,37,10,080	60,37,10,080
PAID UP EQUITY  6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of Rs. 10/- each (foot-note 1 )	60,37,10,080	60,37,10,080
<b>TOTAL</b>	<b>60,37,10,080</b>	<b>60,37,10,080</b>

*Foot-note*

- 1 Of the above 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of Rs.10/- each, the holding company namely IFCI Ltd. holds 5,95,21,008 equity shares i.e. 98.59%.

**03 RESERVES AND SURPLUS**

	As at 31st March, 2018	(Amount in ₹) As at 31st March, 2017
(A) Capital Reserve	1,00,000	1,00,000
(B) Securities Premium Account	47,47,89,912	47,47,89,912
(C) Special Reserve under Section 36(1)(viii) of the I.T Act, 1961	5,20,000	5,20,000
(D) Reserve u/s 45IC of RBI Act (refer foot note-1)	31,12,71,843	31,12,71,843
(E) <u>Surplus balance in Profit &amp; Loss :</u>		
Opening Balance	78,73,25,144	7,03,75,900
Add: Profit for the period	5,22,07,712	19,51,37,961
	<u>83,95,32,856</u>	<u>89,90,13,861</u>
<u>Less: Appropriations</u>		
Reserve u/s 45 IC of RBI Act	-	3,90,27,592
Interim Dividend-Equity	-	6,03,71,008
Dividend Distribution Tax	-	1,22,90,117
	<u>83,95,32,856</u>	<u>78,73,25,144</u>
<b>TOTAL</b>	<b>1,62,62,14,612</b>	<b>1,57,40,06,899</b>

*Foot-note*

1. In terms of Section 45IC of RBI Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared. However as Government Company is exempt, the same is not created now.

**04 LONG-TERM BORROWINGS - SECURED & UNSECURED**

	As at 31 <sup>st</sup> March, 2018	(Amount in ₹) As at 31 <sup>st</sup> March, 2017
(A) Bonds		
200 Bonds of Rs. 10,00,000 each (refer foot note 1) - secured	20,00,00,000	20,00,00,000
1510 Bonds of Rs. 1,00,000 each (refer foot note 2) - unsecured	15,10,00,000	15,10,00,000
596 Bonds of Rs. 1,00,000 each (refer foot note 3) - unsecured	5,96,00,000	5,96,00,000
783 Bonds of Rs. 10,00,000 each (refer foot note 4) - secured	78,30,00,000	78,30,00,000
Sub-Total 'A'	<b>1,19,36,00,000</b>	<b>1,19,36,00,000</b>
(B) Other Long Term Borrowings- Secured		
a) Banks (refer foot note 5)	82,38,98,706	1,77,04,65,371
<b>Sub-Total 'B'</b>	<b>82,38,98,706</b>	<b>1,77,04,65,371</b>
<b>TOTAL (A+B)</b>	<b>2,01,74,98,706</b>	<b>2,96,40,65,371</b>

*Foot-notes*

1	<b>Issuer</b>	<b>IFCI Venture Capital Funds Ltd.</b>		
	Issue size	Rs. 20 Crores		
	Face Value	Rs. 1,000,000.00 ( Rupees Ten Lac ) per bond		
	Tenure & Redemption	At end of 10 Years from date of allotment i.e. 10th October, 2024		
	Coupon Rate	10.80% p.a. annual		
	Security	Pari-pasu charge on Book Debts		
	Interest Payment	Interest shall be made annually on 10th October		
2	<b>Issuer</b>	<b>IFCI Venture Capital Funds Ltd.</b>		
	Issue size	Up to Rs. 15.10 Crores including green shoe option of Rs. 0.10 Crores		
	Face Value	Rs. 1,00,000.00 ( Rupees One Lac ) per bond		
	Tenure	10 Years		
	Put Call	At par at the end of 5th year from the date of allotment		
	Redemption	At par at the end of 10th year from deemed date of allotment i.e 18th February, 2023		
	Coupon Rate	10.15% p.a. annual		
	Interest Payment	Interest shall be made annually on 18th February		
3	<b>Issuer</b>	<b>IFCI Venture Capital Funds Ltd.</b>		
	Issue size	Up to Rs. 64.20 Crores including green shoe option of Rs. 39.20 Crores		
	Face Value	Rs. 1,00,000.00 (Rupees One Lac) per bond		
	Face Value	Rs. 1,00,000.00 (Rupees One Lac) per bond		
	Option	<b>Option – 1</b>	<b>Option – 2</b>	
	Tenure	5 Years	10 Years	
	Put Call	Nil	At par at the end of 7th Year	
	Redemption	At par at the end of 5th year from deemed date of allotment i.e 16th October, 2017 - redeemed	At par at the end of 10th year from deemed date of allotment i.e 16th October, 2022	
	Coupon Rate	10.25% p.a. (semi-annual)		
	Interest Payment	Interest shall be made on Semi-Annual basis on 15th March and 15th September every year		
4	<b>Issuer</b>	<b>IFCI Venture Capital Funds Ltd.</b>		
	Issue size	Up to Rs. 100 Crores including Green shoe option		
	Security	First Pari Pasu charge on the receivables of the Company to the extent of 125% of the outstanding Bonds at any point of time, during the currency of the Bonds		
	Face Value	Rs. 10,00,000.00 ( Rupees Ten Lac ) per bond		
	Option	Option -1	Option - 2	Option - 3
	Tenure	10 Years	10 Years	3 Years

Put Call	At par at the end of 3 <sup>rd</sup> year, 5 <sup>th</sup> year & 7 <sup>th</sup> Year respectively.	At par at the end of 5 <sup>th</sup> year & 7 <sup>th</sup> Year respectively.	At par at the end of 1 <sup>st</sup> year & 2 <sup>nd</sup> year respectively.
Redemption	At par on exercising put/ call option at the end of 3 <sup>rd</sup> year or 5 <sup>th</sup> year or 7 <sup>th</sup> year or at the end of 10 <sup>th</sup> year from deemed date of allotment, whichever is earlier i.e 24 <sup>th</sup> January, 2022	At par on exercising put/ call option at the end of 5 <sup>th</sup> year or 7 <sup>th</sup> year or at the end of 10 <sup>th</sup> year from deemed date of allotment, whichever is earlier i.e 24 <sup>th</sup> January, 2022	At par on exercising put/call option at the end of 1 <sup>st</sup> year or 2 <sup>nd</sup> year or at the end of 3 <sup>rd</sup> year from deemed date of allotment, whichever is earlier i.e 24 <sup>th</sup> January, 2015
Coupon Rate	10.75% p.a.(Annual on 24th January)		

5. Long Term borrowings from Banks are secured by hypothecation of Book debts on pari passu basis between these Banks, banks from which cash credit facilities have been availed and Investors in Secured bonds.

#### 05 LONG-TERM PROVISIONS

(Amount in ₹)

	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>
(A) Provision for Employee Benefits	2,12,92,421	1,27,53,864
(B) Provision for Standard Assets	1,12,20,936	1,88,43,116
<b>TOTAL</b>	<b>3,25,13,357</b>	<b>3,15,96,980</b>

#### 06 SHORT-TERM BORROWINGS-SECURED

(Amount in Rs.)

	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>
(A) Cash credit facilities from Banks (Foot Note-1)	-	11,30,57,934
(B) Secured Loan from Bank/FI (Foot Note-2)	20,00,00,000	18,00,00,000
(C) Loan from IFCI Ltd (Foot Note-3)	-	22,00,00,000
<b>TOTAL</b>	<b>20,00,00,000</b>	<b>51,30,57,934</b>

Foot Note

- (1) Cash credit facility from bank represents CC limits which is secured against pari-passu charge on book debts
- (2) Secured Loan taken from Bank are short-term credit facility taken from Karur Vysya Bank which are also secured against pari-passu charge on book debts.
- (3) Secured Loan taken from Bank are short-term credit facility taken from Karur Vysya Bank which are also Loan from IFCI Ltd holding co. is short-term revolving credit facility

#### 07 OTHER CURRENT LIABILITIES

(Amount in Rs.)

	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>
(A) Current maturities of Long-term borrowings	76,53,90,000	1,49,67,86,667
(B) Interest accrued but not due on bonds and borrowings	3,29,05,468	3,17,59,940
(C) Other Payables		
- Tax and other deduction/ collection payable	8,92,600	6,37,975
- Liability for expenses	35,20,919	3,34,822
- Others	53,63,779	29,58,960
<b>TOTAL</b>	<b>80,80,72,766</b>	<b>1,53,24,78,364</b>

Foot-notes

1 The following borrowings are secured against the total receivables of Rs.4212219791

- Long Term Bonds of Rs. 10 lakh each (note-4)	98,30,00,000
- Long Term Borrowings from Banks (note-4)	82,38,98,706
- Current Maturity of Long Term Borrowings (note-7)	76,53,90,000
- Cash Credit from Banks (note-6)	20,00,00,000
<b>TOTAL</b>	<b>2,77,22,88,706</b>

**08 SHORT-TERM PROVISIONS**

	(Amount in ₹)	
	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>
(A) Employee Benefits	19,37,318	3,21,682
(B) Provision for Tax (Net of Advance Tax & TDS)	1,81,49,788	28,31,663
(C) Provision for bad & doubtful debts	44,66,58,539	25,13,87,807
<b>TOTAL</b>	<b>46,67,45,645</b>	<b>25,45,41,152</b>

Note 1 : Provision has been made for decline in NAV of venture Funds, considered other than temporary in nature.

**NON CURRENT  
09 PROPERTY, PLANT & EQUIPMENTS**

Schedule of Property, Plant & Equipments as per Companies Act, 2013

(Amount in ₹)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As at 01-Apr-17	Additions	Deductions /Transfers	As at 31-Mar-18	As at 01-Apr-17	For the period	Deductions /Transfers	As at 31-Mar-18	As at 31-Mar-17
Computers & Servers	54,03,688	-	-	54,03,688	51,90,619	1,62,551	-	53,53,170	2,13,070
Office Equipments	36,688	-	-	36,688	36,688	-	-	36,688	-
Furniture & Fixtures	1,36,696	79,157	-	2,15,853	37,542	12,080	-	49,622	99,153
<b>TOTAL</b>	<b>55,77,072</b>	<b>79,157</b>	<b>-</b>	<b>56,56,229</b>	<b>52,64,849</b>	<b>1,74,631</b>	<b>-</b>	<b>54,39,480</b>	<b>3,12,223</b>
Previous Year	55,03,944	73,128	-	55,77,072	49,75,403	2,89,445	-	52,64,848	5,28,541

**10 INTANGIBLE ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	As at 01-Apr-17	Additions	Deductions /Transfers	As at 31-Mar-18	As at 01-Apr-17	For the period	Deductions /Transfers	As at 31-Mar-18	As at 31-Mar-17
Computer Software	2,41,708	-	-	2,41,708	2,20,985	6,742	-	2,27,727	20,723
<b>TOTAL</b>	<b>2,41,708</b>	<b>-</b>	<b>-</b>	<b>2,41,708</b>	<b>2,20,985</b>	<b>6,742</b>	<b>-</b>	<b>2,27,727</b>	<b>20,723</b>
Previous Year	2,41,708	-	-	2,41,708	2,14,243	6,742	-	2,20,985	27,465

**11 NON-CURRENT INVESTMENTS**

	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares/ units	Amount (₹)	No. of shares/ units	Amount (₹)
(Amount in ₹)				
<b>A. UNQUOTED</b>				
<b>1. Equity Shares (Rs.10 each fully paid up)</b>				
Assistance under financing				
Biotech Consortium Ltd.	2,00,001	20,00,010	2,00,001	20,00,010
Jangipur Bengal Mega Food Park Ltd	42,00,000	4,20,00,000	42,00,000	4,20,00,000
		<u>4,40,00,010</u>		<u>4,40,00,010</u>
<b>Units of Venture Funds (Rs.10 each fully paid up)</b>				
- Green India Venture Fund (GIVF)	2,13,14,750	21,31,47,498	2,34,69,415	23,46,94,147
- India Enterprise Development Fund (IEDF)	3,91,27,604	39,12,76,041	3,91,27,604	39,12,76,040
- India Automotive Component Manufacturers Private Equity Fund - 1 (Domestic) (IACM)	2,46,962	24,69,621	2,89,912	28,99,121
		<u>60,68,93,159</u>		<u>62,88,69,308</u>
Less : Provision for diminution in value of Venture Funds		<u>3,65,71,482</u>		<u>-</u>
		<u>57,03,21,677</u>		<u>62,88,69,308</u>
<b>TOTAL (A)</b>		<b><u>61,43,21,687</u></b>		<b><u>67,28,69,318</u></b>
<b>B. QUOTED</b>				
<b>1. Bonds - Tax free bonds of IFCI Ltd of Rs. 10,00,000 each</b>				
	50	5,00,05,000	50	5,00,05,000
<b>2. Bonds - Taxable IFCI Ltd of Rs. 1000 each</b>				
	1,00,000	10,00,00,000	100,000	10,00,00,000
<b>TOTAL (B)</b>		<b><u>15,00,05,000</u></b>		<b><u>15,00,05,000</u></b>
<b>Total</b>		<b><u>76,43,26,687</u></b>		<b><u>82,28,74,318</u></b>
Less : Provision for diminution in value				<u>-</u>
<b>TOTAL</b>		<b><u>76,43,26,687</u></b>		<b><u>82,28,74,318</u></b>

**12 LONG-TERM LOANS & ADVANCES**

	As at 31st March, 2018		As at 31st March, 2017	
	Amount		Amount	
(Amount in Rs.)				
Loans to Assisted Concerns - (Secured and considered good )		1,73,66,32,237		3,46,92,45,176
		<u>1,73,66,32,237</u>		<u>3,46,92,45,176</u>
<b>TOTAL</b>		<b><u>1,73,66,32,237</u></b>		<b><u>3,46,92,45,176</u></b>

**13 CURRENT INVESTMENTS**

	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares/ units	Amount	No. of shares/ units	Amount
(Amount in Rs.)				
Unquoted Equity Shares		1,18,533		1,18,534
Investment in Liquid Funds (Refer Foot Note on Note 13)		25,00,00,000		-
<b>TOTAL</b>		<b><u>25,01,18,534</u></b>		<b><u>1,18,534</u></b>
Less: Provision for diminution in value		1,18,534		1,18,534
<b>Total :</b>		<b><u>25,00,00,000</u></b>	<b>-</b>	<b>-</b>

Foot Note to Note-13: Details of Investments in Liquid Funds

Current period:-

(i) SBI PLF-Dir Plan Growth No. of Units: 91917.905 NAV: Rs. 2724.39 Cost: Rs. 25,00,00,000/-

Corresponding period :- NIL

<b>14 CASH &amp; CASH EQUIVALENTS</b>	(Amount in ₹)	
	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>
(A) Balances with Banks		
- Current account	3,40,19,159	30,10,759
- Fixed Deposit with Bank	30,00,00,000	-
(B) Cash in hand	657	2,971
<b>TOTAL</b>	<b>33,40,19,816</b>	<b>30,13,730</b>
<b>15 SHORT-TERM LOANS &amp; ADVANCES</b>	(Amount in Rs.)	
	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>
(A) Current maturities of Long-term Loans (sec & cons. good)	1,06,86,01,685	1,91,45,02,600
Current maturities of Long-term Loans (cons. substd)	43,20,39,394	35,50,00,000
Current maturities of Long-term Loans (sec & doubtful)	79,00,47,538	69,17,15,230
Current maturities of Long-term Loans (unsec. & doubtful)	18,48,98,937	4,25,43,463
	<u>2,47,55,87,554</u>	<u>3,00,37,61,293</u>
(B) Other Loans and advances		
(i) Loans to Staff (Secured)	4,99,155	7,62,141
(ii) Others (Unsecured and considered good)	15,000	1,42,501
	<u>5,14,155</u>	<u>9,04,642</u>
<b>TOTAL</b>	<b>2,47,61,01,709</b>	<b>3,00,46,65,935</b>
<b>16 OTHER CURRENT ASSETS</b>	(Amount in Rs.)	
	<b>As at 31<sup>st</sup> March, 2018</b>	<b>As at 31<sup>st</sup> March, 2017</b>
(A) Receivables other than trade	35,35,724	32,85,824
(B) Fees receivable	41,45,652	39,44,223
(C) Accrued Income		
(i) Interest on Loans	1,99,52,518	5,29,07,883
(ii) Interest on Investments	3,25,18,696	2,01,52,365
(D) Pre-paid Expenses	5,91,015	3,98,460
(E) GST / Service tax credit	2,20,979	1,92,611
	<u>6,09,64,583</u>	<u>8,08,81,366</u>
<b>TOTAL</b>	<b>6,09,64,583</b>	<b>8,08,81,366</b>
<b>17 INCOME FROM OPERATIONS</b>	(Amount in Rs.)	
	<b>For the Year ended 31<sup>st</sup> March, 2018</b>	<b>For the Year ended 31<sup>st</sup> March, 2017</b>
(A) On Interest on Lending Operations	67,59,27,884	77,88,06,958
(B) On Investment Operations		
(i) Profit on sale of Shares/Liquid fund Units	8,17,55,976	3,85,04,561
(ii) Interest on Bonds	1,65,61,332	1,35,95,001
(C) Management Fee	9,71,17,125	9,42,17,255
(D) Bad Debt Recovered	30,00,000	1,57,83,667
	<u>87,43,62,317</u>	<u>94,09,07,442</u>
<b>TOTAL</b>	<b>87,43,62,317</b>	<b>94,09,07,442</b>
<b>18 OTHER INCOME</b>	(Amount in Rs.)	
	<b>For the Year ended 31<sup>st</sup> March, 2018</b>	<b>For the Year ended 31<sup>st</sup> March, 2017</b>
(A) Interest on staff advances	37,316	33,068
(B) Miscellaneous Income	2,26,456	2,,48,314
<b>TOTAL</b>	<b>2,63,772</b>	<b>2,081,382</b>

<b>19 EMPLOYEE BENEFITS EXPENSES</b>		(Amount in ₹)	
		<b>For the Year ended 31<sup>st</sup> March, 2018</b>	<b>For the Year ended 31<sup>st</sup> March, 2017</b>
(A)	Salaries and Allowances *	4,26,75,899	3,60,15,908
(B)	Contribution to Provident and other funds	9,22,137	9,30,348
(C)	Staff Welfare Expenses	12,25,083	10,04,207
<b>TOTAL</b>		<b>4,48,23,119</b>	<b>3,79,50,463</b>
* includes Leave Encashment			
<b>20 FINANCE COST</b>		(Amount in Rs.)	
		<b>For the Year ended 31<sup>st</sup> March, 2018</b>	<b>For the Year ended 31<sup>st</sup> March, 2017</b>
(A)	Interest on Bonds and Borrowings	42,94,92,453	52,31,35,528
(B)	Interest on Cash credit facilities	36,78,892	28,70,263
(C)	Fee for issuance of Letter of Comfort to IFCI Ltd.	1,46,30,244	2,07,79,634
<b>TOTAL</b>		<b>44,78,01,589</b>	<b>54,67,85,425</b>
<b>21 OTHER EXPENSES</b>		(Amount in Rs.)	
		<b>For the Year ended 31<sup>st</sup> March, 2018</b>	<b>For the Year ended 31<sup>st</sup> March, 2017</b>
(A)	Rent	1,73,19,952	1,59,78,497
(B)	Insurance	22,932	98,611
(C)	Repairs and Maintenance	33,65,972	26,64,138
(D)	Auditors' Remuneration	9,80,819	10,12,852
(E)	Directors' Fees	6,84,343	11,43,109
(F)	Consultation and Law Charges (incl filing fees)	13,53,316	5,57,113
(G)	Professional Charges	25,41,980	19,71,379
(H)	Travelling & Conveyance	10,17,806	10,94,453
(I)	Postage & Telephone	5,17,823	1,77,815
(J)	Training & Development Expense	26,183	-
(K)	Advertisements	8,71,869	6,81,402
(L)	Other Miscellaneous Expenses	13,17,473	10,89,845
(M)	CSR Expenses	90,61,889	11,55,215
<b>TOTAL</b>		<b>3,90,82,358</b>	<b>2,76,24,429</b>
<b>22 PROV FOR BAD &amp; DOUBTFUL ASSETS AND OTHERS (NET OF WRITE OFF)</b>		(Amount in Rs.)	
		<b>For the Year ended 31<sup>st</sup> March, 2018</b>	<b>For the Year ended 31<sup>st</sup> March, 2017</b>
(A)	Provision for Bad & Doubtful Debts	19,52,70,732	5,02,91,403
(B)	Provision for diminution in Investments	3,65,71,482	-
(C)	Provision for Standard assets	(76,22,180)	24,05,157
<b>TOTAL</b>		<b>22,42,20,034</b>	<b>5,26,96,560</b>

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

## 1. Auditors' Remuneration

(Rs.)

Particulars	31/03/18	31/03/17
a) As Auditor	4,53,400	4,75,412
b) For Other services	3,97,482	2,77,885
c) For Reimbursement of Expenses	1,29,937	1,64,790

## 2. CSR Expenditure

 (a) Gross amount required to be spent by the company during the year:  
Rs.76,24,000/- (Previous year Rs. 75,69,927/-)

(b) Amount spent during the year on Construction/Acquisition of any asset to NGO/ beneficiary is Rs 90,61,889 #

# Rs. 90,61,889/- includes an amount of Rs. 76,24,000/- i.e. CSR corpus of FY 2017-18 which was transferred to IFCI Social Foundations (ISF), and remaining amount of Rs. 14,37,889/- spent during FY 2017-18 pertains to the sanctions of FY 2016-17.

3. During the year, the company has not incurred any expense on travelling expenses in foreign currency. (previous year – Nil).

4. Dues to small-scale industrial undertakings and micro, small, and medium industries (to the extent of information available with the company) is Nil.

5. There are no material prior period items, except to the extent disclosed, included in Profit &amp; Loss A/c required to be disclosed as per Accounting Standard-5 issued by the ICAI read with RBI guidelines.

6. Gratuity, Leave Fare Concession and Leave encashment liabilities have been determined and accounted on the basis of actuarial valuation carried out as at March 31, 2018.

**a) Expense recognized in the statement of profit and loss**

Particulars	31/03/2018		31/03/2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)	(Funded)	(Un-Funded)
a Current service cost	8,36,158	6,40,070	4,56,563	7,71,216
b Past service cost	45,02,031	-	-	-
c Interest cost	5,54,109	7,14,543	-	9,18,352
d Expected return on Plan Assets	2,55,012	-	2,99,193	-
e Curtailment Cost / (Credit)	-	-	-	-
f Settlement Cost / (credit)	-	-	-	-
g Net actuarial (gain) / loss recognized in the period	16,81,589	(5,83,439)	79,11,864	(18,03,812)
h Expenses recognized in the statement of Profit & Loss	73,18,875*	7,71,174	80,69,234*	(1,14,244)

**b) Actual Returns for the Year**

Particulars	31/03/2018		31/03/2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)	(Funded)	(Un-Funded)
Actual Returns for the Year	73,145	-	2,99,234	-

**c) Net (Asset)/Liability recognized In Balance Sheet**

Particulars	31/03/2018		31/03/2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)	(Funded)	(Un-Funded)
a Present Value of defined Benefit Obligation	1,47,60,488	97,55,852	73,68,468	95,01,899
b Fair Value on Plan Assets	39,20,479	-	37,94,821	-
c Status(Surplus/Deficit)	(1,08,40,009)	(97,55,852)	(35,73,647)	(95,01,899)
d Unrecognized Past Service Cost	-	-	-	-
e Net Asset/(Liability) recognized In Balance Sheet	(1,08,40,009)	(97,55,852)	(35,73,647)	(95,01,899)

**d) Change in Defined Benefit Obligations (DBO's)**

Particulars	31/03/2018		31/03/2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)	(Funded)	(Un-Funded)
a Present Value of Obligation at Beginning of the year	73,68,468	95,01,899	--	1,14,79,399
b Current Service Cost	8,36,158	6,40,070	4,56,563	7,71,216
c Interest Cost	5,54,109	7,14,543	-	9,18,352
d Curtailment Cost	-	-	-	-
e Settlement Cost	-	-	-	-
f Plan Amendments	-	-	-	-
g Acquisitions	-	-	-	-
h Actuarial (gain)/loss on Obligations	14,99,722	(5,83,439)	79,11,905	(18,03,812)
i Benefits Paid/Payable	-	(5,17,221)	(10,00,000)	(18,63,256)
j Present Value of Obligation at end of the year	1,47,60,488	97,55,852	73,68,468	95,01,899

**e) Change in Fair Value of Assets during the year**

Particulars	31/03/2018		31/03/2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Un-Funded)	(Funded)	(Un-Funded)
a Fair value of Plan Assets at the Beginning of the year	37,94,821	-	44,52,284	-
b Acquisition adjustment	-	-	-	-
c Expected return on plan assets	73,145	-	2,99,193	-
d Actuarial gain/(loss) on plan assets	(1,81,867)	-	41	-
e Employer contributions	52,513	-	43,303	-
f Benefits paid	-	-	(10,00,000)	-
g Fair value of plan assets at the end of the year	39,20,479	-	37,94,821	-

**f) Actuarial Assumptions**

a Fair value of Plan Assets at the Beginning of the year	Indian Assured Lives Mortality (2006-08)		Indian Assured Lives Mortality (2006-08)	
b Early Retirement & Disablement	Age Related		Age Related	
c Discount Rate	7.71	7.71	7.52	7.52
d Inflation Rate	8.50	8.50	8.50	8.50
e Return on Assets	7.55	--	6.72	--

**f) Major Category of Plan Assets as a % of Total Plan Assets**

a Government Securities	-	-	-	-
b Special Deposit Scheme	-	-	-	-
c High Quality Corporate Bonds	-	-	-	-
d Insurance Companies	100%	-	100%	-
e Cash & Cash Equivalents	-	-	-	-

7. Disclosure of details pertaining to related party transactions in terms of Accounting Standard-18, issued by the Institute of Chartered Accountants of India (ICAI) - "Related Party Disclosures" is as under:

1. Name of the related party and nature of relationship-

Nature of Relationship	Name of the Related Party
Key Managerial Personnel (deputed from IFCI)	Mr. Deepak Mishra (MD till 8 November 2017) Mr. Alok Sabharwal ( MD from 9 November 2017)
Other subsidiaries/associate of Holding company	IFCI Infrastructure Development Ltd. (IIDL) IFCI Financial Services Ltd. (IFIN) IFIN Securities Ltd. (IFSL) IFCI Factors Ltd. IFCI Social Foundation

1. 2. Transaction with the related party during the period:-

(in ₹)

Type of Transaction –	Current Year	Previous Year
<b>1. IFCI</b>		
Loan taken	50,00,00,000	22,00,00,000
Loan paid back	72,00,00,000	--
Interest on Loan Paid to IFCI	1,67,68,668	81,370
Rent & Maintenance paid to IFCI Ltd.(Exclusive of taxes and cess)	1,59,31,051	1,49,88,300
Salaries paid to IFCI for employees deputed by IFCI Ltd. including PLI	54,48,144	77,37,071
Paid towards other expenses to IFCI	1,38,155	14,629
Paid towards IT Services taken from IFCI.(Exclusive of taxes)	6,00,000	6,00,000
Interim Dividend paid	--	5,95,21,008
Interest Received and accrued on Bonds subscribed	1,65,61,332	1,35,95,000
Brokerage/ Professional fee paid-LOC	1,36,52,520	1,92,85,044
<b>2. IFCI Factors Ltd.</b>		
Loan taken	15,00,00,000	-
Loan Repaid	15,00,00,000	
Interest on Loan Paid	23,15,342	-
<b>3. IFIN Securities Finance Ltd.</b>		
Loan taken	4,50,00,000	-
Loan Repaid	4,50,00,000	
Interest on Loan Paid	6,15,822	-
<b>4. IFCI Social Foundation – CSR contribution</b>	76,24,000	-

Balance Outstanding with the related party during the period: -

(in ₹)

Outstanding Balances – IFCI	Current Year	Previous Year
Payable to IFCI towards salary of employees deputed by IFCI	2,89,299	5,38,979
Interest accrued on Bonds - IFCI Ltd.	3,25,18,696	2,01,52,365
Bonds Subscribed & outstanding	15,00,05,000	15,00,05,000
Loan taken from IFCI- outstanding	0.00	22,00,00,000
Interest on Loan Paid to IFCI- outstanding	0.00	81,370
Other Expense payable	27,88,760	0.00

The company is dealing with related parties at Arm's Length basis.

**8. Earnings per Share:**

Earning Per Share(Weighted Average)	Current Year	Previous Year
Basic (Rs)	0.86	3.23
Diluted (Rs)	0.86	3.23

**9. Deferred Taxation**

- (I) As per the Accounting Standard (AS-22) "Accounting for Taxes on Income", the company has determined the deferred tax assets (Net of Liability) of Rs. 13,24,79,404/- (Previous year assets of Rs.9,24,43,308/-) as on 31st March, 2018.
- (ii) Break up of Deferred Tax Assets & liabilities is as under:-

	(in ₹)	
Outstanding Balances – IFCI	31/03/2018 (₹)	31/03/2017 (₹)
<b>a) Deferred Tax Liabilities</b>		
Related to Fixed Assets	(7,917)	(44,222)
<b>b) Deferred Tax Assets</b>		
Expenditure allowable on actual payment	13,24,87,321	9,24,87,530
<b>Net Deferred Tax (Liability)/ Asset</b>	13,24,79,404	9,24,43,308

**Note 10 Disclosures under Accounting Standards (contd.)**

Particulars Segment Information						
The Company has identified business segments as its primary segment. Business segments are primarily <b>Financing Activity</b> and <b>Management of Funds</b> . Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.						
Particulars	For the year ended 31 March, 2018			For the year ended 31 March, 2017		
	Business segments		Total	Business segments		Total
	Financing Activity	Fund Management		Financing Activity	Fund Management	
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Revenue	77,72,45,192	9,71,17,125	87,43,62,317	84,66,90,187	9,42,17,255	94,09,07,442
Inter-segment revenue	-	-	-	-	-	-
Total	77,72,45,192	9,71,17,125	87,43,62,317	84,66,90,187	9,42,17,255	94,09,07,442
Segment result	32,94,43,603	9,71,17,125	42,65,60,728	24,72,08,201	9,42,17,255	34,14,25,456
Unallocable expenses (net)			8,40,86,850			6,58,71,079
Operating income			34,24,73,878			27,55,54,377
Other income (net)			2,63,772			20,81,382
Profit before taxes			34,27,37,650			27,76,35,760
Tax expense			6,63,09,904			8,24,97,799
Net profit after Tax			27,64,27,746			19,51,37,961

Particulars	For the year ended 31 March, 2018			For the year ended 31 March, 2017		
	Business segments		Total	Business segments		Total
	Financing Activity	Fund Management		Financing Activity	Fund Management	
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Segment assets	5,22,70,60,633	41,45,652	5,23,12,06,285	7,29,67,85,429	39,44,223	7,30,07,29,652
Unallocable assets	-	-	52,35,48,881	-	-	17,27,27,128
<b>Total assets</b>			<b>5,75,47,55,166</b>			<b>7,47,34,56,780</b>
Segment liabilities	3,47,36,73,649	-	3,47,36,73,649	5,27,59,00,835	-	5,27,59,00,835
Unallocable liabilities	-	-	2,28,10,81,517	-	-	2,19,75,55,945
<b>Total liabilities</b>			<b>5,75,47,55,166</b>			<b>7,47,34,56,780</b>
Other information						
Capital expenditure (allocable)	-	-	-	-	-	-
Capital expenditure (unallocable)	-	-	<b>79,157</b>	-	-	<b>73,128</b>
Depreciation and amortisation (allocable)	-	-	-	-	-	-
Depreciation and amortisation (unallocable)	-	-	<b>1,81,373</b>	-	-	<b>2,96,187</b>
Other significant non-cash expenses (allocable)	-	-	-	5,26,96,560	-	<b>5,26,96,560</b>
(Provision for Bad & Doubtful Assets and Std Assets)	-	-	-	-	-	-
Other significant non-cash expenses (unallocable)	-	-	-	-	-	-

11. The management has proposed a dividend of 2.5% on its 6,03,71,008 numbers of equity shares outstanding as on 31st March, 2018, which will be subject to its Shareholders approval at the Annual General Meeting.

12. The following additional information is disclosed in terms of RBI Circulars:

(a) Capital

Particulars	31/03/2018	31/03/2017
Capital		
(a) Capital to Risk Assets Ratio (CRAR)	38.63%	28.17%
(b) CRAR – Tier I capital (%)	38.42%	27.92%
(c) CRAR – Tier II capital (%)	0.21%	0.25%
(d) Subordinated debt raised, outstanding as Tier II Capital (Rs.)	Nil	Nil
(e) Risk-weighted assets (Rs.):		
(i) On-Balance Sheet Items	545,68,27,000	746,95,40,000
(ii) Off-Balance Sheet Items	-	-

(b) Details of investment and movement in provision

(in ₹)

Particulars	As on 31/03/2018	As on 31/03/2017
Value of Investment		
Gross Value of Investments	105,10,16,702	82,29,92,852
Provisions for Depreciation	366,90,016	1,18,534
Net Value of Investments	101,43,26,686	82,28,74,318
Movement of prov. held towards dep.on investments		
(i) Opening balance	1,18,534	1,18,534
(ii) Add : Provisions made during the year	365,71,482	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	366,90,016	1,18,534

**(C) Maturity Pattern of assets and liabilities**

(in ₹)

	1 Day to 30/31 Days (1 Mth)	Over 1 Mth to 2 Mths	Over 2 Mth to 3 Mths	Over 3 Mth to 6 Mths	Over 6 Mth to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liability</b>									
Borrowing from Banks/FI	24,69,50,000	-	2,08,00,000	23,22,80,000	46,53,60,000	79,36,98,706	3,02,00,000	-	1,78,92,88,706
Market Borrowings	-	-	-	-	-	-	-	-	-
Bonds	-	-	-	-	-	-	78,30,00,000	410,600,000	1,19,36,00,000
<b>Total</b>	<b>24,69,50,000</b>	<b>-</b>	<b>2,08,00,000</b>	<b>23,22,80,000</b>	<b>46,53,60,000</b>	<b>79,36,98,706</b>	<b>81,32,00,000</b>	<b>410,600,000</b>	<b>2,98,28,88,706</b>
<b>Assets</b>									
Advances	3,61,77,778	14,70,25,066	3,30,80,875	98,25,15,577	1,27,67,88,756	1,60,81,16,264	12,85,16,476	-	4,21,22,20,791
Investments	-	-	60,68,93,159	-	25,00,00,000	15,00,05,000	-	44,000,010	1,05,08,98,169
<b>Total</b>	<b>3,61,77,778</b>	<b>14,70,25,066</b>	<b>63,99,74,034</b>	<b>98,25,15,577</b>	<b>1,52,67,88,756</b>	<b>1,75,81,21,264</b>	<b>12,85,16,476</b>	<b>44,000,010</b>	<b>5,26,31,18,960</b>

**(d) Exposures : Exposure to Real Estate Sector**

(in ₹)

Category		31/03/2018	31/03/2017
a)	Direct Exposure		
(i)	Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	Nil	Nil
(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	23,86,10,420	54,29,60,000
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	Nil	Nil
	a) Residential b) Commercial Real Estate		

**(e) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:**

(in ₹)

Particulars	As on 31/03/2018		As on 31/03/2017	
	O/s	Overdue	O/s	Overdue
(a) Bank Loans	179,45,16,799	--	297,91,30,537	--
(b) Bonds	122,12,77,375	--	180,64,58,005	--
(c) Loan from IFCI	--	--	22,00,81,370	--
<b>TOTAL</b>	<b>301,57,94,174</b>	<b>--</b>	<b>500,56,69,912</b>	<b>--</b>

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

**(f) Provisions and contingencies**

(in ₹)

Particulars	As on 31/03/2018	As on 31/03/2017
Provisions for depreciation on Investment	366,90,016	1,18,534
Provision towards NPA	446,658,539	25,13,87,807
Provision made towards Income tax	10,63,46,000	10,14,60,000
Provision for Standard Assets	112,20,936	1,88,43,116
Provision for Re-structured Standard Assets	--	-
Provision for Employee Benefits	2,32,29,739	1,30,75,546

**(g) Concentration of Advances, Exposures and NPAs:**
**Concentration of Advances**

(in ₹)

	As on 31/03/2018	As on 31/03/2017
Total Advances to twenty largest borrowers	3,35,75,87,787	4,05,71,49,904
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	79.71%	62.68%

**Concentration of Exposures**

(in ₹)

	As on 31/03/2018	As on 31/03/2017
Total Exposure to twenty largest borrowers / customers	3,35,75,87,787	4,05,71,49,904
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	79.71%	62.68%

**(h) Concentration of NPAs**

(in ₹)

	As on 31/03/2018	As on 31/03/2017
Total Exposure to top four NPA accounts	79,36,09,523	71,05,09,523

**(i) Sector-wise NPAs**

(in ₹)

S. No	Sector	Percentage of NPAs to Total Advances in that Sector	
		As on 31/03/2018	As on 31/03/2017
1	Agriculture & allied activities	Nil	Nil
2	MSME	Nil	Nil
3	Corporate borrowers	33.40%	16.83%
4	Services	Nil	Nil
5	Unsecured personal loans	Nil	Nil
6	Auto loans	Nil	Nil
7	Other Personal Loans	Nil	Nil

**(j) Movement of NPA :**

(in ₹)

S. No.	Particulars	As on 31/03/2018	As on 31/03/2017
(i)	Net NPAs to Net Advances (%)	25.50%	13.47%
(ii)	<b>Movement of NPAs (Gross)</b>		
	(a) Opening balance	1,08,92,58,943	73,45,05,634
	(b) Additions during the year	50,57,66,668	35,50,00,000
	(c) Reductions/write-offs during the year	18,80,39,743	2,46,691
	(d) Closing balance	1,40,69,85,868	1,08,92,58,943
(iii)	<b>Movement of Net NPAs</b>		
	(a) Opening balance	83,78,71,137	53,86,59,231
	(b) Additions during the year	45,51,90,001	29,94,58,597
	(c) Reductions/write-offs during the year	33,27,33,807	2,46,691
	(d) Closing balance	96,03,27,331	83,78,71,137
(iv)	<b>Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
	(a) Opening balance	25,13,87,807	19,58,46,404
	(b) Provisions made during the year	18,31,49,230	5,55,41,403
	(c) Write-off / write-back of excess provisions	1,21,21,500	--
	(d) Closing balance	44,66,58,537	25,13,87,807

**(k) Details of Loan Assets subjected to Restructuring : NIL**

**(l) Details of Borrower Limit-Single & Group exceeded by the NBFC on the basis of Gross Exposure- NIL**

**(m) Disclosure of restructured assets**

(in ₹)

Type of restructuring Asset classification		Other*			
		Standard	Substandard	Doubtful	Loss
Restructured accounts as on April 1, 2017	No. of borrowers		5	-	-
	Amount outstanding		57,28,69,081	-	-
	Provision thereon		14,60,88,490		
Fresh restructuring during FY 2017-18	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Upgradations to restructured standard category during FY 17-18	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Restructured standard advances which cease to attract higher prov. 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		-	-	-
Downgradation of restructured accounts during the year	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Write-offs / Recovered / settlement of restructured accounts during the year	No. of borrowers	-	1	-	-
	Amount outstanding	-	10,50,00,000	-	-
	Provision thereon	-	1,57,50,000	-	-
Restructured accounts as on March 31, 2018	No. of borrowers	-	4	-	-
	Amount outstanding	-	46,78,69,081	-	-
	Provision thereon	-	15,91,40,214	-	-

\* There are no restructured accounts under "CDR Mechanism" and "SME Debt Restructuring Mechanism"

**(n) Exposure to Capital Market**

(in ₹)

	Particulars	Current Year	Previous Year
(i)	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	4,40,00,010	4,40,00,010
(ii)	Advances against shares/bonds/debenture or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	Nil	Nil
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary securities	30,88,82,055	54,12,25,048
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	Nil	Nil
(v)	Secured and unsecured advances to the stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	Nil	Nil
(vi)	Loan sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues.	Nil	Nil
(viii)	All exposure to Venture Capital Funds both registered and unregistered)	60,68,93,159	63,06,25,399
	<b>Total exposure to capital market</b>	<b>95,97,75,224</b>	<b>1,76,12,54,301</b>

**(o) Schedule to the Balance Sheet of a NBFC**

Particulars		(in ₹)			
Liability Side		31/03/2018		31/03/2017	
(1)	Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
	(a) Debentures: Secured	1,00,86,29,243		1,00,86,29,513	
	:Unsecured	21,26,48,132		79,78,28,492	
	(Other than falling within the meaning of public deposits)				
	(b) Deferred Credits				
	(c) Term Loans	1,59,45,16,799		2,86,60,72,603	
	(d) Inter-corporate loans and borrowing	--		22,00,81,370	
	(e) Commercial papers				
	(f) Public Deposits				
	(g) Other Loans –OD/ CC Limit	20,00,00,000		11,30,57,934	
(2)	Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	N.A	N.A	N.A	N.A
	Assets Side	<b>31/03/2018</b>		<b>31/03/2017</b>	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:				
	(a) Secured	4,02,73,20,854		6,43,04,63,006	
	(b) Unsecured	18,48,98,937		4,25,43,463	
(4)	Break up of leased Assets and stock on hire and other assets counting towards AFC activities	N.A	N.A	N.A	N.A
(5)	<b>Break-up of Investments</b>				
	<b>Current Investments</b>				
	1. Quoted	NIL	NIL	NIL	NIL
	2. Unquoted				
	(i) Shares				
	(a) Equity	1,18,534		1,18,534	
	(b) Preference				
	(ii) Debentures and Bonds				
	(iii) Units of Mutual Funds	25,00,00,000	-	-	-
	(iv) Government Securities	-	-	-	-
	(v) Other (please specify)	-	-	-	-
	<b>Long Term Investments</b>				
	1. Quoted				
	(i) Shares	-	-	-	-
	(ii) Debentures and Bonds	15,00,05,000	-	15,00,05,000	-
	2. Unquoted				
	(i) Shares				
	(a) Equity	4,40,00,010		4,40,00,010	
	(b) Preference				
	(ii) Debentures and Bonds	-	-	-	-
	(iii) Units of Mutual Funds	-	-	-	-
	(iv) Government Securities	-	-	-	-
	(v) Other (Units of Venture Funds)	60,68,93,159	-	62,88,69,308	-

**(6) Borrower group-wise classification of assets financed as in (3) and (4) above: Please see Note 2 below**

Category		Amount Net of Provision	
		31/03/2018	31/03/2017
1.	<b>Related Parties **</b>		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2.	Other than related parties	4,21,22,19,791	6,22,16,18,663
	<b>Total</b>	<b>4,21,22,19,791</b>	<b>6,22,16,18,663</b>

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

Category	31/03/2018		31/03/2017	
	Market Value/ Break up or fair value or NAV	Market Value/ Break up or fair value or NAV	Market Value/ Break up or fair value or NAV	Book Value (Net of Provision)
1. Related Parties **				
(a) Subsidiaries				
(b) Companies in the same group	15,00,05,000	15,00,05,000	15,00,05,000	15,00,05,000
(c) Other related parties				
2. Other than related parties	86,47,41,908	86,43,21,687	67,29,87,852	67,28,69,318
Total				

\*\* As per Accounting Standard of ICAI (Please see Note 3)

**(8) Other Information**

Particular		31/03/2018	31/03/2017
(I)	Gross Non Performing Assets		
	(a) Related parties	--	-
	(b) Other than related parties	1,40,69,85,868	1,08,92,58,943
(ii)	Net Non-Performing Assets		
	(a) Related parties	--	-
	(b) Other than related parties	96,03,27,331	83,78,71,137
(iii)	Assets acquired in satisfaction of debts		

**Notes :**

- As defined in point xix of paragraph 3 of Chapter-2 of these Directions.
- Provision norms shall be applicable as prescribed in these Directions.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investment and others assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investment shall be disclosed irrespective of whether they are classified as long term of current in (5) above.

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

Long Term (Bonds/Term Loans)

Particulars	31/03/2018	31/03/2017
CARE	CARE BBB+(SO) Negative CARE BBB Negative	CARE A-(SO) Negative CARE BBB+ Negative
Brickwork	BWR A-Stable	BWR A-Stable

**(q)** Disclosures related to Customer Complaints:-NIL

<b>Particulars</b>	<b>31/03/2018</b>	<b>31/03/2017</b>
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	Nil	Nil
No. of complaints redressed during the year	Nil	Nil
No. of complaints pending at the end of the year	Nil	Nil

**13.** Previous year/ period figures have been re-grouped/ re-arranged wherever necessary.

Dr. E. S. Rao  
Chairman  
DIN: 05184747

Alok Sabharwal  
Mg. Director  
DIN: 02144568

Indu Gupta  
Chief Finance Officer

Mukesh Girdhar  
Company Secretary

Place: New Delhi  
Date: May 08, 2018



**Registered Office**

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