

28th Annual Report 2015-16



IFCI Venture Capital Funds Limited

BOARD OF DIRECTORS

Mr. Malay Mukherjee, Non-executive Chairman
 Mr. Anil Vidyarthi, Independent Director
 Dr. Ravi Gupta, Independent Director
 Mr. Pavan Kumar Vijay, Independent Director
 Mr. Karna Singh Mehta, Independent Director

Mr. Ajoy Kumar Deb, Independent Director
 Mr. Amarjit Chopra, Independent Director
 Ms. Neeru Abrol, Independent Director
 Mr. Sudhir Garg, Director
 Mr. Deepak Mishra, Managing Director

CHIEF FINANCIAL OFFICER

Ms. Indu Gupta

COMPANY SECRETARY

Mr. Mukesh Girdhar

AUDITORS**STATUTORY AUDITORS**

Dinesh Jain & Associates
 Chartered Accountants
 A-115, Vikas Marg- II Floor,
 Shakarpur,
 Delhi – 110 092

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, 02nd Floor,
 Apra North Ex Plaza, Netaji
 Subhash Place,
 New Delhi-110 034

BANKERS

AXIS BANK LTD.
 HDFC BANK LTD.
 KARUR VYSYA BANK
 PUNJAB NATIONAL BANK

STATE BANK OF INDIA
 STATE BANK OF MYSORE
 VIJAYA BANK
 SOUTH INDIAN BANK

REGISTRAR

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

DEBENTURE TRUSTEE

IL & FS Trust Company 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.ifcivventure.com
 E-Mail: cs@ifcivventure.com

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NOTICE

NOTICE is hereby given that the TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE MEMBERS OF IFCI VENTURE CAPITAL FUNDS LIMITED (IFCI VENTURE) will be held on Monday, September 5, 2016 at 12:00 noon, 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 at March 31, 2016 and the Profit and Loss Account for the year ended on March 31, 2016 and the Reports of the Board of Directors and Auditors thereon, as presented to the members, be and are hereby, considered and adopted.
2. To confirm the payment of interim dividend as final dividend on equity shares.
3. To appoint a Director in place of Mr. Malay Mukherjee (holding DIN 02272425), who retires in terms of Articles of Association 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 are 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 2016-17."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Sections 152, 160 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), Shri Deepak Mishra (holding DIN 05245002), who was appointed as an Additional Director designated as Managing Director of the Company by the Board of Directors with effect from April 18, 2016, in terms of Section 161(1) of the Companies Act, 2013 and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby, appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 203 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), read with Schedule V to the

Companies Act, 2013, the consent of the Company, be and is hereby, accorded for ratification of appointment of Shri Deepak Mishra (holding DIN 05245002) as a Managing Director of the Company by the Board of Directors for a period of two years effective from April 18, 2016 to April 17, 2018, under the Articles of Association of the Company, on the terms and conditions of appointment and remuneration as contained in the letters dated April 15, 2016 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.

(Mukesh Girdhar)
Company Secretary

Place : New Delhi.
Date : July 27, 2016

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. up to the date of this Annual General Meeting.

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business under Item no. 5 at the meeting, is annexed hereto.
2. Members/Proxies attending the meeting are requested to bring the Attendance Slip (duly completed and signed) to the Meeting.
3. 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.

4. 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.
5. 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.

EXPLANATORY STATEMENT

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

Item No. : 5

IFCI Ltd. (IFCI) had deputed Shri Deepak Mishra as the Managing Director of IFCI Venture for a period of two years w.e.f April 18, 2016 in place of Shri Shivendra Tomar, on the terms and conditions as set out in IFCI Ltd.'s letters dated April 15, 2016. The Board of Directors at their meeting held on April 29, 2016 appointed Shri Deepak Mishra, 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 2015-16 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 Shri Deepak Mishra as a Managing Director of the Company is subject to the approval by shareholders at the Annual General Meeting. Accordingly, the Board recommends the resolutions contained in Item No. 5 to be moved for consideration and approval by the members.

Shri Deepak Mishra is on deputation from IFCI Ltd. Prior to taking up the responsibility of Managing Director, IFCI Venture, he was heading the Subsidiaries & Associates Department of IFCI Limited. Shri Deepak Mishra joined IFCI Ltd in the year 2001 and has worked in various departments such as Credit, Corporate & Infrastructure Advisory, Credit Risk Management, Subsidiaries & Associates etc. He has over 15 years of work experience in a wide variety of functions with significant management responsibilities across IFCI Limited. He has been associated with several assignments of strategic importance at IFCI Limited. An alumnus of The Doon School, Dehradun, Shri Deepak Mishra completed his graduation as B.A. (Hons.) (Economics) from St. Xavier's College, Mumbai and post-graduation as MBA (Finance) from Symbiosis Centre for Management & HRD, Pune.

TERMS & CONDITIONS OF RE-APPOINTMENT OF MR. DEEPAK MISHRA AS PER LETTER ISSUED BY IFCI LTD. TO IFCI VENTURE

1. PERIOD OF DEPUTATION: From April 18, 2016 till April 17, 2018, for a period of two years.

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. 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.

4. 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.

5. T.A. FOR JOURNEY ON DUTY DURING THE PERIOD OF DEPUTATION: To be regulated as per the rules of IFCI Venture.

6. 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.

7. PROVIDENT FUND CONTRIBUTION: IFCI Venture will remit the Employer's PF contributions to IFCI Ltd. @ 10% of his Basic Pay.
8. 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.
9. 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.
10. 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.

Mr. Deepak Mishra is holding 1 (one) share of the Company in the capacity of Registered Owner on behalf of IFCI Ltd., Beneficial Owner. He is not having any relationship with other directors, Manager and Key Managerial Personnel of the Company and is acting as a Nominee Director on the Board of U. P. Industrial Consultants Limited. Pay & allowances paid to Mr. Deepak Mishra 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.

Except Shri Deepak Mishra, 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. 5.

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.

IFCI VENTURE CAPITAL FUNDS LIMITED**CIN: U65993DL1988GOI030284**

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

Website: www.ifciventure.com; E mail: 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 Twenty Eighth Annual General Meeting of IFCI Venture Capital Funds Ltd. to be held on (Day), (Date) at (Time) 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; E mail: 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/ Client Id:

DP ID

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 him

2. Name:

Address:.....

E-mail Id:.....

Signature:....., or failing him

3. 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 Twenty Seventh Annual general Meeting of the company, to be held on (Day), (Date) at (Time) 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	
Ordinary Business		For	Against
1.	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016 and the Profit and Loss Account for the year ended on March 31, 2065 and the Reports of the Board of Directors and		

	Auditors thereon, as presented to the meeting, be and are hereby, considered and adopted;		
2.	To confirm the payment of interim dividend as final dividend on equity shares;		
3.	To appoint a Director in place of Mr. Malay Mukherjee (DIN 02272425), who retires in terms of Articles of Association and being eligible offers himself for re-appointment;		
4.	To fix the remuneration of Statutory Auditors of the Company;		
Special Business			
5.	To approve appointment of Mr. Deepak Mishra (holding DIN 05245002) as a Managing Director.		

Signed this..... day of..... 2016.

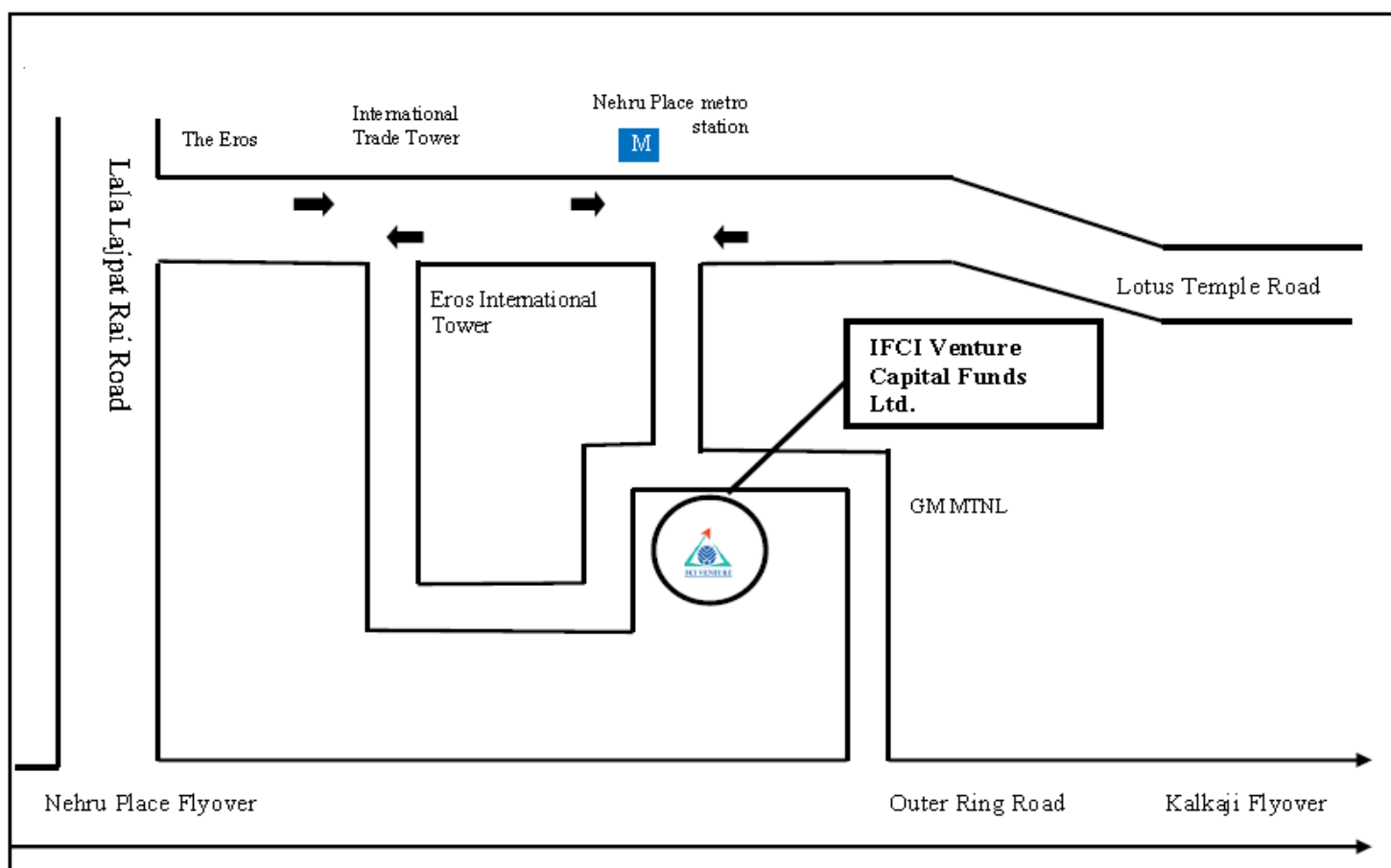
Signature of shareholder.....

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 Twenty Eighth Annual Report of IFCI Venture Capital Funds Limited (the Company) together with the Management's Discussion and Analysis Report, Report on Corporate Governance and Audited Financial Statements, for the Financial Year ended March 31, 2016.

1. FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

The financial results of your Company for the Financial Year 2015-16 under review are summarised in the following table:

	(₹ in lakh)	
Financial Year	2015-16	2014-15
Total Income	9310.30	7853.00
Expenditure		
- Employee Benefit Expenses*	378.89	281.17
- Finance Cost	4646.40	3210.22
- Depreciation	4.57	2.50
- Write offs/ Provision for Bad & Doubtful debts	915.59	606.02
- Other Expenses	308.93	196.68
Total Expenditure	6254.38	4296.59
Profit Before Tax	3055.92	3556.41
Less: Provision for Income Tax & other Tax adjustment	939.46	1063.46
Profit After Tax	2116.46	2492.95
Add: Surplus brought forward from previous year	6107.81	4864.69
Less: Appropriations		
Reserve u/s 45IC of RBI Act	423.29	498.59
Depreciation of Assets having nil life	-	1.46
Dividend incl. distribution tax	726.61	724.42
CSR Expense	35.61	25.36
Balance Surplus carried to Balance Sheet	7038.76	6107.81

* During the Financial Year, Employee Benefit Expenses increased due to increase in staff strength.

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 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 Board's Report.

3. DIVIDEND

The Board of Directors declared an interim dividend @ ₹ 1 per Equity Share of ₹ 10/- each fully paid-up (i.e. 10%) in their meeting held on December 11, 2015 and the same has been paid to the shareholders. Your Directors have not recommended any further final dividend for the Financial Year 2015-16.

4. TRANSFER TO RESERVES

As required under RBI regulations, the Company has transferred an amount of ₹ 423.29 lakh to the reserves u/s 45IC of the RBI Act, 1934 during the Financial Year ended March 31, 2016.

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 ₹ 10/- each aggregating to ₹ 150,00,00,000/-	6,03,71,008 Equity Shares of ₹ 10/- each aggregating to ₹ 60,37,10,080/-

** During the Financial Year 2015-16, 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.

Since the last Board's Report 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 2015-16, consequent upon nomination by IFCI Limited, the holding Company, Mr. Deepak Mishra (holding DIN 05245002) was appointed as Managing Director in place of Mr. Shivendra Tomar (holding DIN 03174406), by the Board of Directors, subject to shareholders' approval in general meeting.

7. DIRECTOR LIABLE TO RETIRE BY ROTATION

Mr. Malay Mukherjee (holding DIN 02272425) will retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

8. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2015-16, 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.

9. COMPOSITION OF AUDIT COMMITTEE

Your Company has in place an Audit Committee of Directors in compliance with the provisions of Companies Act, 2013 and other applicable regulations. The details of Composition 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 recommendations of the Committee.

10. 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, which is enclosed as **Annexure I**. The Policy has also been placed on the website of your Company at 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.

11. 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 the Company's website and is also annexed as **Annexure II**.

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions were placed before the Audit Committee for approval. Prior approval of the Audit Committee were 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.

None of the transactions with related parties fall under the scope of section 188(1) of the Companies Act, 2013. Disclosure on Related Party Transactions during FY 2015-16 in the prescribed format of Form AOC-2 is given in **Annexure III**.

13. 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 annexed as **Annexure IV**.

14. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to section 135 of the Companies Act, 2013 and rules made thereunder, the Board of Directors of your Company had constituted Corporate Social Responsibility Committee and formulated a Corporate Social Responsibility Policy. During the period under review, your Company undertook the following CSR Activities:

i) Supporting a Trust viz. 'Protsahan' for an amount of ₹ 1,00,000/-, for setting up of various charitable projects and meeting the operational running expenses. Protsahan has been set up by Shri Abhay K. Singh, retd. CGM of SBI, with an aim to provide education to out of school/ school drop outs belonging to the poor/low income group families in Gejha Village, Sector 93, Noida, Uttar Pradesh.



ii) Supporting Mahamaya Balika Vidyalaya, a CBSE affiliated, Girls Senior Secondary institution, situated at C-2, Sector 44, Noida, Gautam Budh Nagar, Uttar Pradesh, by way of providing fitness & sports equipment, and cultural dresses of an amount of ₹ 9,98,520/-, with a view to providing better facilities and opportunities to girls in the field of sports and cultural activities.



iii) Provided financial support to Arya Vyayamshala, Chhaprauli, Baghpat, Uttar Pradesh, by way of providing international Wrestling Mats along with Mat Cover and gym equipment of an amount of ₹ 9,50,000/-, with a view to promoting wrestling sports at national as well as international level.

iv) Provided assistance of ₹ 5,10,000/- to Janta Inter College, Palri, Baghpat, Uttar Pradesh by way of constructing toilet blocks with a view to promoting preventive health care and sanitation, which in turn encourage education and better environment to learn.

v) Provided financial assistance of an amount of ₹ 8,22,000/- to Indian Institute of Technology (IIT), Delhi for conducting Research Project on "Rating of Contamination Potential of MSW Dumps in 1-million plus cities with respect to groundwater, surface water and air".

In addition to the above, ₹ 1,70,000/- was sanctioned to provide financial support to two Government Primary Schools situated in in Gejha Village and Hajipur Village, Noida. However, the same will be disbursed after completion of certain requirements. During the year, an amount of ₹ 11,988/- was spent towards CSR administrative expenses.

As per the provisions of Companies Act, 2013, 2% of the Average Net Profit (INR) of the last 3 financial years of your Company is ₹ 71,77,372/-. Sincere efforts were made to create good projects for public welfare at large during the year and your Company has spent an amount of ₹35,60,695 which is 50% of the earmarked amount. The balance amount of ₹ 36,16,677/- was not spent due to reasons including the Company not getting adequate number of eligible projects, though during Financial Year 2015-16, the Company made higher contributions as compared to previous year, in the areas of promoting education/ vocational skills, sports, preventive healthcare and environmental sustainability. As these sectors offer a good scope for scaling up of the activities, the Company's contribution to the projects will grow with increase in the scale of these projects. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

The Disclosure of contents of CSR Policy in the Board's Report pursuant to the provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure V**.

15. PARTICULARS OF EMPLOYEES AND REMUNERATION – PURSUANT TO RULE V OF COMPANIES (APPOINTMENT AND REMUNERATION) RULES, 2014.

- The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for the Financial Year 2015-16 (₹)	% Increase in Remuneration in the Financial Year 2015-16 (%)	Ratio of Remuneration of each Director/KMP to median remuneration of employees
1.	Mr. Shivendra Tomar, Managing Director	31,25,897	(13.06)	6.67
2.	Ms. Indu Gupta, Chief Financial Officer	25,38,826	8.44	5.42
3.	Mr. Mukesh Girdhar, Company Secretary	7,98,964	5.97	1.71

* Mr. Shivendra Tomar acted as Managing Director from April 9, 2014 to April 18, 2016.

The median remuneration of employees of the Company during the Financial Year 2015-16 was ₹ 4.69 lakh.

- ii) In the Financial Year 2015-16, the median remuneration of employees declined by 53.23%.
- iii) There were 26 employees on the rolls of your Company as on March 31, 2016.
- iv) Average percentage increase in the remuneration of employees other than the Managing Director, in the last Financial Year 2015-16 was 7.43%.
- v) The name of the top ten employees in terms of remuneration drawn as on March 31, 2016 are:- (1.) Mr. Shivendra Tomar (on deputation), (2.) Ms. Poonam Garg, (3.) Mr. Awadhesh Kumar (on deputation), (4.) Ms. Indu Gupta, (5.) Ms. Bhavana Rao, (6.) Mr. Om Joshi, (7.) Mr. Arindam Roy, (8.) Ms. Sriparna Chaudhary, (9.) Ms. Milly Nandi and (10.) Ms. Seema Goel.
- vi) Name of every employee of the company, who:
 - a) If employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; Not Applicable
 - b) If employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; Not Applicable.
- vii) It is hereby affirmed that the Remuneration paid is as per the as per the Nomination & Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Note: The details with regard to the explanation on the relationship between average increase in remuneration and company performance, comparison of the remuneration of the Key Managerial Personnel against the performance of the company, variations in the market capitalisation of the company, comparison of the each remuneration of the Key Managerial Personnel against the performance of the company, the key parameters for any variable component of remuneration availed by the directors and the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year, are not disclosed pursuant to the Notification dated June 30, 2016, issued by Ministry of Corporate Affairs, Government of India.

16. PERFORMANCE EVALUATION

The Board of Directors and Nomination & Remuneration Committee of the 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 Board's functioning such as delegation of responsibilities to the Committees, level of Board's 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.

17. 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 2015-16, no complaint was received on this ground.

18. 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.

19. RISK MANAGEMENT

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

20. DEPOSITS

Your Company being a Non-Deposit Accepting Company has not accepted any deposits during the Financial Year 2015-16. There were no public deposits outstanding as at the beginning or end of the Financial Year 2015-16.

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

During the Financial Year under review, no significant or material orders were passed by any regulators or Court impacting the going concern status of your Company and Company's operations.

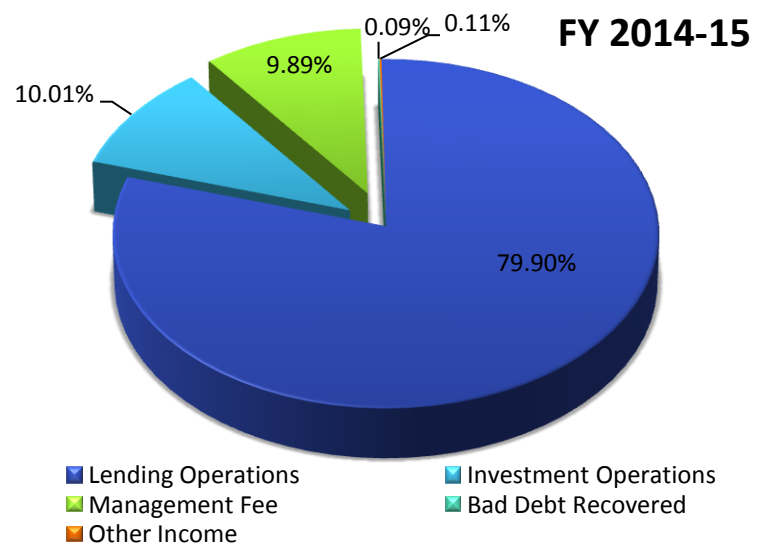
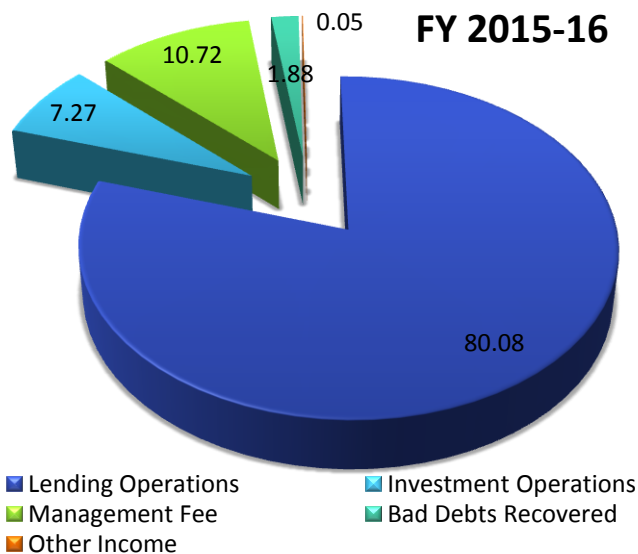
22. VIGIL MECHANISM

Your Company has in place a Vigil Mechanism Policy, in compliance with the provisions of Companies Act, 2013, under which its Director(s) and employee(s) 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 Chairman 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.

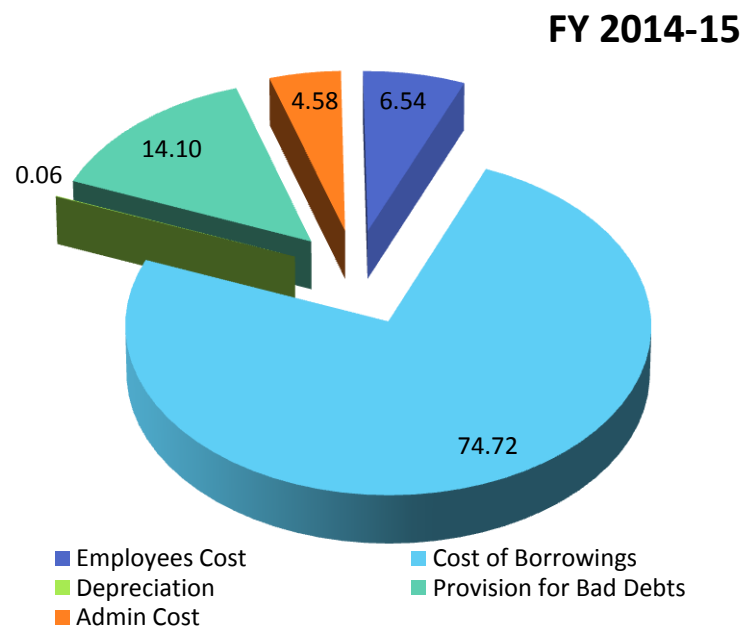
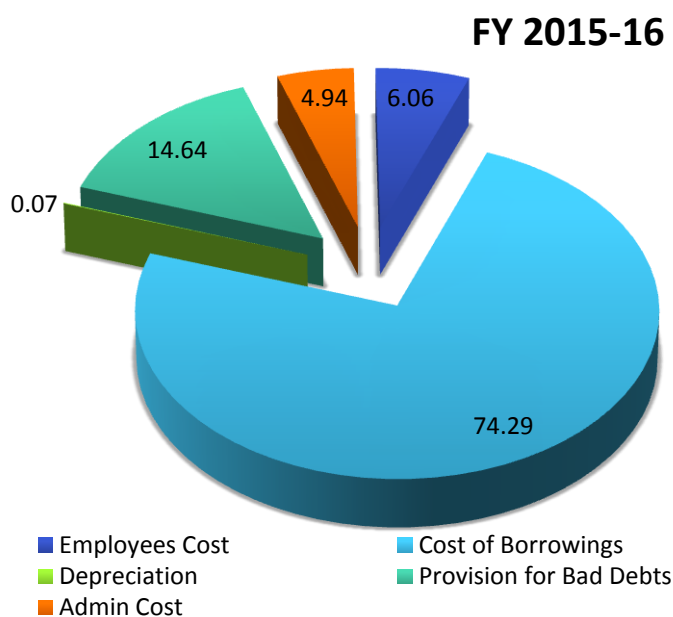
The details of the Vigil Mechanism Policy are posted on the website of the Company i.e. www.ifciventure.com.

23. INCOME AND EXPENDITURE COMPONENTS

i) Income Components



ii) Expenditure Components



24. INDUSTRY AND BUSINESS OF THE COMPANY

I. INDUSTRY STRUCTURE & DEVELOPMENTS

i. Introduction

Non-banking Finance Companies (NBFCs) form an integral part of the Indian financial system. They play an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs).

The NBFC Sector in India has undergone a significant transformation over the past few years. It has come to be recognized as one of the systemically important components of the financial system and has shown

consistent year-on-year growth. NBFCs play a critical role in the core development of infrastructure, transport, employment generation, wealth creation opportunities, and financial support for economically weaker sections; they also make a huge contribution to state exchequer.

Their contribution to the economy has grown substantially from 8.4% in 2006 to above 14% in March 2015. In terms of financial assets, NBFCs have recorded a healthy growth at Compound Annual Growth Rate (CAGR) of 19% over the past few years constituting 13% of the total credit in the economy and is expected to reach nearly 18% by 2018-19.

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 norms are already in force and has reduced the period for classifying an asset as non-performing when it has remained overdue for 5 months, till March 31, 2016 and remaining in a phased manner so that the norms are at par with banks by March 31, 2018.

Similarly, provisioning for standard assets, which was 0.25 per cent till March 31, 2015, is proposed to be increased to 0.40 per cent by March 2018 onwards, again, in line with banks. The regulator has also tightened the corporate governance and disclosure norms for NBFCs.

iii. Private Equity

Financial Year 2015-16 was an encouraging year for IFCI Venture with good exits (3 complete exits and 2 partial exits) having been achieved in its existing PE/VC funds in automotive component and other sectors. During the year, IFCI Venture achieved one of the exits in its portfolio companies through IPO on the main exchange. The other exits happened through second round of private equity funding/ strategic investment/ secondary sale of shares and/ or through promoters' buyback.

IFCI Venture have utilised the advantages of the initiatives of Government of India such as "Make in India", Start Up India, "Stand Up India" and Credit Guarantee Enhancement Schemes and have been successful in spreading its investments across the focused sectors of GoI including textiles, food processing, manufacturing and renewable energy etc under one of its presently managed PE/VC funds viz. VCF-SC.

In FY 2015-16, IFCI Venture have made PE/VC investments out of VCF-SC Fund which has been floated with a total corpus of ₹ 250 Crore, contributed by GoI and IFCI Ltd. This fund is a special category fund floated to invest in SME Companies promoted by Scheduled Caste entrepreneurs in Indian Economy. In FY 2015-16, IFCI Venture have sanctioned ₹ 150.72 Crore in 40 companies under the fund spread across various growing industries.

Riding on upbeat market sentiments, positive investment environment in SMEs and with GOI's thrust in Renewable Energy sector which is one the key sectors to promote sustained industrial growth, IFCI Venture is progressively working towards raising of funds for its two launched PE/VC funds viz. Green India Venture Fund-II (GIVF-II) and Small and Medium Enterprise Advantage Fund (SMEAF) which tap the thrust industry segments in Renewable Energy and other growing sectors of the Indian Economy.

II. BUSINESS OVERVIEW

i. Lending Operations

Interest Income is the major source of revenue for your Company, which accounted for 80% of the Operating Revenue for the Financial Year 2015-16. Your Company has targeted to disburse ₹ 400 crore during FY 2016-17 against ₹ 342.96 crore disbursed during FY 2015-16 which will take the lending portfolio to approx. ₹ 807 crore as at March 31, 2017 against ₹ 621.21 crore as at March 31, 2016.

During the Financial Year 2015-16, even after the increase in Networth of your Company and nature of loan proposals received, as a matter of prudence, your Company opted not to relax its exposure norms and continued its exposure limits to an individual company of upto ₹ 25 crore (12.16% of Owned Funds as at March 31, 2016) and to a Group of upto ₹ 40 crore (19.46% of Owned Funds as at March 31, 2016). The maximum tenor of loans being extended remained the same at 4 years to cater to the typical medium term requirement of borrowers. Further, to ensure proper risk evaluation of proposals, the internal risk rating process continued 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 important activities of your Company is management of Private Equity/Venture Capital funds.

In view of the increased PE/VC activity in FY 2007-08, your Company started operations 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 the funds raised from 39 investors including Public Sector Banks/ Financial Institutions/ Insurance Companies/ HNIs etc. Your Company steadily moved forward by investing in various deals across India. All the three funds are now in the exit mode and the exit proceeds are being distributed to the investors.

All the three funds were fully invested by 2011 and disinvestments have also started in these funds. Under these three funds, your Company invested in 29 companies. In the course of management of funds, your Company earned an annual Management Fee @ 2% p.a. on the fund corpus of approx. ₹ 252.46 crore as on March 31, 2016. Besides, your Company is entitled to profit sharing on divestments since it also acted as an investor in all the three funds.

After the launch of Venture Capital Fund for Scheduled Castes (VCF-SC) in association with Ministry of Social Justice and Empowerment, Government of India (GoI) and IFCI Ltd., for a corpus of ₹ 250 crore, IFCI Venture has sanctioned investments of ₹ 143.55 crore in 38 Companies promoted by Scheduled Caste entrepreneurs during the Financial Year under review.

To increase the scope and coverage of VCF-SC, IFCI Venture has participated in conferences and conventions on pan-India basis. It has successfully generated deals from 13 states and the efforts are continuing. IFCI Venture earns an annual management fee @ 1.5% p.a. on the fund corpus of VCF-SC of approx. ₹ 250 crore as on March 31, 2016.

The FY 2015-16 was an encouraging year for the VC/ PE funds being managed by IFCI Venture with exits to the tune of ₹ 87 crore. With the momentum expected to continue in FY 2016-17, there are likely to be exits in of 3-4 investee companies as well.

III. NEW INITIATIVES BY YOUR COMPANY

In order to tap the new opportunities and participate in the growth oriented sectors, your Company has further registered the following PE/ VC funds with SEBI:

i. Green India Venture Fund - II (GIVF - II):

This Fund proposes to promote projects in Clean Technology and Renewable Energy space.

ii. Small & Medium Enterprises Advantage Fund (SMEAF):

In view of the larger thrust of the Government of India to promote the SME segment in the Indian economy, your Company has conceptualized the Small & Medium Enterprises Advantage Fund (SMEAF). SMEAF shall majorly focus in growth-oriented, each sectors of the economy receiving Government focus, like Automotive Components, Chemicals & Fertilizers, Food Processing, FMCG, Leather, Health Care, Pharmaceuticals, Textiles and Engineering.

Both the funds have been registered with SEBI as Alternative Investment Fund (AIF) Category II Funds in October 2015 (GIVF-II) and November 2015 (SMEAF) and the fund raising activity is being actively pursued.

Further, IFCI Limited has already committed ₹ 50 crore in each of the funds as Sponsor and Lead Investor.

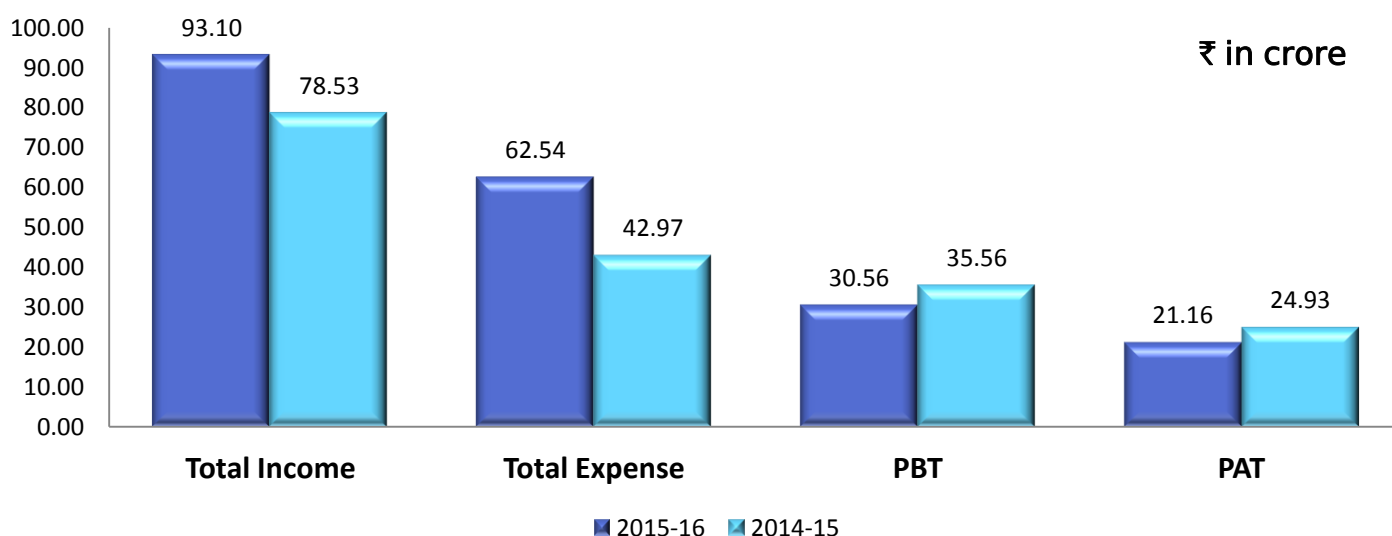
25. PERFORMANCE OF YOUR COMPANY

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.

The details of performance on various parameters are outlined below:

i. Financial Performance

During Financial Year 2015-16 your Company has earned PAT of ₹2116.46 lakh as compared to PAT of ₹ 2492.95 lakh in FY 2014-15, due to increase in provisions for Bad Debts. The book value per share increased to ₹ 34.04 per share in FY 2015-16 from ₹ 31.80 per share in FY 2014-15.



ii. Sanctions and Disbursements

Your Company has undertaken NBFC activities providing Corporate Loan to credit worthy companies. During the Financial Year 2015-16, your Company sanctioned and disbursed corporate loans of ₹413.50 crore and ₹342.96 crore, respectively. The corporate loan portfolio of your Company increased to ₹621.21 crore as on March 31, 2016 from ₹487.77 crore as on March 31, 2015.

iii. Management of Private Equity/Venture Capital Funds

As you are aware, your Company has been acting as Asset Manager for managing VC Funds since 1991. Your Company is at present 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 ₹ 758 crore of which total amount of funds under management in Financial Year 2016-17 is ₹ 502.46 crore. The focus of the three funds namely IACM-ID, GIVF and IEDF was on investments in mid-sized companies involved in setting-up niche business models in respective industry sectors with the prospects of scalability. The fund viz. Venture Capital Fund for Scheduled Castes (VCF-SC) provides an opportunity to both start-ups as well as existing businesses floated by Scheduled Caste entrepreneurs to avail financial assistance as per the scheme criteria. Your Company has a team of young and experienced professionals having considerable length of experience, exposure and knowledge.

The above mentioned funds namely IACM-ID, GIVF and IEDF are SEBI registered "Trust" funds and IDBI Trusteeship Services Limited is the Trustee and IFCI Limited is the Settlor. The said funds have received contributions from 39 investors including 9 Banks, 5 Insurance Companies, 2 Financial Institutions, 22 HNIs and Government of India.

The status of fund corpus, sanctions, disbursements and outstanding investments under the four PE/ VC funds managed by your Company as on March 31, 2016, 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 renewable energy and energy efficiency projects.	To invest in projects in emerging sectors with high growth prospect.	To promote entrepreneurship among the Scheduled Castes and to provide concessional finance to them.	
Fund Corpus (₹ Crore)	190.00	220.00	98.00	250	758.00
Sanctioned Deals (Nos.)	9	14	6	40	69
Investments Sanctioned (₹ Crore)	182.92	210.75	93.49	150.45*	637.61
Investments Made (₹ Crore)	182.92	210.75	93.49	71.44	558.60
Investments Exited (₹ Crore)	112.53	104.82	17.35	0.10	234.80
Investments Exited (%)	61.52%	49.74%	18.56%	0.14%	42.03%
Investments Outstanding (₹ Crore)	70.39	105.93	76.14	71.34	323.80
Equity Shares received in lieu of accrued premium (₹ Crore)	1.44	NIL	5.14	NA	6.58
Total Consideration Received (₹ crore)	210.97	154.30	38.83	NA	404.10

* IFCI Venture launched the VCF-SC Fund in 16th January 2015 and the fund is in investment mode.

Note:

A. The difference in fund corpus and sanctions is due to the expenditure incurred against management fee and setting up cost under the three funds (GIVF, IACM-1-D & IEDF).

B. In IACM-1-D, partial exits have made in 3 companies and full exits in 4 companies. In IEDF, partial exits have been done in 3 companies and full exit in 1 company. In GIVF, 5 full exits and 4 partial exits have taken place. The exits out of the investee companies under the three funds have materialized mostly through second round of private equity funding/ strategic investments/ secondary sale of shares and/ or through promoters' buyback. Under IEDF, full exit from 1 portfolio company has been achieved through IPO.

26. DOCUMENTS PLACED ON THE WEBSITE (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.
- The terms and conditions of appointment of Independent Directors as per Schedule IV 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.

27. CORPORATE GOVERNANCE

A detailed report on Corporate Governance is attached to the Annual Report.

28. 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 the Financial Year 2015-16, your Company neither incurred nor received any amount in foreign currency.

29. 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 Dinesh Jain & Associates, Chartered Accountants (Firm Regd. No. 004885N), 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 Auditor's Report of your Company for the Financial Year 2015-16 submitted by the Statutory Auditors.

30. 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 2015-16, are given below:-

S. No.	Observation	Management's Reply
1.	During FY 2015-16, the Company has spent Rs 35.60 lakh out of the allocated Rs 71.77 lakh for the purpose of CSR activities, as required under the Companies Act, 2013 and rules thereunder.	Sincere efforts were made to create good projects for public welfare at large during the year and the Company has spent an amount of ₹35,60,695 which is 50% of the earmarked amount. The balance amount of ₹ 36,16,677/- was not spent due to reasons including the Company not getting adequate number of eligible projects, though during Financial Year 2015-16, the Company made higher contributions as compared to previous year, in the areas of promoting education/ vocational skills, sports, preventive healthcare and environmental sustainability. As these sectors offer a good scope for scaling up of the activities, the Company's contribution to the projects will grow with increase in the scale of these projects. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.
2.	As per the clarification given by the Management, the Company is in the process of registering itself with all the Credit Information Companies as required by RBI guidelines.	In compliance with the RBI guidelines, registration with all the Credit Information Companies is in process.
3.	There were some instances where the Company did not give the stipulated seven working days advance notice for fixation of record date.	The matter has been taken care of. Advance notices are being sent meticulously.
4.	The Company did not submit the financial results for first Half Year Ended September 30, 2015 to the Stock Exchange in the prescribed format, as required under Listing Agreement for Debt Securities.	The results were published in the newspapers as per requirement, though inadvertently not intimated to Stock Exchange. The financial results are since being submitted to the Stock Exchange, as required.
5.	As per Management Representation, the Company has already drafted the Policy for Preservation of Documents as required under Regulation 9 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement), 2015.	In compliance with SEBI Regulations, the draft Policy on Preservation of Documents has been put in place.

Copy of the Secretarial Audit Report is annexed as **Annexure VI**.

31. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

Your Company has the requisite number of Independent Directors on the Board. Pursuant to the provisions of the Companies Act, 2013, your Company has obtained Declaration of Independence from the Independent Directors under Section 149 of the Companies Act, 2013.

32. 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 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. However, as regular review for improvement & upgradation are the need of the hour, it is the constant endeavor of the Company to improve its processes and policies and put in place improved internal financial controls. During the year, the consulting firm KPMG was appointed as Advisor and Implementation Partner for implementation of IFC Framework in your Company. KPMG have, after completing the planning, design development and implementation phases, reported that there is adequate internal control system commensurate with the size of the Company and nature of its business except areas open for remedial action including implementation of Disaster Recovery Plan, formulation of Risk Management Policy and updation Accounting and HR Manuals, which your Company is committed to remediate in a time bound manner..

33. 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.

34. AUDITORS

M/s Dinesh Jain & Associates, Chartered Accountants (Firm Registration No. 004885 N) were appointed by the Comptroller & Auditor General of India (C&AG) as Statutory Auditors of your Company for FY 2015-16.

35. MANAGEMENT AND DISCUSSION ANALYSIS

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

36. SUBSIDIARIES/ JOINT VENTURE/ ASSOCIATE

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

37. 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, 2016 under section 143(6)(b) of the Companies Act, 2013. No-review report given by C&AG is annexed as **Annexure VIII**.

38. 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.

39. 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

(Deepak Mishra)
Managing Director

(Sudhir Garg)
Director

Place: New Delhi
Date: July 27, 2016

ANNEXURE I**Nomination and Remuneration Policy**

Your Company has framed a policy for selection and appointment of Directors, Senior Management and employees of the Company. The requirement of formulating a Nomination and Remuneration Policy stems from the provisions of the Companies Act, 2013 as well as Guidelines issued by Reserve Bank of India, from time to time.

1. Background

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

2. Objective

- 2.1** To identify suitable persons, interview them if necessary, and recommend them as suitable candidates to fill up vacancies on the Board and Senior Management.
- 2.2** To develop a policy to ensure the optimum composition of the Board of Directors ensuring a mix of knowledge, experience and expertise from diversified fields of knowledge i.e. Policy on Board Diversity. The Policy also intends to add professionalism and objectivity in the process of deciding Board membership.
- 2.3** To lay down criteria for the evaluation of the Board.
- 2.4** To formulate a criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy thereon.
- 2.5** To formulate criteria for evaluation of Directors.

3. Eligibility Criteria for recommending a candidate to be appointed on the Board of Directors.

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

3.1 Educational Qualification:

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

• **Experience / Expertise**

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

3.2 Disqualifications

- The Candidate should not be of unsound mind.
- The Candidate should not be an undischarged insolvent.
- The Candidate must not have applied to be adjudicated as an insolvent and his application must not be pending.
- The Candidate must not have been convicted by a Court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six (6) months.
- There must not be any order passed by Court or Tribunal disqualifying a person to be appointed as a Director.
- There should not be any calls in respect of any shares of the Company held by him, whether alone or jointly with others, and six months must not have elapsed from the last date fixed for the payment of the call.
- The Candidate must not have been convicted of the offence dealing with related party transactions under Section 188 of the Companies Act, 2013 at any time during the last preceding five (5) years.
- The Candidate must be in possession of his Director Identification Number (DIN).
- The Candidate is not or has not been a Director of a Company which has not filed Financial Statements or Annual Returns for any continuous three (3) financial years.
- The Candidate is not or has not been a Director of the Company which has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more.
- The Candidate should not have been found guilty of any offence consisting of violation of Rules/ Regulations/ Legislative requirements by Customs/ Excise/ Income Tax Authority/ Foreign Exchange/ Other Revenue Authorities.

3.3 Other Eligibility Criteria

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

- The candidate has achieved prominence in his or her business, governmental or professional activities, and has built a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
- The Nomination and Remuneration Committee must be satisfied that the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the company's stockholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- The Nomination and Remuneration Committee must satisfy itself that the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a Director.

3.4 **Fit and Proper Criteria**

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

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

3.5 **Criteria For Independence – For Directors to be appointed as Independent Director on Board of the Company.**

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

- who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- who is or was not a promoter of the company or its holding, subsidiary or associate company;
 - who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- who, neither himself nor any of his relatives—
 - holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

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

4. Remuneration Policy

I. Board Level Remuneration Structure

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

2. In case of Non-Executive / Independent Directors

(i) **Sitting Fees** – The Non-Executive Directors (except Government Servants) shall be paid sitting fees of ₹ 12,500/- for attending per Meeting of the Board and ₹ 8,500/- for attending per Meeting of the Committee of Directors. The Sitting Fees may be revised by the Board of Directors from time to time subject to the overall limits as prescribed under the applicable provisions.

(ii) **Remuneration other than Sitting Fees** - The Non-Executive / Independent Directors (except Government Servants) may be paid remuneration not exceeding one percent (**1%**) of the net profits of the Company subject to having obtained requisite approval of the shareholders in general meeting of the Company.

No Director, who is a Government Servant shall be entitled to receive any remuneration except as authorized by the Government.

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

1. The pay structure of all the regular employees shall be as per the IFCI Ltd.'s pay scale which was made effective w.e.f November 1, 2013. In all other cases they will be governed by IFCI Staff Regulations, 1974 as amended from time to time.
2. The pay structure of employees on contracts shall be decided by the Board.

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

ANNEXURE II**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.

- 2. All Material RPTs shall require approval of the shareholders through Special Resolution and the related parties shall abstain from voting on such resolutions.
- 3. 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 III**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 transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. NIL

SL. No.	Particulars
1.	Name (s) of the related party & nature of relationship
2.	Nature of contracts/arrangements/transaction
3.	Duration of the contracts/arrangements/transaction
4.	Salient terms of the contracts or arrangements or transaction including the value, if any
5.	Justification for entering into such contracts or arrangements or transactions'
6.	Date of approval by the Board
7.	Amount paid as advances, if any
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188

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

SL. No.	Particulars
1.	Name (s) of the related party & nature of relationship
2.	Nature of contracts/arrangements/transaction
3.	Duration of the contracts/arrangements/transaction
4.	Salient terms of the contracts or arrangements or transaction including the value, if any
5.	Date of approval by the Board
6.	Amount paid as advances, if any

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

(Sudhir Garg)
Director

(Deepak Mishra)
Managing Director

Place: New Delhi
Date: July 27, 2016

ANNEXURE IV
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 & Administration) Rules, 2014.
I. REGISTRATION & 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	80.08
2.	Management of Private Equity/ Venture Capital Funds	649	10.72
3.	Investment Operations from Private Equity/ Venture Capital Funds, Bonds, etc.	661	7.27

III. PARTICULARS OF HOLDING, SUBSIDIARY & 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 SHAREHOLDIN G									
(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 & HOLDER OF GDRS & ADRS)

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2015		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2016	
		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 & KEY MANAGERIAL PERSONNEL:

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

* None of the Directors or KMPs is holding any shares of the Company.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,982,449,334	793,000,000	-	3,775,449,334
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	40,022,935	4,828,492	-	44,851,427
Total (i+ii+iii)	3,022,472,269	797,828,492	-	3,820,300,761
Change in Indebtedness during the financial year				
•Additions	2,000,000,000	-	-	2,000,000,000
•Reduction	736,155,497	-	-	736,155,497
Net Change	1,263,844,503		-	1,263,844,503
Indebtedness at the end of the financial year				
i) Principal Amount	4,246,292,542	793,000,000	-	5,039,292,542
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	28,946,163	4,737,859	-	33,684,022
Total (i+ii+iii)	4,275,238,705	797,737,859	-	5,072,976,564

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(in ₹)			
Sl. No.	Particulars of Remuneration	Mr. Shivendra Tomar, Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	24,21,698	24,21,698
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	6,95,318	6,95,318
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	8,881	8,881
2.	Stock option	-	-
3.	Sweat Equity	-	-
4.	Commission -as % of profit -others (specify)	-	-
5.	Others, please specify	-	-
	Total (A)	31,25,897*	31,25,897*
	Ceiling as per the Act	1,96,11,972	1,96,11,972

* Shri Shivendra Tomar had acted as Managing Director from April 9, 2014 to April 18, 2016.

B. Remuneration to other director:-

(in ₹)

SI. No.	Name of the Directors	Fee for attending Board/ Committee meetings	Conveyance Charges	Total
1.	Mr. Anil Vidyarthi	2,29,900	8,500	2,38,400
2.	Dr. Ravi Gupta	1,59,100	25,000	1,84,100
3.	Mr. Ajoy Kumar Deb	1,86,600	25,500	2,12,100
4.	Mr. Pavan Kumar Vijay	61,800	7,500	69,300
5.	Mr. K.S Mehta	36,900	4,500	41,400
6.	Mr. Amarjit Chopra	63,900	----	63,900
7.	Ms. Neeru Abrol	64,800	----	64,800

* No Commission was paid during the year.

** No fees has been paid to the Non-executive Directors other than Independent Directors

Total Managerial Remuneration	31,25,897
Overall Ceiling as per the Act.	1,98,57,558

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

(in ₹)

SI. 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.	6,36,084	20,47,900	26,83,984
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1,62,880	4,88,676	6,51,556
	(b) Value of perquisites u/s 17(3) Income Tax Act, 1961	-	2,250	2,250
	(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	-	-	-
	Total	7,98,964	25,38,826	33,37,790

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	None
Punishment	
Compounding	

B.DIRECTORS

Penalty	None
Punishment	
Compounding	

C.OFFICERS IN DEFAULT

Penalty	None
Punishment	
Compounding	

ANNEXURE V**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

- The Board of Directors constituted CSR Committee of Directors consisting of following members:-
 - i. Mr. Ajoy Kumar Deb, Independent Director as Chairman;
 - ii. Mr. Sudhir Garg, Non-executive Director as Member;
 - iii. Mr. Shivendra Tomar, Managing Director as Member.

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

- Average Net Profit: ₹ 35,88,68,584/-.

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

- The Company is required to spend ₹ 71,77,372/- towards CSR.

5. Details of CSR spend for the financial year:

- a. Total amount spent for the year: ₹ 35,60,695/-

b. Amount unspent: ₹ 36,16,677/-

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

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others 2. Specify the state and district where project/ Programme was undertaken	Amount outlay (budget) project or Programme wise (in ₹)	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.	Promoting education, including special education and employment enhancing vocation skills.	Education/ Vocational Skills	'Protsahan', registered Trust, Gejha Village, Noida	1,00,000/-	1,00,000/-	1,00,000/-	Spent directly
2.	Promoting gender equality, empowering women, training to promote rural sports, nationally recognised sports, Paralympic sports, Olympic sports	Sports	Mahamaya Balika Inter College, C-2, Sector 44, Noida, Gautam Budh Nagar, U.P.	9,98,520	9,96,882	9,96,882	Spent directly
3.	Promote rural sports, nationally recognised sports, Paralympic sports, Olympic sports as well as promoting art and culture.	Sports	Arya Vyayamshala, Chhaprauli, Baghpat, U.P.	9,50,000	9,49,825	9,49,825	Spent directly
4.	Promoting preventive health care and sanitation	Sanitation/ Healthcare	Janta Inter College, Palri, Baghpat, U.P.	8,00,000	5,10,000	5,10,000	Spent directly
5.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Environmental Clearance	Indian Institute of Technology, Delhi	8,22,000/-	8,22,000/-	8,22,000/-	Spent directly

6. In addition to the above, ₹ 1,70,000/- was sanctioned to provide financial support to two Government Primary Schools situated in in Gejha Village and Hajipur Village, Noida. However, the same will be disbursed after completion of certain requirements. During the year, an amount of ₹ 11,988/- was spent towards CSR administrative expenses. As per the provisions of Companies Act, 2013, 2% of the Average Net Profit (INR) of the last 3 financial years of your Company is ₹ 71,77,372/-. However, during the year, your company has spent an amount of ₹35,60,695. The balance amount was not spent due to the following reasons:-

- ✓ Sincere efforts were made to create good projects for public welfare at large during the year and your Company has spent an amount of ₹35,60,695 which is 50% of the earmarked amount. The balance amount of ₹ 36,16,677/- was not spent due to reasons including the Company not getting adequate number of eligible projects, though during Financial Year 2015-16, the Company made higher contributions as compared to previous year, in the areas of promoting education/ vocational skills, sports, preventive healthcare and environmental sustainability. As these sectors offer a good scope for scaling up of the activities, the Company's contribution to the projects will grow with increase in the scale of these projects. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

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

(Deepak Mishra)
Managing Director

(Ajoy Kumar Deb)
Chairman of the CSR Committee

ANNEXURE-VI

Form No. MR 3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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 referred to as "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 **M/s IFCI Venture Capital Funds Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended March **31, 2016**, 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 the Company for the Financial Year ended March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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 (Prohibition of Insider Trading) Regulations, 1992;
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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 the Company has complied with all the provisions of said Acts except the below mentioned observations in respect of the said Acts.

- 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 (Companies Act, 2013)

During FY 2015-16, the Company has spent Rs 35.60 lakh out of the allocated Rs 71.77 lakh for the purpose of CSR activities, as required under the Companies Act, 2013 and rules thereunder.

Observations (RBI Act, 1934)

a) As per the clarification given by the Management, the Company is in the process of registering itself with all the Credit Information Companies as required by RBI guidelines.

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 01st 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 I 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. However the following are our observations in respect of aforesaid statutory compliances: -

Observations (Listing Agreement and LODR 2015)

- (i) There were some instances where the Company did not give the stipulated seven working days advance notice for fixation of record date.
- (ii) The Company did not submit the financial results for first Half Year Ended September 30, 2015 to the Stock Exchange in the prescribed format, as required under Listing Agreement for Debt Securities.
- (iii) As per Management Representation, the Company has already drafted the Policy for Preservation of Documents as required under Regulation 9 of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirement), 2015.

I further report that

The Board of Directors of the Company is duly constituted as per section 149(4) of the Companies Act, 2013 and applicable clause of the Listing Agreement and LODR, 2015, if any. 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:

Taken following approval of Shareholders in Annual General Meeting of the Company held on 03rd September, 2015

- a) Regularization and Appointment of Ms. Neeru Abrol as Independent Director
- b) Re-appoint of Mr. Shivendra Tomar as Managing Director

Place: New Delhi
Date: 25.07.2016

For D Dixit and Associates
Company Secretaries

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 form 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: 25.07.2016

Place: New Delhi

ANNEXURE VII**MANAGEMENT DISCUSSION AND ANALYSIS****A. Industry Structure & Developments**

Non-banking Finance Companies (NBFCs) form an integral part of the Indian financial system. They play an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, especially to the micro, small and medium enterprises (MSMEs).

The NBFC Sector in India has undergone a significant transformation over the past few years. It has come to be recognized as one of the systemically important components of the financial system and has shown consistent year-on-year growth. NBFCs play a critical role in the core development of infrastructure, transport, employment generation, wealth creation opportunities, and financial support for economically weaker sections; they also make a huge contribution to state exchequer.

Their contribution to the economy has grown substantially from 8.4% in 2006 to above 14% in March 2015. In terms of financial assets, NBFCs have recorded a healthy growth at Compound Annual Growth Rate (CAGR) of 19% over the past few years constituting 13% of the total credit in the economy and is expected to reach nearly 18% by 2018-19.

B. Opportunities & Threats

NBFCs have emerged as the largest net receiver of funds from the rest of the financial system. According to the Financial Stability Report, 2015, scheduled commercial banks (SCBs) have the highest exposure to NBFCs at ₹ 1,927 billion, followed by asset management companies managing mutual funds (AMC-MFs) at ₹1,376 billion and insurance companies at ₹ 1,064 billion (as of September 2015).

The RBI has cut repo rate by 75 basis points (bps) this year. The repo rate now stands at 6.75% (as on 31st March, 2016), the lowest in five years since March 2011. However, even after reduction of Repo Rate by RBI, banks have not been able to pass on the benefit to the customers. Rising NPA levels have put pressure on the margins of banks as more and more interest-earning assets are slipping into the non-performing class. Even though banks are not able to pass down the lower interest rates, they will still continue to be the largest source of funding for NBFCs. However, the growing reliance of NBFCs on bank funding requires additional safeguards to be introduced by RBI to contain systemic risks.

As per the recent World Economic Outlook brought out by IMF, the growth in Indian Economy is projected to notch up to 7.5% in 2016-17. Growth will continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. With the revival of sentiments and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth.

C. Segment wise performance

The total revenue comprises of mainly interest received from Lending Operations and Management fees received from management of funds. During the year Income from lending operations was ₹ 62.74 Crore out of total income of ₹ 78.53 Crore and ₹ 7.76 crore was received from management of funds. Other income includes profit on sale of Shares/Units and other miscellaneous income.

D. Industry Outlook

NBFCs have been playing an important role in the Indian financial sector and this role assumes even greater significance at a time when banking institutions are focusing on resolving bad loans issue and cleaning up

their balance sheets. In the current context, NBFCs can support the drive towards promoting inclusive growth, by catering to diverse financial needs, especially of MSMEs and individuals.

As per Financial Stability Report (FSR), December, 2015 edition, as of September 30, 2015, there were 11,781 Non- Banking Financial Companies (NBFCs) including both deposit taking (212) and non- deposit accepting (NBFC-ND-11,659). During the year 2015-16, RBI issued series of guidelines applicable to NBFC-ND-SI which have material impact on prudential accounting, classification and provisioning in order to gradually aligning the NBFC-ND-SI with the norms applicable for Banks.

NBFC play a critical role in the core development of infrastructure, transport, employment generation, wealth creation opportunities, and financial support for economically weaker sections; they also make a huge contribution to state exchequer. NBFCs operate under certain regulatory constraints, which put them at a disadvantage vis-à-vis banks. While there has been a regulatory convergence between banks and NBFC on the asset side, on the liability side, NBFCs still do not enjoy a level playing field.

With the number of players having been substantially reduced consequent to the stricter entry point norms and imposition of prudential norms by RBI, the market is large enough to meet the needs of existing NBFCs and new entrants like banks and other financial institutions. With the ongoing stress in the public sector banks due to mounting bad debt, their appetite to lend (especially in rural areas) is only going to deteriorate, thereby providing NBFCs with the opportunity to increase their presence.

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. However considering the size of the Company, no Risk Management Policy has been formulated.

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 NBFC's.

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 system of Internal Control commensurate with the size of its operation. 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 reply 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

During the year ended 31st March, 2016 IFCI Venture has earned net profit of ₹ 2116.46 lakh compared to net profit of ₹ 2492.95 lakh during the previous year. It may be observed that though the income increased by ₹ 1457 lakh as compared to previous year, PBT was lower by ₹ 501 lakh due to increase in administration

expense, financial expense and provision for bad & doubtful debts. The total income increased by 19% from ₹ 7853 lakh in the year ended 31st March 2015 to ₹ 9310.30 lakh in the year ended 31st March 2016.

Your Company has also paid interim dividend @ 10% for the year ended 31st March, 2016.

It may be observed that the overall financial performance of the Company during the year 2015-16 in comparison to the previous year has improved due to increase in interest income and lower provisioning.

The major highlights of operations for the year ended 31st March, 2016 are as under:-

	(₹ in lakh)	
Particulars	2015-16	2014-15
Operations		
Sanction - Loan / Investment	41,350	42,100
Disbursement - Loan / Investment	34,296	29,836
Borrowings		
Loan /Bonds	20,000	17,500

The sanctions and disbursements were lower than the budget. The main focus was on recovery and monitoring of existing portfolio.

H. Resource Mobilization

Keeping in place with the funds requirement for loan portfolio, your company mobilized funds to the tune of ₹ 20,000 lakh from banks (₹ 17,500 lakh previous year) at rates ranging from 10.55% to 10.90% p.a.

The total borrowings of your company stood at ₹ 50,393 lakh as at March 31, 2016 as compared to ₹ 37,754 lakh as at March 31, 2015 comprising of bank borrowings and bonds.

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

During the year, recruitment of 8 professionals were made as consultants.

ANNEXURE VIII



संख्या / No.: MABN/CAD-I/66-1/A/CS/2015-16/9
 भारतीय लेखा तथा लेखापरीक्षा विभाग
 कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
 एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II
 नई दिल्ली

INDIAN AUDIT & ACCOUNTS DEPARTMENT
 OFFICE OF THE PRINCIPAL DIRECTOR OF
 COMMERCIAL AUDIT & EX-OFFICIO MEMBER,
 AUDIT BOARD-II, NEW DELHI

दिनांक / DATE 2/6/2016

सेवा में,

प्रबंध निदेशक

आई. एफ. सी. आई. वेंचर केपिटल 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 2016 को समाप्त वर्ष के लिए आई. एफ. सी. आई. वेंचर केपिटल 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 2016 को समाप्त हुए वर्ष के लिए आई. एफ. सी. आई. वेंचर केपिटल फण्डस लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अंग्रेषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,

(सुपर्णा देब)

2/6/16
(सुपर्णा देब)

प्रधान निदेशक 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 2016.**

The preparation of financial statements of IFCI Venture Capital Funds Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated April 29, 2016.

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 2016 under section 143(6)(b) of the Act.

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


(Suparna Deb) 2/6/16

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi

Place: Delhi

Date: 02.06.2016

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, 2016, the Board of the Company consists of 10 (ten) Directors, out of which 7 (seven) Directors are Independent and Non-Executive Directors. While other 3 (three) are the nominees of IFCI Ltd. (IFCI), holding Company out of which one is Non-Executive Chairman, one is a Non-executive Director and the other is the Managing Director of the Company.

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 from the last date of Report on Corporate Governance is given herein below:-

SI. No.	Name of Director	Category	Attendance Particulars			No. of Directorship/ Committee Memberships/ Chairmanship in other companies		
			No. of Board Meetings during the year 2015-16		At AGM held on September 03, 2015	Other directorship	Committee Membership	Committee Chairmanships
			Held	Attended				
1.	Shri Malay Mukherjee	Non-Executive Chairman	7	7	P	7	-	-
2.	Shri Anil Vidyarthi	Non-Executive Independent Director	7	7	P	1	-	1
3.	Dr. Ravi Gupta	Non-Executive Independent Director	7	4	A	13	-	-
4.	Shri Pavan Kumar Vijay	Non-Executive Independent Director	7	4	A	8	-	-
5.	Shri K. S. Mehta	Non-Executive Independent Director	7	3	A	3	1	1
6.	Shri Ajoy Kumar Deb	Non-Executive	7	7	P	3	2	-

		Independent Director						
7.	Shri Amarjit Chopra	Non-Executive Independent Director	7	4	A	4	-	2
8.	Ms. Neeru Abrol	Non-Executive Independent Director	7	5	P	5	3	1
9.	Shri Sudhir Garg	Non-Executive Non-Independent Director	7	7	P	5	1	-
10.	Shri Shivendra Tomar*	Managing Director	7	7	P	-	-	-
11.	Shri Deepak Mishra#	Managing Director	-	-	-	1	-	-

*Mr. Shivendra Tomar ceased to act as Director w.e.f. April 18, 2016.

#Mr. Deepak Mishra was appointed as Managing Director w.e.f. April 18, 2016.

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 Directors Retired/ resigned, the status of other Directorship and Committee Membership is on the basis of the last disclosure made by the Director.
3. The details of Committee Memberships considered for the 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 they are Directors.
7. Necessary disclosures regarding the positions in other public companies as on March 31, 2016 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 2015-16, the Board of Directors met 7 (seven) times, the dates of the Meetings were April 27, 2015, July 16, 2015, July 31, 2015, September 03, 2015, October 21, 2015, December 11, 2015 and January 29, 2016.

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 Chairman of the Audit Committee is an independent Director. The composition of the Audit Committee and attendance of Directors at the Meetings, during the F.Y. 2015-16 is shown below:

SI. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. Amarjit Chopra (Chairman)	Independent, Non-Executive	7	6
2.	Mr. Anil Vidyarthi	Independent, Non-Executive	7	7
3.	Dr. Ravi Gupta	Independent, Non-Executive	7	5
4.	Mr. Sudhir Garg	Non-Independent, Non-Executive	7	7

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

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 2015-16, the Audit Committee met 7 (seven) times, the dates of the Meetings were April 27, 2015, July 13, 2015, July 30, 2015, September 03, 2015, October 21, 2015, December 07, 2015 and January 29, 2016.

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 Chairman of the Committee is an independent Director. The composition of the Nomination and Remuneration Committee and attendance of Directors at the Meetings, during the F.Y. 2015-16, is shown below:

SI. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. Anil Vidyarthi (Chairman)	Independent, Non-Executive	7	7
2.	Mr. Pavan Kumar Vijay	Independent, Non-Executive	7	2
3.	Mr. Sudhir Garg	Non -Independent, Non-Executive	7	7

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

During the Financial year 2015-16, the Nomination and Remuneration Committee of Directors met 7 (seven) times, the dates of the Meetings were April 27, 2015, July 13, 2015, July 30, 2015, July 31, 2015, October 21, 2015, December 11, 2015 and January 29, 2016.

5. EXECUTIVE COMMITTEE

A. TERMS OF REFERENCE

Executive Committee of Directors was constituted to consider matters such as short- term lending 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 Chairman of the Committee is an independent Director. The composition of the Executive Committee and attendance of Directors at the Meetings, during the F.Y. 2015-16, is shown below:

SI. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. Anil Vidyarthi (Chairman)	Independent, Non-Executive	10	8
2.	Mr. Sudhir Garg	Non –Independent, Non-Executive	10	10
3.	Dr. Ravi Gupta	Independent, Non-Executive	10	9
4.	Mr. Ajoy Kumar Deb	Independent, Non-Executive	10	7
5.	Mr. Shivendra Tomar	Managing Director	10	10

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

During the Financial year 2015-16, the Executive Committee of Directors met 10 (ten) times, the dates of the Meetings were April 13, 2015, May 19, 2015, June 15, 2015, July 30, 2015, August 17, 2015, September 29, 2015, November 16, 2015, January 21, 2016, February 25, 2016 and March 17, 2016.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

A. TERMS OF REFERENCE

The terms of reference of the Corporate Social Responsibility 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 Chairman of the Committee is an independent Director. The composition of the Corporate Social Responsibility (CSR) Committee and attendance of Directors at the Meetings, during the F.Y. 2015-16, is shown below:

SI. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. Ajoy Kumar Deb (Chairman)	Independent, Non-Executive	3	3
2.	Mr. Sudhir Garg	Non -Independent, Non-Executive	3	3
3.	Mr. Shivendra Tomar	Independent, Non-Executive	3	3

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

During the Financial year 2015-16, the Corporate Social Responsibility (CSR) Committee of Directors met thrice, the dates of the Meetings were November 16, 2015, February 22, 2016 and March 17, 2016.

7. RECOVERY AND NPA MANAGEMENT COMMITTEE

A. TERMS OF REFERENCE

The Board of Directors in their meeting held on October 21, 2015 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 Chairman of the Committee is an independent Director. The composition of the Recovery and NPA Management Committee and attendance of Directors at the Meetings, during the F.Y. 2015-16, is shown below:

SI. No.	Name of Member	Category	No. of Meetings	
			Held	Attended
1.	Mr. Pavan Kumar Vijay (Chairman)	Independent, Non-Executive	1	-
2.	Mr. Ajoy Kumar Deb	Independent, Non-Executive	1	1
3.	Mr. Sudhir Garg	Non -Independent, Non-Executive	1	1

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

During the Financial year 2015-16, the Recovery and NPA Management Committee of Directors met once on March 31, 2016.

9. RISK MANAGEMENT COMMITTEE

A Risk Management Committee was constituted with view to identify, evaluate and mitigate all internal and external risks associated with IFCI Venture Capital Funds Limited, consisting of four members viz. Shri Ajoy Kumar Deb, Ms Neeru Abrol, Shri Sudhir Garg and Shri Deepak Mishra.

10. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As the number of shareholders of the Company being nine including four shareholders representing beneficial interest of IFCI Ltd., IFCI Venture has not constituted Stakeholders' Relationship Committee. No complaints/grievances were received from the Shareholders during the FY 2015-16.

11. GENERAL BODY MEETINGS

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

AGM Date	Venue	Time
30/09/2013	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	11.00 A.M.
26/08/2014	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	12.00 noon
03/09/2015	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	12.00 noon

B. Details of special resolutions passed in the Previous three Annual General Meetings:

AGM DATE	As per Companies Act	Particulars of Special Resolution
30/09/2013	u/s 269 of Companies Act, 1956	Re-appointment and fixing remuneration of Managing Director.
26/08/2014	u/s 14 of Companies Act, 2013	Alteration of Articles of Association of IFCI

		Venture.
	u/s 180(1)(C) of Companies Act, 2013	Increase in borrowing powers of IFCI Venture.
	u/s 42 of Companies Act, 2013	Issue of secured, redeemable, non-convertible, taxable bonds
03/09/2015	No Special resolution was passed by the shareholders of IFCI Venture.	

12. DISCLOSURES

(i) Transaction with the related party during the period ended March 31, 2016:-

Nature of Relationship	Name of the Related Party
Holding company	IFCI Ltd. (IFCI)
Key Managerial Personnel (deputed from IFCI)	Mr. Shivendra Tomar (MD)
Other subsidiaries of Holding company	IFCI Infrastructure Development Ltd. (IIDL) IFCI Financial Services Ltd. (IFIN) IFIN Securities Ltd. (IFSL) IFCI Factors Ltd.

(in ₹)		
Type of Transaction – IFCI	Current Year	Previous Year
Repayment of Loan to IFCI	-	25,00,00,000
Interest on Loan Paid to IFCI	-	4,62,329
Rent & Maintenance paid to IFCI Ltd.(Exclusive of service tax and education cess)	1,24,95,121	58,61,731
Salaries paid to IFCI for employees deputed by IFCI Ltd. including PLI	42,35,524	58,00,170
Paid towards other expenses to IFCI	1,07,918	3,46,014
Paid towards IT Services taken from IFCI	6,00,000	-
Interim Dividend paid	5,95,21,008	5,95,21,008
Interest Received and accrued on Bonds subscribed	1,37,36,953	66,90,754
	Current Year	Previous Year
Type of Transaction – IFSL		
Loan Repayment by IFSL	-	4,00,00,000
Interest on Loan recd from IFSL	-	15,75,343

Balance Outstanding with the related party during the period:-

(in ₹)		
Type of Transaction – IFCI	Current Year	Previous Year
Payable to IFCI towards salary of employees deputed by IFCI	4,88,389	-
Interest accrued on Bonds - IFCI Ltd.	1,07,52,364	11,84,657
Bonds Subscribed & outstanding	15,00,05,000	15,00,05,000
Other Expense payable	2,76,618	1,96,101

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.
- (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 Policy.

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.

12. GENERAL SHAREHOLDERS INFORMATION

- a) As per the notice attached to this Annual Report, the Annual General Meeting of the Company will be held on (Date of AGM).
- b) The Financial Year of IFCI Venture is from April 1, 2015 to March 31, 2016.
- c) Shareholding Pattern as on March 31, 2016 and March 31, 2015 are given as under:-

	As on March 31, 2016		As on March 31, 2015	
	No. of shares	(%)	No. of shares	(%)
IFCI Ltd.#	5,95,21,008#	98.60	5,95,21,008#	98.60
Other Bodies corporate	8,50,000	1.40	8,50,000	1.40
Total	6,03,71,008	100.00	6,03,71,008	100.00

includes 5,25,21,008 shares @ ₹ 19.04 (₹ 9.04 as premium) and 60,00,000 shares at the face value of ₹10/- per share allotted by IFCI Venture and 10,00,000 shares @ ₹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
Shri S. P. Arora	1	IFCI LIMITED
Shri Deepak Mishra	1	IFCI LIMITED
Shri S. K. Bhatia	1	IFCI LIMITED
Ms. Purnima Umesan	1	IFCI LIMITED

d) Address of Registered Office for correspondence:

Name and Address: IFCI Venture Capital Funds Ltd.
IFCI Tower
61 Nehru Place
New Delhi – 110 019.
Telephone: 26453343, 26453346
E-mail: cs@ifciventure.com
Website: www.ifciventure.com

e) Registrar to the Issue:

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

Deepak Mishra
(Managing Director)

Date: 27 July, 2016
Place: New Delhi

INDEPENDENT AUDITOR'S REPORT

To the Members of
IFCI Venture Capital Funds Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **IFCI Venture Capital Funds Limited** ("the Company"), which comprise the Balance Sheet, as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing issued under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2016 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 Act, we give in the Annexure -A, a statement on the matters specified in paragraphs 3 and 4 of the Order.**
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books.
 - c) As per the information and explanations given to us, the company has no branch office. Hence no requirement to consider report of branch auditor and dealt with it in preparing our report
 - d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - e) In our opinion the aforesaid Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - f) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.
 - g) On the basis of the written representation received from the directors as on 31st March, 2016 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164 (2) of the Act.
 - h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
 - i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure -B"; and
 - j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The company does not have any pending litigations which would impact its financial position.
 - ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
3. As per the directions / sub-directions issued by C&AG of India under section 143(5) of the Companies Act, 2013 we report that :-

Directions

- 1) The Company does not have any freehold or leasehold land therefore, this clause is not applicable on the company.
- 2) There is no case of waiver/ write off of debtors/ loans/ interest etc. during the year.
- 3) The company is engaged in NBFC business, therefore the clause regarding maintenance of inventories lying with third parties is not applicable. No assets have been received as gift / grant(s) from the Govt. or other authorities.

Sub-Directions

- 1) Independent verification has been made of information/ inputs furnished to Actuary for arriving at the provision for liability of retirement benefits of employees.
- 2) The titles of ownership of all investments whether in physical form or demat form are tallied with the amounts shown in the Company's books of accounts.

DATED: 29/04/2016**PLACE: DELHI**

**For DINESH JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885 N**

**(D. K. JAIN) FCA
PARTNER
M.No. 082033**

ANNEXURE – A TO THE AUDITOR’S REPORT

For the Annexure referred to in paragraph 1 of the Our Report on Other Legal and Regulatory Requirements of even date to the Members of **IFCI Venture Capital Funds Limited** for the year ended 31st March, 2016; we report that:

- (i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assts.
- b) The Fixed Assets have been physically verified by the management at reasonable intervals. Accordingly to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) The company does not own any immovable property therefore this clause is not applicable on the company.
- (ii) The company is engaged in NBFC business, therefore the clause regarding maintenance of inventories is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The company has not granted any loan to director of the company or any other person in whom director is interested as per section 185 of Companies Act, 2013. In respect of other loans and investments made by the company the provisions of section 186 of the Companies Act, 2013 wherever applicable have been complied with.
- (v) The Company has not accepted any deposits during the year under section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under.
- (vi) According to Information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of business carried out by the Company.
- (vii) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income-Tax, Service tax and any other statutory dues. Further, as explained to us, no undisputed amounts payable in respect of statutory dues were outstanding, as at 31st March, 2016, for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues of Provident Fund and Service tax which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of income tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount of demand	Period to which the amount relates	Forum where dispute is pending	Remark, If any
Income Tax Act, 1961	Penalty	₹ 3,53,210/-	Asstt. Year 2012-13	CIT (Appeal)-4, New Delhi	--

- (viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders.
- (ix) Based on our audit procedures and on the information and explanations given by the management, the company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans raised were applied for the purposes for which those are raised.
- (x) During the course of our examination of the books and records of the company carried out in accordance with generally accepted practices, in India, we have neither come across any instance of fraud on or by the company nor, the company noticed and reported any such case during the year, and accordingly the company has not informed any of such case.
- (xi) Based on our audit procedures and on the information and explanations obtained during the course of audit, we are of the opinion that managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The company is not a Nidhi Company therefore this clause is not applicable.
- (xiii) According to Information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- (xiv) According to Information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore this clause is not applicable.
- (xv) According to Information and explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) The company is engaged in NBFC business required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and registration has been obtained by the Company.

**For DINESH JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885N**

**DATED: 29/04/2016
PLACE: DELHI**

**(D. K. JAIN) FCA
PARTNER
M.No. 082033**

ANNEXURE – B TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF IFCI VENTURE CAPITAL FUNDS LIMITED

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

We have audited the internal financial controls over financial reporting of **IFCI VENTURE CAPITAL FUNDS LIMITED** (“the Company”) as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of

records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DINESH JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885N

DATED: 29/04/2016
PLACE: DELHI

(D. K. JAIN) FCA
PARTNER
M.No. 082033

IFCI VENTURE CAPITAL FUNDS LIMITED
CIN: U65993DL1988GOI030284
BALANCE SHEET AS AT 31ST MARCH, 2016

		(in ₹)	
PARTICULARS	Note	Financial Year ended 31 st March, 2016	Financial Year ended 31 st March, 2015
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	02	60,37,10,080	60,37,10,080
(b) Reserves and Surplus	03	145,15,30,063	131,61,06,077
		205,52,40,143	191,98,16,157
(2) Non-current Liabilities			
(a) Long-term Borrowings	04	402,07,52,040	317,30,00,001
(b) Long-term Provisions	05	3,16,22,630	4,55,11,245
		405,23,74,670	321,85,11,246
(3) Current Liabilities			
(a) Short-term Borrowings	06	24,99,93,836	21,63,03,765
(b) Other Current Liabilities	07	81,65,81,315	44,36,42,930
(c) Short-term Provisions	08	19,99,47,719	9,77,81,780
		126,65,22,870	75,77,28,475
TOTAL		737,41,37,683	589,60,55,878
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	09	5,28,540	4,95,363
(ii) Intangible Assets	10	27,465	-
(b) Non-current Investments	11	82,46,30,409	86,24,39,633
(c) Deferred Tax Asset (Net)		7,34,81,107	4,18,73,578
(d) Long-term Loans & Advances	12	321,71,30,988	255,42,89,550
		411,57,98,509	345,90,98,124
(2) Current Assets			
(a) Current Investments	13	9,97,84,226	-
(b) Cash and Cash Equivalents	14	10,64,87,982	2,65,91,205
(c) Short-term Loans and Advances	15	299,60,50,590	232,50,36,306
(d) Other Current Assets	16	5,60,16,376	8,53,30,243
		325,83,39,174	243,69,57,754
TOTAL		737,41,37,683	589,60,55,878

Notes 1 to 21 form an integral part of financial statements
As per our report of even date attached.
For Dinesh Jain & Associates
Chartered Accountants
FRN: 004885N
D.K. Jain, FCA.
Partner
M. No. 082033
Director
**Mukesh Girdhar
Company Secretary**
Deepak Mishra
Managing Director
(DIN: 05245002)
**Indu Gupta
Chief Finance Officer**
**Place : New Delhi
Date : 29/04/2016**

IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

		(in ₹)	
PARTICULARS	Note	Financial Year ended 31 st March, 2016	Financial Year ended 31 st March, 2015
I. REVENUE			
Revenue from Operations	17	93,07,77,691	78,49,00,420
Other Income	18	2,52,799	3,99,800
TOTAL REVENUE (A)		93,10,30,490	78,53,00,220
II. EXPENDITURE			
Employees Benefit Expenses	19	3,78,89,457	2,81,16,910
Finance Cost	20	46,46,40,347	32,10,21,773
Depreciation	9,10	4,56,629	2,49,892
Other Expenses	21	12,24,51,634	8,02,70,642
TOTAL EXPENDITURE (B)		62,54,38,067	42,96,59,217
III. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (A-B)		30,55,92,423	35,56,41,003
IV. EXCEPTIONAL ITEMS		-	-
V. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		30,55,92,423	35,56,41,003
VI. EXTRAORDINARY ITEMS		-	-
VII. PROFIT BEFORE TAX		30,55,92,423	35,56,41,003
- Current Tax		12,55,54,146	13,20,40,000
- Deferred Tax (Net)		(3,16,07,529)	(2,56,94,083)
VIII. PROFIT FOR THE YEAR		21,16,45,806	24,92,95,086
Earning Per Equity			
Basic Earnings per share of ₹10.00 each		3.51	4.13
Diluted Earnings per share of ₹10.00 each		3.51	4.13

Notes 1 to 21 form an integral part of financial statements**As per our report of even date attached.****For Dinesh Jain & Associates****Chartered Accountants****FRN: 004885N****D.K. Jain, FCA.****Partner****M. No. 082033****Director****Deepak Mishra****Managing Director****(DIN: 05245002)****Mukesh Girdhar
Company Secretary****Indu Gupta
Chief Finance Officer****Place : New Delhi
Date : 29/04/2016**

IFCI VENTURE CAPITAL FUNDS LIMITED
CIN: U65993DL1988GOI030284
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

	(in ₹)	
	Financial Year ended 31st March, 2016	Financial Year ended 31st March, 2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	30,55,92,423	35,56,41,003
Adjustments for:		
Depreciation	4,56,629	2,49,892
Provision / write off of Bad Debts	8,73,15,103	3,43,81,343
Provision for standard assets	42,43,632	24,42,995
Provision / write off for Investments	-	(2,18,102)
Provision for Leave Encashment	17,61,642	1,09,486
(Profit) / Loss on Sale of Assets	-	(58,893)
Provision for restructured standard assets	-	2,37,78,005
	9,37,77,006	6,06,84,726
Operating Profit before Working Capital Changes & Operating Activity	39,93,69,429	41,63,25,729
<i>Adjustment for Operating Activity</i>		
Increase/(Decrease) in Borrowings	126,38,43,208	80,24,28,694
Long Term Loans Given (Net)	(133,43,90,934)	(117,77,30,984)
Sale of Investments (Net)	3,78,09,225	36,58,737
	(3,27,38,501)	(37,16,43,553)
Operating Profit before Working Capital Changes	36,66,30,928	4,46,82,176
Decrease / (Increase) in Current Assets	2,98,49,079	(79,42,756)
Increase /(Decrease) in Current Liabilities	(1,05,92,713)	1,92,56,365
	86,45,566	7,02,810
Cash Generated from Operations	38,58,87,293	4,53,84,986
Income tax paid/refund(net)	(12,94,67,199)	(12,57,40,360)
CSR Expenses	(35,60,695)	(12,35,705)
Net cash from Operating Activities	(25,28,59,399)	(8,15,91,079)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of/Advance for Fixed Assets	(5,17,271)	(34,200)
Investments in Liquid Funds	(9,97,84,226)	-
Sale proceed of Fixed Assets	-	58,893
Net cash used in/raised from Investing Activities	(10,03,01,497)	24,693
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid (incl. Dividend tax)	(7,26,61,125)	(72,41,659)
Net Cash from Financing Activities	(7,26,61,125)	(7,24,41,659)
Net Change in Cash & Cash Equivalent (A+B+C)	7,98,96,777	(15,40,08,045)
Opening Cash and Cash Equivalent	2,65,91,205	18,05,99,250
Closing Cash and Cash Equivalent #	10,64,87,982	2,65,91,205
Increase/Decrease in Cash & Cash Equivalent	7,98,96,777	(15,40,08,045)

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 Dinesh Jain & Associates
Chartered Accountants
FRN: 004885N
D.K. Jain, FCA.
Partner
M. No. 082033
Director
Deepak Mishra
Managing Director
(DIN: 05245002)
Place : New Delhi
Date: 29/04/2016
Mukesh Girdhar
Company Secretary
Indu Gupta
Chief Finance Officer

NOTE - 1**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT****(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 Company adopts the accrual concept in the preparation of accounts. 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. TANGIBLE FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are carried at cost (including capitalized interest) less accumulated depreciation and impairment loss, if any. Residual value in respect of Fixed Assets has been taken 'Nil'.
- b) Depreciation is provided on the Straight Line Method (SLM) over the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013.

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.
- 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

Defined Contribution Plans

- (i) Monthly contribution to the Provident Fund being in the nature of defined contribution scheme, is charged against revenue.
- (ii) Contributions paid to LIC is also considered as defined contribution and charged against revenue.

Defined Benefits Plans

- (i) The company has taken a policy for gratuity with LIC to meet the liability under the Payment of Gratuity Act. The premium paid to LIC is debited to Profit & Loss Account each year.
- (ii) Leave Encashment liability is provided for on the basis of actuarial valuation in accordance with Accounting Standard (AS-15).

7. 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

	(in ₹)	
	As at 31 st March, 2016	As at 31 st March, 2015
AUTHORISED		
15,00,00,000 (Previous Year - 15,00,00,000) Equity Shares of ₹ 10/- each	150,00,00,000	150,00,00,000
	150,00,00,000	150,00,00,000
ISSUED		
6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹ 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 Shares of ₹ 10/- each	60,37,10,080	60,37,10,080
PAID UP EQUITY		
6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹ 10/- each (foot-note 1)	60,37,10,080	60,37,10,080
TOTAL	60,37,10,080	60,37,10,080

Foot-note

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

03 RESERVES AND SURPLUS

	(in ₹)	
	As at 31 st March, 2016	As at 31 st March, 2015
(A) Capital Reserve	100,000	100,000
(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-2)		
Opening Balance	22,99,15,090	18,00,56,073
Add: Added during the year	4,23,29,161	4,98,59,017
(E) <u>Surplus balance in Profit & Loss :</u>		
Opening Balance	61,07,81,075	48,64,68,905
Add: Profit for the period	21,16,45,806	24,92,95,086
	82,24,26,881	73,57,63,991
<u>Less: Appropriations</u>		
Reserve u/s 45 IC of RBI Act	4,23,29,161	4,98,59,017
Depreciation of Assets having Nil Life	-	1,46,535
Interim Dividend-Equity	6,03,71,008	6,03,71,008
Dividend Distribution Tax	1,22,90,117	1,20,70,651
CSR Expense	35,60,695	25,35,705
TOTAL	70,38,75,900	61,07,81,075
	145,15,30,063	131,61,06,077

Foot-note

- 1 Provision under Section 36(1)(viii) of the Income Tax Act has been created in line with exemptions available to Financial Institution.
- 2 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.

04 LONG-TERM BORROWINGS - SECURED & UNSECURED

	(in ₹)	
	As at 31 st March, 2016	As at 31 st March, 2015
Bonds		
200 Bonds of ₹ 10,00,000 each (refer foot note 1) - secured	20,00,00,000	20,00,00,000
1510 Bonds of ₹ 1,00,000 each (refer foot note 2) – unsecured	15,10,00,000	15,10,00,000
6420 Bonds of ₹ 1,00,000 each (refer foot note 3) – unsecured	64,20,00,000	64,20,00,000
783 Bonds of ₹ 10,00,000 each (refer foot note 4) – secured	78,30,00,000	78,30,00,000
Sub-Total 'A'	177,60,00,000	177,60,00,000
Other Long Term Borrowings- Secured		
a) Banks (refer foot note 5)	224,47,52,040	139,70,00,001
Sub-Total 'B'	224,47,52,040	139,70,00,001
TOTAL (A+B)	402,07,52,040	317,30,00,001

Foot-notes

1	Issuer	IFCI Venture Capital Funds Limited	
	Issue size	₹ 20 Crores	
	Face Value	₹ 10,00,000.00 (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	Issuer	IFCI Venture Capital Funds Limited	
	Issue size	Up to ₹15.10 Crores including green shoe option of ₹ 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	Issuer	IFCI Venture Capital Funds Limited	
	Issue size	Up to ₹ 64.20 crores including green shoe option of ₹39.20 crores	
	Face Value	₹1,00,000.00 (Rupees One Lac) per bond	
	Option	Option – 1	Option – 2
	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	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	Issuer	IFCI Venture Capital Funds Limited	
	Issue size	Up to ₹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	₹10,00,000.00 (Rupees Ten Lac) per bond	
	Option	Option – 1	Option – 2
	Tenure	10 Years	3 Years

Put Call	At par at the end of 3rd year, 5th year & 7th Year respectively.	At par at the end of 5th year & 7th Year respectively.	At par at the end of 1st year & 2nd year respectively.
Redemption	At par on exercising put/ call option at the end of 3rd year or 5th year or 7th year or at the end of 10th year from deemed date of allotment, whichever is earlier i.e 24th January, 2022	At par on exercising put/ call option at the end of 5th year or 7th year or at the end of 10th year from deemed date of allotment, whichever is earlier i.e 24th January, 2022	At par on exercising put/call option at the end of 1st year or 2nd year or at the end of 3rd year from deemed date of allotment, whichever is earlier i.e 24th 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

	As at 31 st March, 2016	As at 31 st March, 2015
(A) Provision for Standard Assets	1,64,37,959	1,21,94,327
(B) Provision for Leave Encashment	99,34,671	95,38,913
(C) Provision for Restructured Standard Assets	52,50,000	2,37,78,005
TOTAL	3,16,22,630	4,55,11,245

06 SHORT-TERM BORROWINGS-SECURED

	As at 31 st March, 2016	As at 31 st March, 2015
(A) Cash credit facilities from Banks (Foot Note-1)	4,99,93,836	1,63,03,765
(B) Secured Loan from Bank/FI (Foot Note-2)	20,00,00,000	20,00,00,000
TOTAL	24,99,93,836	21,63,03,765

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. This is due for renewal/rollover on 18th July 2016.

07 OTHER CURRENT LIABILITIES

	As at 31 st March, 2016	As at 31 st March, 2015
(A) Current maturities of Long-term borrowings	76,85,46,666	38,61,45,568
(B) Interest accrued but not due on bonds and borrowings	3,36,84,022	4,48,51,427
(C) Interest received in Advance	10,408,837	75,93,425
(D) Other Payables		
- Tax and other deduction/ collection payable	9,20,419	6,06,763
- Liability for expenses	3,29,213	7,17,505
- Others	26,92,158	37,28,242
TOTAL	81,65,81,315	44,36,42,930

Foot-note

1 The following borrowings are secured against the total receivables of ₹	621,21,21,628
- Long Term Bonds of ₹ 10 lakh each (note-4)	98,30,00,000
- Long Term Borrowings from Banks (note-4)	224,47,52,040
- Current Maturity of Long Term Borrowings (note-7)	76,85,46,666
- Cash Credit from Banks (note-6)	24,99,93,836
TOTAL	424,62,92,542

08 SHORT-TERM PROVISIONS

	(in ₹)	
	As at 31st March, 2016	As at 31st March, 2015
(A) Employee Benefits	15,44,728	1,78,844
(B) Provision for Tax (Net of Advance Tax & TDS)	23,86,587	62,99,640
(C) Provision for CSR Expense	1,70,000	13,00,000
(D) Provision for bad & doubtful debts	19,58,46,404	9,00,03,296
TOTAL	19,99,47,719	9,77,81,780



NON CURRENT
09 FIXED ASSET

Schedule of Fixed Assets as per Companies Act, 2013

(in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As at 01-Apr-15	Additions	Deductions /Transfers	As at 31-Mar-16	As at 01-Apr-15	For the period	Deletions/ Transfers	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
Computers & Servers	49,38,838	4,64,850	-	54,03,688	44,68,162	4,43,890	-	49,12,052	4,91,636	4,70,676
Office Equipments	36,688	-	-	36,688	32,956	1,867	-	34,823	1,865	3,732
Furniture & Fixtures	44,855	18,713	-	63,568	23,899	4,629	-	28,528	35,040	20,956
TOTAL	50,20,381	4,83,563	-	55,03,944	45,25,017	4,50,386	-	49,75,403	5,28,540	4,95,364
Previous Year	56,34,881	34,200	6,48,700	50,20,381	47,97,529	8,25,689	(10,98,201)	45,25,017	4,95,364	8,37,352

10 FIXED ASSETS - INTANGIBLE ASSETS

Schedule of Fixed Assets as per Companies Act, 2013

(in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-Apr-15	Additions	Deductions /Transfers	As at 31-Mar-16	As at 01-Apr-15	For the period	Deductions /Transfers	As at 31-Mar-16	As at 31-Mar-16	As at 31-Mar-15
Computer Software	2,08,000	33,708	-	2,41,708	2,08,000	6,243	-	2,14,243	27,465	-
TOTAL	2,08,000	33,708	-	2,41,708	2,08,000	6,243	-	2,14,243	27,465	-
Previous Year	2,08,000	-	-	2,08,000	1,87,761	49,048	(28,809)	2,08,000	-	20,239

11. NON-CURRENT INVESTMENTS

	As at 31 st March, 2016		As at 31 st March, 2015	
	No. of shares/unit	Amount	No. of shares/unit	Amount
(in ₹)				
A. UNQUOTED				
1. Equity Shares (₹10 each fully paid up)				
<u>Assistance under financing</u>				
Biotech Consortium Ltd.	2,00,001	20,00,010	2,00,001	20,00,010
Krishna Hydro Energy Ltd.	-	-	45,00,516	4,50,05,160
Jangipur Bengal Mega Food Park Ltd.	42,00,000	4,20,00,000	-	-
2. Units of Venture Funds (₹10 each fully paid up)				
- Green India Venture Fund (GIVF)	2,35,86,583	23,58,65,834	2,35,86,583	23,58,65,834
- India Enterprise Development Fund (IEDF)	3,91,79,055	39,17,90,553	4,24,95,106	42,49,51,061
- India Automotive Component Manufacturers Private Equity Fund - 1 (Domestic) (IACM)	2,96,901	29,69,012	4,61,257	46,12,568
TOTAL (A)		67,46,25,409		71,24,34,633
B. QUOTED				
1. Bonds - Tax free bonds of IFCI Ltd of ₹ 10,00,000 each	50	5,00,05,000	50	5,00,05,000
2. Bonds - Taxable IFCI Ltd of ₹ 1000 each	1,00,000	10,00,00,000	1,00,000	10,00,00,000
TOTAL (B)		15,00,05,000		15,00,05,000
Grand Total		82,46,30,409		86,24,39,633

12. LONG-TERM LOANS & ADVANCES

	As at 31 st March, 2016		As at 31 st March, 2015	
	Amount		Amount	
(in ₹)				
Loans to Assisted Concerns – (Secured and considered good)	321,71,30,988		255,42,89,550	
TOTAL	321,71,30,988		255,42,89,550	

13. CURRENT INVESTMENTS

	As at 31 st March, 2016		As at 31 st March, 2015	
	No. of shares/unit	Amount	No. of shares/unit	Amount
(in ₹)				
Unquoted Equity Shares		1,18,534		1,18,534
Liquid Funds SBI PLF#		9,97,84,226		-
TOTAL		9,99,02,760		1,18,534
Less: Provision for diminution in value		1,18,534		1,18,534
Total :		9,97,84,226		-

Investment made in SBI PLF-Regular Plan Growth

Units: 42150.569 @ NAV of ₹ 2,376.0805 per unit as on 31st March, 2016 valuing ₹ 10,01,53,145.06.

14. CASH & CASH EQUIVALENTS

	As at 31 st March, 2016	As at 31 st March, 2015
(A) Balances with Banks	10,64,87,978	2,65,91,110
(B) Cash in hand (including postage stamps)	4	95
TOTAL	10,64,87,982	2,65,91,205

15. SHORT-TERM LOANS & ADVANCES

	As at 31 st March, 2016	As at 31 st March, 2015
(A) Current maturities of Long-term Loans (sec & cons. good)	226,04,85,006	203,34,49,107
Current maturities of Long-term Loans (sec & cons. substd)	42,45,17,336	22,52,95,502
Current maturities of Long-term Loans (sec & doubtful)	18,11,12,664	4,44,17,664
Current maturities of Long-term Loans (unsec. Sub Std. & doubtful)	12,88,75,634	2,02,78,871
	299,49,90,640	232,34,41,144
(B) Other Loans and advances		
(i) Loans to Staff (Secured)	10,44,950	15,80,162
(ii) Others (Unsecured and considered good)	15,000	15,000
	10,59,950	15,95,162
TOTAL	299,60,50,590	232,50,36,306

16. OTHER CURRENT ASSETS

	As at 31 st March, 2016	As at 31 st March, 2015
(A) Receivables other than trade	31,11,187	86,11,218
(B) Accrued Income		
(i) Interest and commitment charges on Loans	4,04,62,318	7,50,84,479
(ii) Interest on Investments	1,07,52,364	11,84,657
(C) Pre-paid Expenses	1,98,068	2,99,751
(D) TDS Receivable (net of excess provisions)	8,03,202	-
(E) Service tax credit	6,89,237	1,50,138
TOTAL	5,60,16,376	8,53,30,243

17. INCOME FROM OPERATIONS

	As at 31 st March, 2016	As at 31 st March, 2015
(A) On Interest on Lending Operations	74,55,93,192	62,74,30,292
(B) On Investment Operations		
(i) Profit on sale of Shares/ Units/ Debentures (Net)	5,39,11,128	5,39,51,508
(ii) Interest on Bonds	1,37,36,953	66,90,754
(C) Management Fee	9,98,18,582	7,76,60,723
(D) Income on Contractual Obligations	-	1,79,67,593
(E) Provision no longer required written back	-	3,44,441
(F) Bad Debt Recovered	1,74,82,930	6,96,465
(G) Prior Period Exp / Excess Provision	2,34,906	1,58,644
TOTAL	93,07,77,691	78,49,00,420

18. OTHER INCOME

	As at 31 st March, 2016	As at 31 st March, 2015
(A) Interest on staff advances	72,788	80,705
(B) Miscellaneous Income	1,80,011	3,19,095
TOTAL	2,52,799	3,99,800

19. EMPLOYEE BENEFITS EXPENSES

	As at 31st March, 2016	As at 31st March, 2015
(A) Salaries and Allowances *	3,52,49,454	2,59,72,238
(B) Contribution to Provident and other funds	17,24,643	13,44,154
(C) Staff Welfare Expenses	9,15,360	8,00,518
TOTAL	3,78,89,457	2,81,16,910

* includes Leave Encashment

20. FINANCE COST

	As at 31st March, 2016	As at 31st March, 2015
(A) Interest on Bonds and Borrowings	45,81,38,718	31,14,43,832
(B) Interest on Cash credit facilities	65,01,629	85,16,141
(C) Commitment Charges, Brokerage, Commission pertaining to issue of Bonds	-	10,61,800
TOTAL	46,46,40,347	32,10,21,773

21. OTHER EXPENSES

	As at 31st March, 2016	As at 31st March, 2015
(A) Rent	1,32,29,568	58,61,731
(B) Insurance	11,945	1,17,557
(C) Repairs and Maintenance	24,53,308	16,02,565
(D) Auditors' Remuneration	7,87,890	4,99,556
(E) Directors' Fees	8,12,147	7,80,045
(F) Consultation and Law Charges (incl filing fees)	29,26,136	18,92,287
(G) Professional Charges	41,54,296	48,04,898
(H) Travelling & Conveyance	19,86,255	8,14,254
(I) Postage & Telephone	4,62,731	6,61,542
(J) Training & Development Expense	64,200	3,32,355
(K) Advertisement	21,89,942	3,88,640
(L) Other Miscellaneous Expenses	17,83,220	16,20,606
(M) HR Outsource Exp.	-	1,32,725
(N) Provision for diminution in investments	-	1,18,534
(O) Provision for Bad & Doubtful Debts	8,73,15,103	3,43,81,343
(P) Provision for Restructured Standard assets	-	2,37,78,005
(Q) Provision for Standard assets	42,43,632	24,42,995
(R) Prior period expense	31,261	41,004
TOTAL	12,24,51,634	8,02,70,642

(B) NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2016

1. Contingent Liabilities:

(in ₹)

	As at	Year ended 31/03/2016	Year ended 31/03/2015
(i)	Claims not acknowledged as debts	Nil	1,69,421

2. Auditors' Remuneration

(in ₹)

Particulars	Year ended 31/03/2016	Year ended 31/03/2015
a) As Auditor	3,60,000	3,21,000
b) For Other services	1,12,000	48,000
c) For Reimbursement of Expenses	1,27,155	1,04,540
Total	5,99,155	4,73,540

* The above amount excludes Service Tax.

3. CSR Expenditure

(a) Gross amount required to be spent by the company during the year: ₹ 71,77,372/- (Previous year ₹ 65,01,343/-)

(b) Amount spent during the year on:

(in ₹)

Sl. No.	Particulars		Paid	Yet to be paid	Total
(i)	Construction/Acquisition of any asset	2015-16	33,90,695	1,70,000	35,60,695
		2014-15	12,35,705	13,00,000	25,35,705
(ii)	On purpose other than (i) above	2015-16	Nil	Nil	Nil
		2014-15	Nil	Nil	Nil

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

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

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

7. Leave encashment liabilities have been determined and accounted on the basis of actuarial valuation carried out as at March 31, 2016.

8. Deferred benefit plan, in respect of leave encashment, has been recognized as under:-

Actuarial assumptions

	As at 31.3.2016	As at 31.3.2015
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	10.00%	10.00%
Expected average remaining working lives of employees (years)	26.49	20.05

Changes in present value of obligations:

(in ₹)

	For year ended 31.3.2016	For year ended 31.3.2015
Present value of obligations in beginning of period	97,17,757	96,04,190
Interest Cost	7,77,421	7,68,335
Current Service cost	10,20,898	6,27,294
Benefits paid	(5,95,160)	(9,21,074)
Actuarial (gain)/loss on obligations	5,58,483	(3,60,988)
Present value of obligations at the end of the period.	1,14,79,399	97,17,757

9. 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
Holding company	IFCI Ltd. (IFCI)
Key Managerial Personnel (deputed from IFCI)	Mr. Shivendra Tomar (MD)
Other subsidiaries of Holding company	IFCI Infrastructure Development Ltd. (IIDL) IFCI Financial Services Ltd. (IFIN) IFIN Securities Ltd. (IFSL) IFCI Factors Ltd.

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

(in ₹)

Type of Transaction – IFCI	Current Year	Previous Year
Repayment of Loan to IFCI	-	25,00,00,000
Interest on Loan Paid to IFCI	-	4,62,329
Rent & Maintenance paid to IFCI Ltd.(Exclusive of service tax and education cess)	1,24,95,121	58,61,731
Salaries paid to IFCI for employees deputed by IFCI Ltd. including PLI	42,35,524	58,00,170
Paid towards other expenses to IFCI	1,07,918	3,46,014
Paid towards IT Services taken from IFCI	6,00,000	-
Interim Dividend paid	5,95,21,008	5,95,21,008
Interest Received and accrued on Bonds subscribed	1,37,36,953	66,90,754
	Current Year	Previous Year
Type of Transaction – IFSL		
Loan Repayment by IFSL	-	4,00,00,000
Interest on Loan recd from IFSL	-	15,75,343

Balance Outstanding with the related party during the period:-

(in ₹)

Type of Transaction – IFCI	Current Year	Previous Year
Payable to IFCI towards salary of employees deputed by IFCI	4,88,389	-
Interest accrued on Bonds - IFCI Ltd.	1,07,52,364	11,84,657
Bonds Subscribed & outstanding	15,00,05,000	15,00,05,000
Other Expense payable	2,76,618	1,96,101

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

10. Deferred Taxation

(i) As per the Accounting Standard (AS-22) "Accounting for Taxes on Income", the company has determined the deferred tax assets of ₹ 7,34,81,107/- (Previous year assets of ₹ 418,73,578/-) as on 31st March, 2016.

(ii) Break up of Deferred Tax Assets & liabilities is as under:-

	31/03/2016	31/03/2015
a) Deferred Tax Liabilities		
Related to Fixed Assets	(87,127)	(1,03,752)
b) Deferred Tax Assets		
Expenditure allowable on actual payment	7,35,68,234	419,77,330
Net Deferred Tax (Liability)/ Asset	7,34,81,107	418,73,578

(in ₹)

11. The company operates in India hence it is considered to operate only in domestic segment. However there are two business segments Financing and Fund Management and one of the segment has total revenue exceeding 10% criteria as prescribed. Accordingly, segment reporting as required under Accounting Standard-17 issued by ICAI is reported as under:

Particulars						
Segment Information						
The Company has identified business segments as its primary segment. Business segments are primarily Financing Activity and Management of Funds . 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 st March, 2016			For the year ended 31 st March, 2015		
	Business segments		Total	Business segments		Total
	Financing Activity	Fund Management		Financing Activity	Fund Management	
	₹	₹	₹	₹	₹	₹
Revenue	83,07,24,203	9,98,18,582	93,05,42,785	70,70,81,053	7,76,60,723	78,47,41,776
Inter-segment revenue	-	-	-	-	-	-
Total	83,07,24,203	9,98,18,582	93,05,42,785	70,70,81,053	7,76,60,723	78,47,41,776
Segment result	27,45,25,121	9,98,18,582	37,43,43,703	32,54,56,937	7,76,60,723	40,31,17,660
Unallocable expenses (net)			6,92,38,985			4,80,35,101
Operating income			30,51,04,718			35,50,82,559
Other income (net)			4,87,705			5,58,444
Profit before taxes			30,55,92,423			35,56,41,003
Tax expense			9,39,46,617			10,63,45,917
Net profit after Tax			21,16,45,806			24,92,95,086

Particulars	For the year ended 31 st March, 2016			For the year ended 31 st March, 2015		
	Business segments		Total	Business segments		Total
	Financing Activity	Fund Management		Financing Activity	Fund Management	
	₹	₹	₹	₹	₹	₹
Segment assets	713,75,96,213	-	713,75,96,213	574,17,65,489	-	574,17,65,489
Unallocable assets	-	-	23,65,41,470	-	-	15,42,90,389
Total assets			737,41,37,683			589,60,55,878
Segment liabilities	530,09,19,764	-	530,09,19,764	395,38,69,814	-	395,38,69,814
Unallocable liabilities			207,32,17,919			194,21,86,064
Total liabilities			737,41,37,683			589,60,55,878
<u>Other information</u>						
Capital expenditure (allocable)		-	-		-	-
Capital expenditure (unallocable)			5,17,271			34,200
Depreciation and amortisation (allocable)						
Depreciation and amortisation (unallocable)			4,56,629			2,49,892
Other significant non-cash expenses (allocable)	9,15,58,735		9,15,58,735	6,06,02,343		6,06,02,343
(Provision for Bad & Doubtful Assets and Std Assets)						
Other significant non-cash expenses (unallocable)						

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

(a) Capital

Particulars		31/03/2016	31/03/2015
Capital			
(a)	Capital to Risk Assets Ratio (CRAR)	28.50%	32.31%
(b)	CRAR – Tier I capital (%)	28.27%	32.11%
(c)	CRAR – Tier II capital (%)	0.23%	0.21%
(d)	Subordinated debt raised, outstanding as Tier II Capital (₹)	Nil	Nil
(e)	Risk-weighted assets (₹):		
(i)	On-Balance Sheet Items	719,12,87,000	582,59,80,000
(ii)	Off-Balance Sheet Items	85,000	85,000

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

	Category	As on 31/03/2016		As on 31/03/2015	
		Market/ Break- up/ Fair Value	Book Value	Market/ Break- up/ Fair Value	Book Value
1.	Related Parties				
	(a) Subsidiaries				
	(b) Companies in same group	15,00,05,000	15,00,05,000	15,00,05,000	15,00,05,000
	(c) Joint Venture				
2.	Other than Related Parties	77,44,09,635	77,44,09,635	71,24,34,633	71,24,34,633
	Total	92,44,14,635	92,44,14,635	86,24,39,633	86,24,39,633

(c) Details of investment and movement in provision

(in ₹)

Particulars		As on 31/03/2016	As on 31/03/2015
Value of Investment			
Gross Value of Investments			
(a)	In India	92,45,33,169	86,25,58,167
(b)	Outside India,	-	-
Provisions for Depreciation			
(a)	In India	1,18,534	1,18,534
(b)	Outside India,	-	-
Net Value of Investments			
(a)	In India	92,44,14,635	86,24,39,633
(b)	Outside India.	-	-
Movement of provisions held towards depreciation on investments			
(i)	Opening balance	1,18,534	3,36,636
(ii)	Add : Provisions made during the year	-	1,18,534
(iii)	Less : Write-off / write-back of excess provisions during the year	-	3,36,636
(iv)	Closing balance	1,18,534	1,18,534

(d) Maturity Pattern of assets and liabilities

(in ₹)

	1 Day to 30/ 31 Days (1 Mth)	Over 1 Mth to 2 Mths	Over 2 Mths upto 3 Mths	Over 3 Mths to 6 Mths	Over 6 Mths to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities									
Borrowings from Banks / FI	12,81,00,000	-	1,97,66,667	19,99,50,000	67,07,23,835	176,66,39,998	47,81,12,042	-	326,32,92,542
Market Borrowings									
Bonds	-	-	-	-	-	58,24,00,000	-	119,36,00,000	177,60,00,000
Total	12,81,00,000	-	1,97,66,667	19,99,50,000	67,07,23,835	234,90,39,998	47,81,12,042	119,36,00,000	503,92,92,542
Assets									
Advances	8,14,10,011	27,79,43,348	30,73,83,337	57,70,88,899	138,39,12,227	282,63,68,640	75,80,15,166		621,21,21,628
Investments	9,97,84,226	62,000	-	5,87,24,000	5,33,15,000	66,85,29,399	-	4,40,00,010	92,44,14,635
Total	18,11,94,237	27,80,05,348	30,73,83,337	63,58,12,899	143,72,27,227	349,48,98,039	75,80,15,166	4,40,00,010	713,65,36,263

(e) Exposures : Exposure to Real Estate Sector**(in ₹)**

Category			31/03/2016	31/03/2015
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	121,99,84,500	120,03,11,517
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	Nil	Nil
		a) Residential		
		b) Commercial Real Estate		
b)	Indirect Exposure			
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		Nil	Nil

(f) Ratings assigned by credit rating agencies and migration of ratings during the year

Ratings by	31 March 2016	31 March 2015
CARE	BBB+ A (SO) for bank borrowings	BBB+ A (SO) for new borrowings of ₹300 crore.
Brickwork	A- (Bonds)	A- (Bonds)

(g) Borrower group-wise classification of assets financed:**(in ₹)**

Category		As on 31/03/2016	As on 31/03/2015
1.	Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in same group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	6,21,21,21,628	4,87,77,30,694
	Total	6,21,21,21,628	4,87,77,30,694

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

Particulars	As on 31/03/2016		As on 31/03/2015	
	O/s	Overdue	O/s	Overdue
(a) Bank Loans	326,66,09,231	Nil	201,38,42,000	Nil
(b) Bonds	180,63,67,333	Nil	180,64,58,000	Nil
TOTAL	507,29,76,564	Nil	382,03,01,000	Nil

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

(i) Provisions and contingencies

Particulars	(in ₹)	
	As on 31/03/2016	As on 31/03/2015
Provisions for depreciation on Investment	1,18,534	1,18,534
Provision towards NPA	19,58,46,404	9,00,03,296
Provision made towards Income tax	12,55,54,146	13,20,40,000
Provision for Standard Assets	1,64,37,959	1,21,94,327
Provision for Re-structured Standard Assets	52,50,000	2,37,78,005
Provision for Leave encashment	1,14,79,399	97,17,757
Provision for CSR	1,70,000	13,00,000

(j) Concentration of Advances, Exposures and NPAs:

Concentration of Advances

	(in ₹)	
	As on 31/03/2016	As on 31/03/2015
Total Advances to twenty largest borrowers	412,42,73,265	347,48,20,408
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	66.39%	71.24%

Concentration of Exposures

	(in ₹)	
	As on 31/03/2016	As on 31/03/2015
Total Exposure to twenty largest borrowers / customers	412,42,73,265	347,48,20,408
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	66.39%	71.24%

(k) Concentration of NPAs

	(in ₹)	
	As on 31/03/2016	As on 31/03/2015
Total Exposure to top four NPA accounts	54,18,37,365	23,74,04,756

(l) Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		As on 31/03/2016	As on 31/03/2015
1	Agriculture & allied activities	Nil	Nil
2	MSME	Nil	Nil
3	Corporate borrowers	11.82%	5.94%
4	Services	Nil	Nil
5	Unsecured personal loans	Nil	Nil
6	Auto loans	Nil	Nil

(m) Movement of NPA :**(in ₹)**

Particulars		As on 31/3/2016	As on 31/03/2015
(i)	Net NPAs to Net Advances (%)	8.95%	4.18%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	28,99,92,037	16,46,58,806
	(b) Additions during the year	45,90,95,349	14,33,47,607
	(c) Reductions/write-offs during the year	1,45,81,752	1,80,14,376
	(d) Closing balance	73,45,05,634	28,99,92,037
(iii)	Movement of Net NPAs		
	(a) Opening balance	19,99,88,741	10,90,36,852
	(b) Additions during the year	35,16,52,241	10,81,20,038
	(c) Reductions/write-offs during the year	1,29,81,751	1,71,68,149
	(d) Closing balance	53,86,59,231	19,99,88,741
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	9,00,03,296	5,56,21,954
	(b) Provisions made during the year	10,74,43,108	3,52,27,569
	(c) Write-off / write-back of excess provisions	16,00,000	8,46,227
	(d) Closing balance	19,58,46,404	9,00,03,296

(n) Other Information:**(in ₹)**

	Particulars	As on 31/03/2016	As on 31/03/2015
1.	Gross Non-Performing Assets		
	(a) Related Parties	Nil	Nil
	(b) Other than Related parties	73,45,05,634	28,99,92,037
2.	Net Non-Performing Assets		
	(a) Related Parties	Nil	Nil
	(b) Other than Related parties	53,86,59,231	19,99,88,741
3.	Assets acquired in satisfaction of debt	Nil	Nil

(o) Details of Loan Assets subjected to Restructuring :**(in ₹)**

		2015-2016		2014-2015	
Particulars					
		CDR	Non CDR	CDR	Non CDR
Standard		-	-	-	46,05,09,000
Sub-standard		-	-	-	12,50,95,000
Doubtful		-	-	-	-
Total		-	-	-	58,56,05,000

(p) Details of Borrower Limit exceeded by the NBFC on the basis of Gross Exposure- NIL**(q) Disclosure of restructured assets****(in ₹)**

Type of restructuring		Other*			
Asset classification		Standard	Substandard	Doubtful	Loss
Restructured accounts as	No. of borrowers	4	3	-	-

on April 1, 2015	Amount outstanding	61,05,09,000	12,50,95,000	-	-
	Provision thereon	2,37,78,000	1,33,50,000	-	-
Fresh restructuring during FY 2015-16	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Upgradations to restructured standard category during FY 15-16	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	1	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Down gradation of restructured accounts during the year	No. of borrowers	(2)	-	-	-
	Amount outstanding	35,55,09,000	-	-	-
	Provision thereon	1,85,28,000	-	-	-
Writeoffs of restructured accounts during the year	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Restructured accounts as on March 31, 2016	No. of borrowers	2	4	-	-
	Amount outstanding	25,50,00,000	46,88,79,000	-	-
	Provision thereon	52,50,000	5,92,57,000	-	-

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

(r) 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	4,70,05,170
(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	108,66,28,892	147,46,60,017
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	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)	63,06,25,399	66,54,29,463
Total exposure to capital market		176,12,54,301	218,70,94,650

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

Director

Deepak Mishra
Managing Director
(DIN: 05245002)

Place : New Delhi
Date: 29/04/2016

Mukesh Girdhar
Company Secretary

Indu Gupta
Chief Finance Officer



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