

26th ANNUAL REPORT 2013-14



IFCI VENTURE CAPITAL FUNDS LIMITED

IFCI TOWER, 61 NEHRU PLACE, NEW DELHI -

CONTENTS

Notice	3
Directors' Report	18
Report on Corporate Governance	29
Revised Auditors' Report	35
Balance Sheet	40
Profit & Loss Account	41
Cash Flow Statement	42
Notes to the Financial Statements	43

BOARD OF DIRECTORS (as on July 30, 2014)

Shri Malay Mukherjee, Chairman
Shri Anil Vidyarthi
Dr. Ravi Gupta
Shri Pavan Kumar Vijay
Shri K. S. Mehta
Shri Ajoy Kumar Deb
Shri Amarjit Chopra
Shri Sudhir Garg
Shri Shivendra Tomar, Managing Director

AUDITORS

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

BANKERS

AXIS BANK LTD.
HDFC BANK LTD.
STATE BANK OF MYSORE
VIJAYA BANK
KARUR VYSYA BANK
SOUTH INDIAN BANK

REGISTERED OFFICE

IFCI TOWER
61 Nehru Place
New Delhi – 110 019.
Tel (011) 26444932, 26453346
Fax (011) 26453348
Website: www.ifciventure.com
E-Mail: business@ifciventure.com

NOTICE

NOTICE is hereby given that the TWENTY SIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE IFCI VENTURE CAPITAL FUNDS LIMITED (IFCI VENTURE) will be held on Tuesday, August 26, 2014 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, 2014 and the Profit and Loss Account for the year ended on March 31, 2014 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of interim dividend as final dividend on equity shares.
3. To fix the remuneration of Auditors and for the purpose to consider 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) (corresponding to Section 224 and any other applicable provisions of Companies Act, 1956 read with Section 619 to the Companies Act, 1956), 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 appointed by Comptroller and Auditor General of India for the financial year 2014-15."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions of the Companies Act, 2013, the Articles of Association of the Company be and is hereby amended by deleting the existing Article 110(3) and substituting with following new Article 110(3) :

110(3) Subject to provisions of Section 152 of the Companies Act, 2013, as long as IFCI, continues to hold not less than 51% of the subscribed equity share capital of the Company, IFCI shall be entitled to nominate upto 1/3rd of the total number of Directors of the Company and shall be entitled to remove any or all of the Directors so nominated by it from their office and to nominate any

other person(s) thereto from time to time. Out of the Directors so nominated, IFCI may designate one as Chairman and the same or one other as the Managing Director of the Company."

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 149, 150, 152 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 IV to the Companies Act, 2013, Shri Anil Vidyarthi (holding DIN 01226257), Director of the Company who was appointed by the shareholders in their meeting held on July 2, 2007, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three consecutive years w.e.f April 1, 2014 upto March 31, 2017."

6. 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 149, 150, 152 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 IV to the Companies Act, 2013, Dr. Ravi Gupta (holding DIN 00023487), Director of the Company who was appointed by the shareholders in their meeting held on September 30, 2011, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three consecutive years w.e.f April 1, 2014 upto March 31, 2017."

7. 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 149, 150, 152 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 IV to the Companies Act, 2013, Shri Pavan Kumar Vijay (holding DIN 00001110), Director of the Company who was appointed by the shareholders in their meeting held on September 29, 2012, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three consecutive years w.e.f April 1, 2014 upto March 31, 2017."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 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 IV to the Companies Act, 2013, Shri Karna Singh Mehta

(holding DIN 00128166), Director of the Company who was appointed by the shareholders in their meeting held on September 29, 2012, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three consecutive years w.e.f April 1, 2014 upto March 31, 2017."

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

"RESOLVED THAT Shri Ajoy Kumar Deb (holding DIN 02691119), who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on November 28, 2013, in terms of Section 260 of the Companies Act, 1956 [corresponding to Section 161(1) of the Companies Act, 2013] and Article 110(10)(a) of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, pursuant to the provisions of Sections 149, 150, 152 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 IV to the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three consecutive years w.e.f April 1, 2014 upto March 31, 2017."

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

"RESOLVED THAT Shri Amarjit Chopra (holding DIN 00043355), who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 30, 2014, in terms of Section 161(1) of the Companies Act, 2013 and Article 110(10)(a) of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, pursuant to the provisions of Sections 149, 150, 152 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 IV to the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three consecutive years w.e.f July 30, 2014 upto July 29, 2017."

11. 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 Malay Mukherjee (holding DIN 02272425), who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 8, 2014, in terms of Section 260 of the Companies Act, 1956 [corresponding to Section 161(1) of the Companies Act, 2013] and Article 110(3) of the Articles of Association of

the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director designated as Chairman of the Board of Directors of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

12. 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 Sudhir Garg (holding DIN 06777363), who was appointed as an Additional Director of the Company by the Board of Directors with effect from January 8, 2014, in terms of Section 260 of the Companies Act, 1956 [corresponding to Section 161(1) of the Companies Act, 2013] and Article 110(3) of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of directors by rotation."

13. 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 Shivendra Tomar (holding DIN 03174406), who was appointed as an Additional Director designated as Managing Director of the Company by the Board of Directors with effect from April 9, 2014, 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 (corresponding to Sections 198, 269, 309 and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956), the consent of the Company be and is hereby accorded to the appointment of Shri Shivendra Tomar (holding DIN 03174406), who was appointed as a Managing Director of the Company by the Board of Directors for a period of one year effective from April 9, 2014, under the Articles of Association of the Company, on the terms and conditions of appointment and remuneration as contained in the letter dated April 4, 2014 and April

9, 2014 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 deemed fit."

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

"RESOLVED THAT in supersession of the Ordinary Resolution adopted at the Extraordinary General Meeting held on April 13, 2012 and pursuant to Section 180(1)(c) 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), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹ 850 Crores (Rupees eight hundred and fifty crores) over and above the aggregate of the paid up share capital and free reserves of the Company."

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

"RESOLVED THAT pursuant to the provisions of section 42 of the Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other applicable provisions of the Companies Act, 2013, the Board of Directors of the Company be and are hereby authorized to make offer(s) or invitation(s) to subscribe to the secured, redeemable, non-convertible, taxable, senior/subordinated bonds/debentures/debt securities ("Bonds") to the extent of ₹ 50 Crore in one or more tranches during the current Financial year ending on 31st March, 2015, through private placement in conformity with rules, regulations and enactments as applicable from time to time subject to the total borrowings of the company not exceeding the borrowing powers approved by the shareholders under Section 180(1) (c) of Companies Act 2013 and to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon/interest rate(s), yield, listing, allotment and other terms and conditions of issue Bonds as they may, in their absolute discretion, deem necessary.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to sub-delegate all or any of the above authorizations in favour of a Committee of its members subject to such conditions as they may deem fit.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do or cause to be done all such acts, deeds and other things as may be required or considered necessary or incidental thereto for giving effect to this resolution."

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

(Mukesh Girdhar)
Company Secretary

Place : New Delhi.
Date : July 30, 2014

Inspection of Documents

All the requisite documents in connection with the accompanying Notice will be available for inspection at the registered office of the Company on all working days upto the date of the Annual General Meeting between 10.00 a.m. and 1.00 p.m.

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
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. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

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.

EXPLANATORY STATEMENT

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

Item No. : 4

As per Article 110(3) of the Articles of Association of the Company, the Directors nominated by IFCI Ltd., the holding Company, will be treated as non-rotational directors. Currently, the Board comprises of eight directors out of which five are independent directors and three directors are nominated by IFCI Ltd. In terms of Section 149, Section 152 and any other applicable provisions of Companies Act, 2013, effective from April 1, 2014, for the purpose of determining the directors liable to retire by rotation, the Independent Directors shall be excluded in the total number of directors of the Company. However Section 152 of the Companies Act, 2013 requires a not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation and shall be appointed in general meeting.

Therefore, the Board of Directors recommends amendment to the Articles of Association of the Company by deleting the existing Article 110(3) and substituting with new Article 110(3), to make the directors nominated by IFCI Limited as directors whose period of office is liable to determination by retirement of directors by rotation, subject to the requirements of the Companies Act, 2013.

The Resolution at Item No. 4 of the Notice is set out as a Special Resolution for approval by the members in terms of Section 14 of the Companies Act, 2013.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration would be available for inspection by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday, upto and including the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Item No. : 5

Shri Anil Vidyarthi is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 2007. Shri Vidyarthi is a member of the Audit Committee, the Executive Committee and the Nomination and Remuneration Committee, of the Board of Directors of the Company.

In the opinion of the Board, Shri Vidyarthi fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Shri Vidyarthi being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of three consecutive years w.e.f. April 1, 2014 upto March 31, 2017.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Anil Vidyarthi as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Vidyarthi as an Independent Director, for the approval of the shareholders of the Company.

Except Shri Anil Vidyarthi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

Item No. 6:

Dr. Ravi Gupta is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2011. Dr. Gupta is the Chairman of the Audit Committee and member of the Executive Committee of the Board of Directors of the Company.

In the opinion of the Board, Dr. Gupta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Dr. Gupta being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of three consecutive years w.e.f. April 1, 2014 upto March 31, 2017.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Gupta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Gupta as an Independent Director for the approval of the shareholders of the Company.

Except Dr. Ravi Gupta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7:

Shri Pavan Kumar Vijay is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2012. Shri Vijay is a member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

In the opinion of the Board, Shri Vijay fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Shri Vijay being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of three consecutive years w.e.f. April 1, 2014 upto March 31, 2017.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Pavan Kumar Vijay as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Vijay as an Independent Director for the approval of the shareholders of the Company.

Except Shri Pavan Kumar Vijay, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Item No. 8:

Shri Karna Singh Mehta is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in September, 2012.

In the opinion of the Board, Shri Mehta fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

In terms of Section 149 and other applicable provisions of the Companies Act 2013, Shri Mehta being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for a period of three consecutive years w.e.f. April 1, 2014 upto March 31, 2017.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Karna Singh Mehta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Mehta as an Independent Director for the approval of the shareholders of the Company.

Except Shri Karna Singh Mehta, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 8.

Item No. 9:

Shri Ajoy Kumar Deb is a Non-Executive Independent Director of the Company. Shri Deb was appointed as an Additional Director in the meeting of Board of Directors of the Company held on November 28, 2013. Shri Deb is the Chairman of the Corporate Social Responsibility Committee of Directors and member of the Executive Committee of Board of Directors of the Company.

Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) read with Article 110(10)(a) of the Articles of Association of the Company, Shri Ajoy Kumar holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Shri Deb as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Deb fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Ajoy Kumar Deb as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Shri Deb as an Independent Director, for the approval of the shareholders of the Company for a period of three consecutive years w.e.f. April 1, 2014 upto March 31, 2017.

Except Shri Ajoy Kumar Deb, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 9.

Item No. 10:

Shri Amarjit Chopra is a Non-Executive Independent Director of the Company. Shri Chopra was appointed as an Additional Director in the meeting of Board of Directors of the Company held on July 30, 2014. Shri Chopra is a member of the Audit Committee of Directors

Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) read with Article 110(10)(a) of the Articles of Association of the Company, Shri Amarjit Chopra holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Shri Chopra as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Chopra fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that given his vast and diverse experience, IFCI Venture would benefit under his guidance. Accordingly, the Board recommends the resolution in relation to appointment of Shri Chopra as an Independent Director, for the approval of the shareholders of the Company for a period of three consecutive years w.e.f. July 30, 2014 upto July 29, 2017.

Except Shri Amarjit Chopra, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 10.

Item No. :11

In accordance with Article 110(3) of the Articles of Association of the Company, IFCI Ltd., the holding Company has the power to appoint upto one third of the total no. of Directors in the Company and one amongst them shall hold the position of the Chairman of the Company. In terms of nomination made by IFCI Ltd. vide its letter dated December 26, 2014, Shri Malay Mukherjee, CEO & MD, IFCI Ltd., was appointed as an Additional Director designated as the Chairman of the Company through resolution by circulation dated January 8, 2014 passed by Board of Directors of the Company and ratified in their meeting held on February 14, 2014.

Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) read with Article 110(3) of the Articles of Association of the Company, Shri Mukherjee

holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Shri Mukherjee as a candidate for the office of Director of the Company.

The Board considers that given his vast and diverse experience, IFCI Venture would benefit under his guidance. Accordingly, the Board of Directors recommends appointment of Shri Mukherjee as a Director designated as Chairman of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Shri Malay Mukherjee, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 11.

Item No. :12

In accordance with Article 110(3) of the Articles of Association of the Company and nomination made by IFCI Ltd., the holding Company, vide its letter dated December 26, 2014, Shri Sudhir Garg, Executive Director, IFCI Ltd., was appointed as an Additional Director of the Company, through resolution by circulation dated January 8, 2014 passed by the Board of Directors of the Company and ratified in their meeting held on February 14, 2014. Shri Garg is acting as the Chairman of the Executive Committee and member of the Nomination and Remuneration Committee, the Audit Committee and the Corporate Social Responsibility Committee of Directors.

Under Section 161(1) of the Companies Act, 2013 (corresponding to Section 260 of the Companies Act, 1956) read with Article 110(3) of the Articles of Association of the Company, Shri Garg holds office only up to the date of this Annual General Meeting of the Company. A notice has been received from a member proposing Shri Garg as a candidate for the office of Director of the Company.

The Board considers that the appointment of Shri Garg as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

Except Shri Sudhir Garg, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 12.

Item No. :13

IFCI Ltd. (IFCI) had deputed Shri Shivendra Tomar as the Managing Director of IFCI Venture for a period of one year w.e.f April 9, 2014 in place of Shri S.P. Arora, on the terms and conditions as set out in IFCI Ltd.'s letter dated April 4 and April 9, 2014. The Board of Directors at their meeting held on April 16, 2014 appointed Shri Shivendra Tomar, subject to the approval of Members of the Company, as Additional Director designated him 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 2013-14 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 Shivendra Tomar as 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. 13 to be moved for consideration and approval by the members.

Except Shri Shivendra Tomar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 13.

Item No. :14

In 1988, shareholders had authorized and given consent to the Board of Directors to borrow amount not exceeding ₹ 20 crore. Later the borrowing limits were further enhanced by the shareholders to ₹ 200 crore in the year 2008. In view of increased activities, shareholders further increased the borrowing limits to ₹ 300 crore in the Annual General Meeting held on September 30th, 2011. Thereafter, in Extra ordinary General Meeting held on April 13, 2012, shareholders approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 650 crores. Out of the above limits, as on March 31, 2014, IFCI Venture has outstanding borrowing of ₹ 297.30 crore.

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

The Budget for the year 2014-15 envisages expansion in NBFC activities through the additional borrowing by way of bonds and also Term Loans from the banks. Accordingly, shareholders are requested to authorize the Board of Directors of the Company to borrow as and when required upto an amount of ₹ 850 crores. As per requirements of Section 180(1)(c) of the Companies Act 2013, consent of the shareholders of the Company by way of passing Special Resolution in General Meeting is required. Accordingly, the resolution is proposed to be moved for consideration and approval by members.

None of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 14.

Item No. :15

The Company is a notified public financial institution under section 2(72) of the Companies Act 2013 and a systemically important non-deposit taking Non-Banking Financial Company registered with Reserve Bank of India. The Company is engaged in providing financial assistance to profit making companies with security of shares of listed companies and/or mortgage of property. To meet its fund requirement, the Company has been raising funds by way of bonds, term loans from Banks/FIs, etc.

The main constituents of the Company's borrowings are generally in form of Private Placement of bonds/ debentures, cash credit facilities and Term loans (including commercial paper).

It is proposed to raise funds through private placement of secured, redeemable, non-convertible, taxable, senior/subordinated bonds/debentures/debt securities to the extent of ₹ 50 Crores in Financial Year ending 31st March, 2015.

The provisions of section 42 of The Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 mandate the Company to seek approval of shareholders by means of a Special Resolution for raising funds through private placement of non-convertible debentures.

The Board recommends the Resolution for your approval as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is/ are concerned or interested, financial or otherwise, in the resolution set out at Item No. 15.

**IFCI VENTURE CAPITAL FUNDS LIMITED**

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

PROXY FORM

FOLIO NO. : _____

I/We _____ of
_____ in the district of _____ being a
Member/Members of the above named Company hereby appoint
_____ of _____ in the district of _____
failing him _____ of _____
_____ in the district of _____
_____ as my/ our proxy to vote on
my/our behalf at the Twenty Sixth Annual General Meeting of IFCI Venture Capital Funds Ltd. to
be held on _____, 2014 at __:__ a.m. / p.m. in the IFCI Tower, 61 Nehru
Place, New Delhi - 110 019, and at any adjournment thereof.

Signed this _____ day of _____ 2014.

Signature _____
Address _____

₹ 1/-
Revenue
Stamp

FOR OFFICE USE ONLY

Proxy No.
Ledger Folio
No. of Shares

DIRECTORS' REPORT

TO THE MEMBERS

The Board of Directors of your Company has the pleasure of presenting the Twenty Sixth Annual Report of IFCI Venture Capital Funds Limited (IFCI Venture) together with the Audited Financial Statement of Accounts for the year ended on March 31, 2014.

FINANCIAL RESULTS

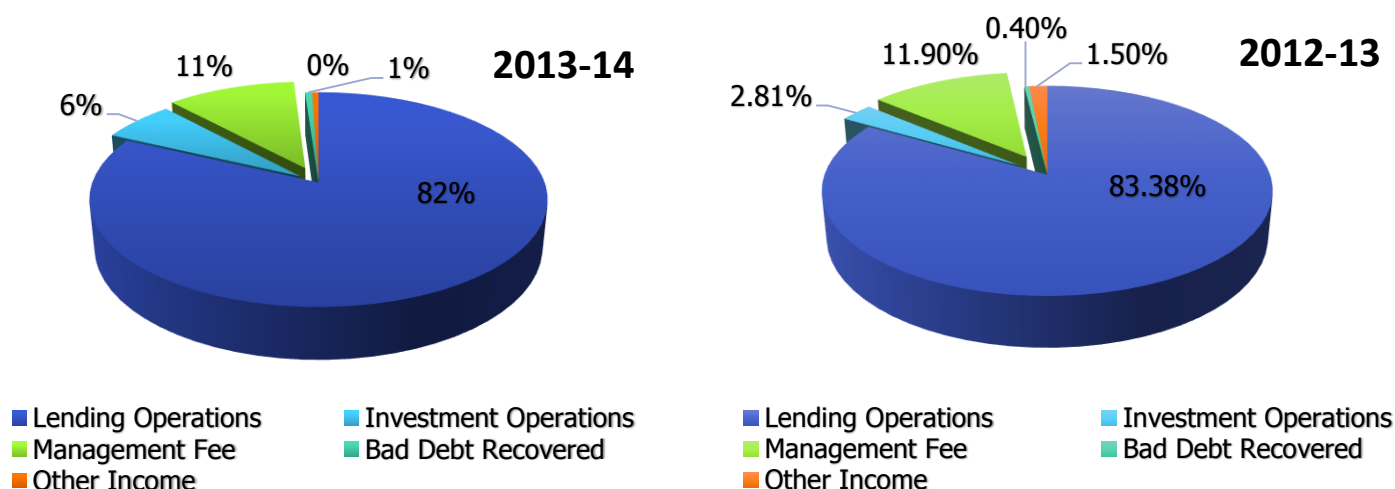
The financial results of your Company for the year under review are summarised in the following table:

(₹in lakhs)

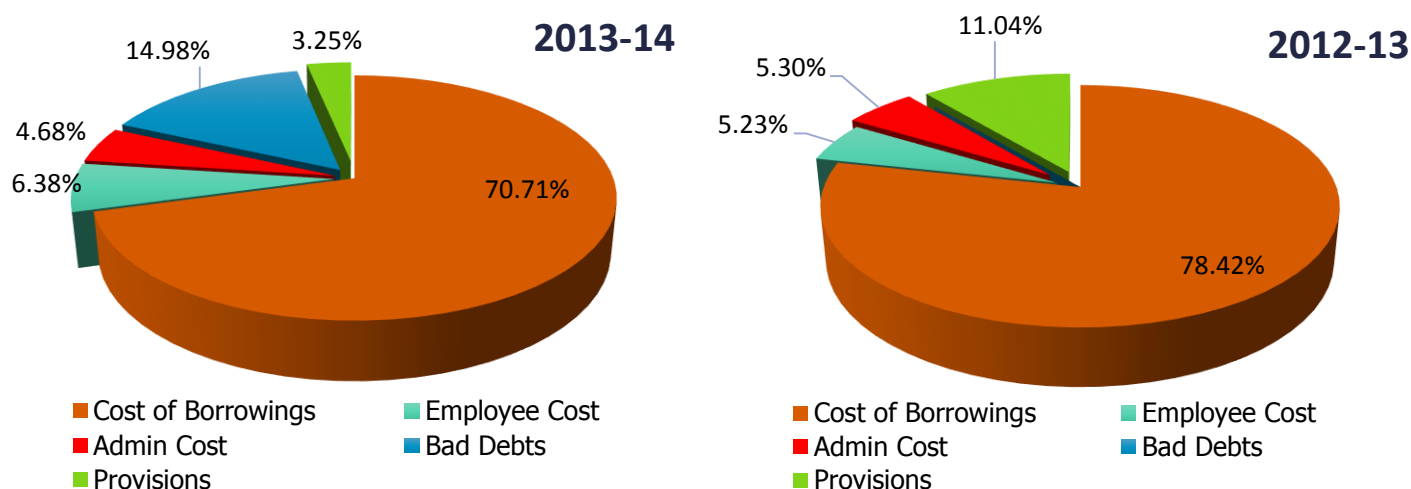
Financial Year	2013-14	2012-13
Total Income	7593.75	7886.39
Expenditure		
- Employee Benefit Expense	288.01	249.68
- Finance Cost	3193.17	3741.11
- Depreciation	19.59	15.11
- Write offs/ Provision for Bad & Doubtful debts	823.40	526.75
- Other Expense	191.90	237.96
Total Expenditure	4516.08	4770.61
Profit Before Tax	3077.68	3115.78
Less: Provision for Income Tax & other Tax adjustments	1038.85	1044.52
Profit After Tax	2038.83	2071.26
Add: Surplus brought forward from previous year	3939.94	3963.13
Appropriations		
Reserve u/s 45IC of RBI Act	407.77	1392.80
Dividend incl. distribution tax	706.31	701.65
Balance Surplus carried to Balance Sheet	4864.69	3939.94

The overall financial performance of your Company during the year 2013-14 has marginally slipped as compared to the previous year due to higher write off/ provisioning requirement.

Income Components



Expenditure Components



DIVIDEND

The Board of Directors declared an interim dividend @ ₹ 1 per Equity Share of ₹ 10/- each fully paid-up (i.e. 10%) through resolution by circulation dated March 10, 2014, passed by the Board of Directors and ratified in the meeting held on April 16, 2014 and the same has been paid to the shareholders. Your Directors have not recommended any further final dividend for the year 2013-14. The dividend proposed by your Company does not exceed 10% of the paid up share capital, hence, the Companies (Transfer of Profits to Reserves) Rules, 1975 are not applicable.

CHANGES IN THE BOARD OF DIRECTORS

Shri Atul Kumar Rai had tendered resignation from the directorship of IFCI Venture, vide letter dated May 31, 2013, which was accepted in the meeting of Board of Directors held on July 26, 2013. IFCI Ltd. in terms of Article 110(3) of the Articles of Association of IFCI Venture, nominated Shri S. B. Nayar, Ex-CEO & MD, IFCI as Director on the Board of IFCI Venture and designated him as the Chairman.

Shri Ajoy Kumar Deb was appointed as an Additional Director by the Board of Directors at the meeting held on November 28, 2013 to hold office till the conclusion of next Annual General Meeting of the Company.

Shri S.B. Nayar resigned from the directorship of IFCI Venture, subsequent to which Shri Malay Mukherjee, CEO & MD, IFCI was appointed as an Additional Director and designated as the Chairman of the Board of Directors of the Company. The Board of Directors through resolution by circulation dated January 8, 2014, which was ratified at the meeting held on February 14, 2014, took note of resignation of Shri S.B. Nayar and appointment of Shri Malay Mukherjee as an Additional Director and designated as the Chairman of the Company.

During the year, Shri Shivendra Tomar resigned from the directorship of IFCI Venture, subsequent to which Shri Sudhir Garg, Executive Director, IFCI Ltd. was appointed as an Additional Director on the Board of Directors of the Company. The Board of Directors through resolution by circulation dated

January 8, 2014, which was ratified at the meeting held on February 14, 2014, took note of the resignation of Shri Shivendra Tomar and appointment of Shri Sudhir Garg as an Additional Director of the Company.

IFCI Ltd., vide its letter dated April 4, 2014 and April 9, 2014, nominated Shri Shivendra Tomar as Director and designated him as the Managing Director for a period of one year with effect from April 9, 2014 in place of Shri S.P. Arora. Accordingly, Shri S.P. Arora was relieved from the post of Managing Director, IFCI Venture on April 9, 2014, after handing over the charge to Shri Tomar. The Board of Directors in the meeting held on April 16, 2014 took note of withdrawal of nomination of Shri S.P. Arora and appointment of Shri Shivendra Tomar as the Managing Director of the Company.

AUDIT COMMITTEE

The Audit Committee of IFCI Venture as on 31st March, 2014, comprised of two independent Directors viz. Shri Anil Vidyarthi and Dr. Ravi Gupta and one non-executive Director viz. Shri Sudhir Garg.

The nomination of Shri Shivendra Tomar was withdrawn from the Board of IFCI Venture by IFCI vide its letter dated December 26, 2013 and consequently, he ceased to be a member of the Audit Committee. Further, Shri Sudhir Garg was appointed as a member of the Audit Committee w.e.f. January 8, 2014.

The Committee presently comprises Dr. Ravi Gupta, as the Chairman, Shri Anil Vidyarthi and Shri Sudhir Garg, as members of the Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of Companies Act, 1956 (corresponding to section 134(5) of the Companies Act, 2013), with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) such accounting policies were selected and applied consistently, and such judgments and estimates were made as are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the Financial Year and of the profit for that period;
- c) proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the erstwhile provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and,
- d) annual Accounts were prepared on a going concern basis.
- e) the directors had devised proper policy/ systems/ procedures to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

M/s Dinesh Jain & Associates (Firm Regd. No. 004885N) was appointed by the Comptroller and Auditor General of India (C&AG) as Statutory Auditors of your Company for the Financial Year 2013-14. C&AG shall appoint Statutory Auditor(s) of your Company for the Financial Year 2014-15.

INDUSTRY AND BUSINESS OF THE COMPANY

Industry Overview

i. Introduction

Economic scenario of Financial Institutions for Financial Year 2013-14 was yet again difficult owing to slow Industrial Growth. The slowing economy has affected the cash flows of Companies and thereby their loan repaying capacity. Rating agency Fitch (India Ratings – Ind-Ra) expects the moderate loan growth witnessed in Financial Year 2013-14 by NBFCs to continue and management focus to shift more on improving recoveries and collection efficiency and control operating costs. Ind-Ra also expects that disbursements are likely to remain subdued till 3QFY15 in various key segments.

These tough economic conditions led to a higher proportion of restructured loans slipping to become non-performing assets (NPA) for banks & NBFCs during 2013-14. While sentiment has now improved, it has not converted into improvement on the ground and more restructured loans may pose challenges to lenders.

India is one of the top 10 economies globally with vast potential for the banking sector to grow. In 2014, the country's ₹ 81 trillion (US\$ 1.34 trillion) banking industry is set for a greater change. Two new banks have already received licenses from the government. Furthermore, the Reserve Bank of India's (RBI) new norms will provide incentives to banks & Financial Institutions (FI) to spot potential bad loans and take corrective steps that will curb the practices of rogue borrowers.

ii. Recent Developments

Infrastructure Development Finance Company (IDFC) and Bandhan Financial Services Pvt Ltd have been chosen among a field of 25 applicants by the RBI to set up banks. 'In-principle' approval has been given to the banks, which are both non-banking finance companies. While Mumbai-based IDFC is categorised as an infrastructure finance company, Kolkata-based Bandhan is a Microfinance Financial Institution.

iii. Regulatory Changes

- The RBI on January 23, 2014 issued revised guidelines for restructuring of advances by NBFCs. Under these guidelines special regulatory treatment for asset classification was introduced in modification to normal restructuring guidelines subject to certain conditions, whereby NBFCs can restructure stressed loans without classifying them as NPA. These modified norms which are valid upto March 31, 2015 and does not apply to Consumer & Personal advances, Capital Market Exposures & Commercial Real Estate.

- The RBI on March 21, 2014 issued norms for corrective action plan that will incentivize early identification of problem account, timely restructuring of accounts which are considered to be viable, and taking prompt steps by lenders for recovery or sale of unviable accounts.

Business Overview

i. Private Equity

During the previous year, the Indian Economy faced some troubles, the current account deficit went up, and there was currency depreciation along with pessimism among consumers and manufacturers. The inflation remained high at 5.98% for this fiscal year therefore the GDP grew only 4.7%. To tackle high inflation, the Reserve Bank took some monetary measures such as increasing the policy rates, which led to lower funds available with the public. Even after less than 5% growth, financial services, real estate, insurance, business services grew at a rate of more than 6%.

However, Private Equity (PE) played a major role in India's macroeconomic scenario, contributing up to 5% of the total Foreign Direct Investment Inflows in the economy. Total FDI (equity) inflow into India between April 2000 and December 2013 was 209.8 Billion USD. Of this, PE investments accounted for 78.3 billion USD, or about 37% of the total FDI inflow. During year 2000–2013, PE investors funded over 4000 businesses. Simultaneously, they have spurred the growth of India's service economy, funding the development of soft infrastructure, enabling higher consumption levels and boosting technology growth.

New Initiatives by your Company

Your company's portfolio of funds created in 2008 has delivered periodic profits and unit distributions to the investors of the funds including your company. This is expected to continue as the underlying portfolio of companies are maturing anticipating further distributions in the ensuing year 2014-15. This periodic return of capital along with profit to the investors by the funds has invoked confidence amongst the investor's fraternity and has created an optimistic image of your company acting as the asset manager.

To tap further opportunities in PE/VC space, your Company proposes to raise next round of funds, on the similar platform, keeping in view the past experience. These are as follows:

1. Your Company has been largely successful in managing Green India Venture Fund (GIVF), which has investments in the Cleantech and Renewable Energy space, giving about 20% return to investors so far. Therefore your Company has conceptualized a fund viz. Green India Venture fund – II (GIVF II) to further promote projects in Clean-tech and Renewable Energy space.
2. Similarly, your Company has conceptualized Small and Medium Enterprise Fund – I SMEF I) seeing the larger thrust of the Government of India to promote SME segment in Indian economy. The fund is expected to cater to the new and emerging sectors of economy. The focussed sectors of Government of India includes improvement in the supply side of Agro and Agro Based products, defence equipment manufacturing, modernisation of railways and national highways, textiles, food processing, leather industry etc. SME Fund - I would inter alia explore the possibility of investment in these sectors along with other emerging sectors viz. healthcare, pharmaceuticals, etc.

3. Your Company also proposes to set-up a Venture Capital Fund for SC Entrepreneurs as per announcement made in the interim budget, by the Government of India. The fund is proposed to be set up as per AIF Regulations, 2012 of SEBI, with a corpus of ₹ 500 crore with Green Shoe Option. Your Company is proposed to be appointed as the Asset Manager for the fund. The said allocation by the Government is under Social Sector Initiatives in order to promote entrepreneurship among the scheduled castes and to provide concessional finance to them.
4. Your company has also been invited by Ministry of finance, Department of Financial Services for discussion on setting up of a ₹ 10,000 crore revolving fund for MSME through assistance under Venture capital, mezzanine products, venture debts, quasi equity, soft loans etc.

With respect to the funds mentioned at 1 and 2 above, the process of floatation is already undergoing, whereas further developments with respect to the funds mentioned at 3 broad modalities have been submitted to Ministry of Social Justice and Empowerment. However, the process of floating the funds mentioned at point 3 and 4 is expected to initiate after receiving a mandate from Government of India.

ii. Lending Operations

In the absence of any fresh Private Equity fund, at present, lending is the primary source of revenue for your Company. Even in a slowdown, your Company, has put up reasonably good performance. During the Financial Year 2013-14, your Company's consolidated disbursement was lower at ₹ 225.41 crore compared to ₹ 280.65 crore in the previous year. The adverse economic scenario has affected the overall lending portfolio and assets of your Company.

In the current scenario, constant endeavor is being made towards:

- Stringent due diligence of loan proposals;
- Making tangible security mandatory in collaterals and ensuring realistic valuation of the same;
- Lowering cost of borrowing to improve margins, as far as possible;
- Aggressive legal action against defaulters for recovery.

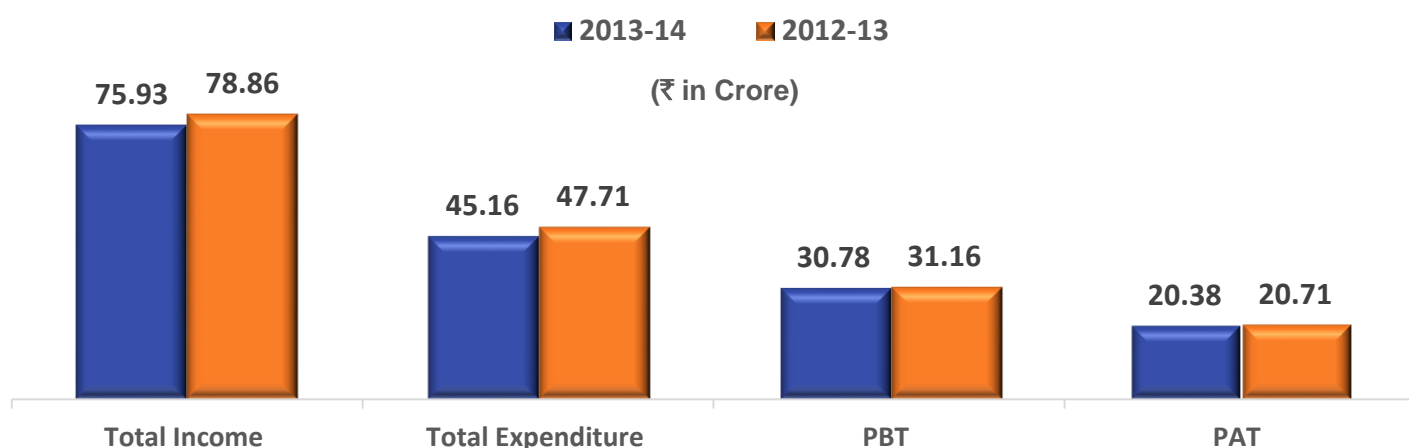
PERFORMANCE OF YOUR COMPANY

In addition to the management of Venture/ Private Equity Funds being the main activity, your Company has continued its business of corporate lending. 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 year under report.

The details of performance on various parameters are outlined below:

i. Financial Performance

During the Financial Year 2013-14 your Company has earned a Net Profit of ₹ 2038.83 lakhs as compared to a Net Profit of ₹2071.26 lakhs in 2012-13. The book value per share increased to ₹28.92 per share in 2013-14 from ₹26.71 per share in 2012-13.



ii. Sanctions and Disbursements

Your Company has undertaken NBFC activities of providing Corporate Loans to promising companies. During the year, your Company sanctioned and disbursed corporate loan of ₹215.10 crore and ₹225.41 crore, respectively. The corporate loan portfolio of your Company decreased to ₹370 crore as at March 31, 2014 from ₹416.52 crore as at March 31, 2013. However, due to difficult economic conditions and fall in recovery of dues, efforts are being made to increase the lending portfolio during the current Financial Year 2014-15.

iii. Management of Private Equity/Venture Capital Funds

As you are aware that your company has been acting as an Asset Manager for managing Venture Capital Funds since 1991. Your Company is at present managing 3 PE/ VC funds viz. India Automotive Component Manufacturers Private Equity Fund-1-Domestic (IACM-I-D), Green India Venture Fund (GIVF) and India Enterprise Development Fund (IEDF) with an aggregate corpus of ₹508 crore. The focus of all the three funds was on investments in mid-sized companies involved in setting-up niche business models in respective industry sectors with the prospects of scalability.

The above mentioned funds were floated in June 2008. The funds are SEBI registered "Trust" funds. IDBI Trusteeship Services Limited is the trustee to all the three funds and IFCI Limited is the settlor. The funds have received contributions from 38 investors including 9 Banks, 5 Insurance Companies, 2 Financial Institutions and 22 HNIs.

All the three funds were fully invested by 2011 and partial 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 earns an annual management fee @ 2% p.a. on the outstanding fund corpus, of about ₹ 360 crore as on March 31, 2014. Besides, IFCI Venture is entitled to profit sharing on divestments since it also acted as an investor in all the three funds.

The status of fund corpus, sanction, disbursement and outstanding investment under the three PE/ VC funds managed by your Company as on March 31, 2014, is as under:

(₹ in crore)

Particulars	IACM-1-D	GIVF	IEDF	Total
Objective	To invest mainly in Automotive Component companies, besides other sectors.	To fund environment friendly projects.	To invest in projects in emerging sectors with potential of high growth prospects.	
Fund Corpus	190.00	220.00	98.00	508.00
Sanctioned Deals (in nos.)	9	14	6	29
Sanctioned Investments	182.92	210.75	93.49	487.16
Disbursements	182.92	210.75	93.49	487.16
Investments Exited	43.97	86.41	5.93	136.31
Equity Shares received in lieu of premium (Increased Investments)	1.44	NIL	5.14	6.58
Outstanding Investments	140.39	124.34	92.70	357.43

Note:

- A. The difference in fund corpus and sanctions is due to the expenditures incurred against management fees & set up cost under the three funds.
- B. In IACM-1-D, partial exits have been done in 4 companies and one full exit has been done in one company whereas in IEDF, partial exits have been done in 4 companies. In GIVF, 3 full exits and 5 partial exits have happened. The exits out of the investee companies under the three funds have been materialized mostly through second round of private equity funding/ strategic investment/ Secondary sale of shares and/ or through promoters' buyback. Most of the exits have been done giving returns of 18% and above.
- C. Equity Shares in lieu of premium due/ payable have been issued in 1 Investee Company in IACM-1-D and 2 Investee Companies in IEDF due to which the outstanding investment stands increased under the two funds.

PERSONNEL

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, there are no employee(s) whose particulars need to be furnished under the section.

ENERGY CONSERVATION

Your Company's operations do not involve any manufacturing or processing activities.

FOREIGN EXCHANGE

During the year, your Company did not incur any amount in foreign currency.

ACKNOWLEDGEMENTS

The Board of Directors of your Company wish to express gratitude for the cooperation, guidance and support received from IFCI, Ministry of Finance and various other Ministries & Departments of the Government of India, the Reserve Bank of India, various Banks and Financial Institutions, Stock Exchanges, etc.

The Board of Directors would like to sincerely thank the shareholders and the investors for their continued support.

The Directors of your Company place on record their appreciation for the dedicated and sincere services rendered by the employees of the Company.

For and on behalf of the
Board of Directors

(Shivendra Tomar)
Managing Director

(Sudhir Garg)
Director

(Indu Gupta)
Chief Financial Officer

(Mukesh Girdhar)
Company Secretary

Place: New Delhi

Date: July 30, 2014



संख्या / No. : ए.ए.सी.डी. II/66-2/2013-14/105

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 23.6.2014

सेवा में,

अध्यक्ष

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

विषय- कंपनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2014 को समाप्त वर्ष के लिए आई. एफ. सी. आई. वेंचर कैपिटल फंड्स लिमिटेड, के लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम 1956 की धारा 619 (4) के अधीन 31 मार्च 2014 को समाप्त हुए वर्ष के लिए आई. एफ. सी. आई. वेंचर कैपिटल फंड्स 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,

अ. (6) 25
23/6/14

(आत्रेयी दास)

प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य, लेखा परीक्षा बोर्ड-II

नई दिल्ली

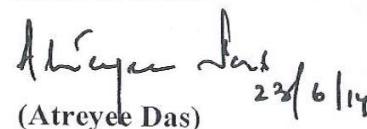
संलग्नक:- यथोपरि

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF IFCI VENTURE CAPITAL FUNDS LIMITED FOR THE YEAR
ENDED 31 MARCH 2014.**

The preparation of financial statements of IFCI Venture Capital Funds Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 16 April 2014.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of IFCI Venture Capital Funds Limited for the year ended 31 March 2014 and as such have no comments to make under section 619(4) of the Companies Act, 1956.

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


(Atreyee Das) 22/6/14

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

Place: New Delhi

Date: 23.6.2014

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. Accordingly, this report, though not mandatory, is being presented as a part of the Annual Report of IFCI Venture.

2. BOARD OF DIRECTORS

The Board of Directors of IFCI Venture comprised 9 Directors as on date, including 6 Independent and Non-Executive Directors. Further, Shri Malay Mukherjee, Chairman & Non-Executive Director, Shri Sudhir Garg, Additional Director and Shri Shivendra Tomar, Managing Director are the nominees of IFCI Ltd. (IFCI).

During the year, Shri Ajoy Kumar Deb was appointed as an Additional Director by the Board of Directors at their meeting held on November 28, 2013. Shri S.B. Nayar was regularized as a Director in the 25th AGM held on September 30, 2013 pursuant to erstwhile provisions of Section 257 of the Companies Act, 1956, later his nomination was withdrawn by IFCI Ltd., holding Company and in his place Shri Malay Mukherjee, CEO & MD, IFCI Ltd., was nominated on the Board of the Company designated as Chairman.

In total, 4 Board Meetings were held during the Financial Year 2013-14 and the Attendance Record of the Directors is as given below:-

Name of Director	Date of Board Meeting(s)			
	May 7, 2013	July 26, 2013	November 28, 2013	February 14, 2014
Shri Atul Kumar Rai	P	-	-	-
Shri S.B. Nayar	-	Inducted	P	-
Shri Malay Mukherjee	-	-	-	Inducted
Shri Anil Vidyarthi	P	P	P	P
Dr. Ravi Gupta	P	P	P	A
Shri Pavan Kumar Vijay	P	P	P	P
Shri K. S. Mehta	P	P	A	A
Shri Ajoy Kumar Deb	-	-	Inducted	P
Shri Sudhir Garg	-	-	-	Inducted
Shri Shivendra Tomar	P	P	P	-
Shri S. P. Arora	P	P	P	P

In table above, 'P', 'A' and '-' **denote** 'Present', 'Absent' and 'Not occupying position as Director on the date of Board Meeting' respectively.

The details of the Directorships / Committee memberships in other Companies held by the Directors of IFCI Venture, as on March 31, 2014 are given below:-

Name of Director	Directorship	Committee Membership
Shri Malay Mukherjee, Chairman	6	-
Shri Anil Vidyarthi	1	-
Dr. Ravi Gupta	14	-
Shri Pavan Kumar Vijay	8	-
Shri K. S. Mehta	4	2
Shri Ajoy Kumar Deb	3	-
Shri Sudhir Garg	3	-
Shri S.P. Arora	7	-

3. AUDIT COMMITTEE

The Audit Committee of IFCI Venture during the Financial Year 2013-14, comprised of one Non-Executive and two Independent Directors viz. Shri Sudhir Garg, Shri Anil Vidyarthi and Dr. Ravi Gupta.

Consequent upon the withdrawal of nomination of Shri Shivendra Tomar from the Board of IFCI Venture, Shri Sudhir Garg was appointed as a member of the Audit Committee.

In Audit Committee meetings held during the Financial Year 2013-14, the attendance of Directors in each of the meeting is as given below:-

Attended by members	Date of Meeting			
	May 7, 2013	July 26, 2013	November 28, 2013	February 14, 2014
Shri Anil Vidyarthi	P	P	P	P
Dr. Ravi Gupta	P	P	P	A
Shri Shivendra Tomar	P	P	P	-
Shri Sudhir Garg	-	-	-	Inducted

In table above, 'P', 'A' and '-' denote 'Present', 'Absent' and 'Not occupying position as Member on the date of Committee Meeting' respectively.

4. NOMINATION AND REMUNERATION COMMITTEE

At present, the Remuneration Committee comprises of three Non-executives Directors viz. Shri Anil Vidyarthi, Shri Pavan Kumar Vijay and Shri Sudhir Garg. As per the erstwhile provisions of Schedule XIII of the Companies Act, 1956, interalia, approval of the Remuneration Committee is required for payment of remuneration to Managerial Personnel of the Company, if the Company has no profits or inadequate profits.

During the Financial Year 2013-14, IFCI Venture had adequate profits and therefore payment of remuneration to the Managing Director did not require approval of the Remuneration Committee. Hence, the Committee did not meet during the year.

5. EXECUTIVE COMMITTEE

The Board of Directors, in the meeting held on October 12, 2009 constituted an Executive Committee of Directors 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. Presently, the Executive Committee comprises of five members namely Dr. Ravi Gupta, Shri Anil Vidyarthi, Shri Ajoy Kumar Deb, Shri Sudhir Garg and Shri Shivendra Tomar.

In Executive Committee meetings held during the Financial Year 2013-14, the attendance of Directors in each of the meeting is as given below:-:

ATTENDED BY	Date of Meeting(s)				
	August 19, 2013	December 27, 2013	January 24, 2014	March 19, 2014	March 25, 2014
Shri Anil Vidyarthi	P	P	P	P	P
Dr. Ravi Gupta	P	P	P	P	A
Shri Shivendra Tomar	P	P	P	P	P
Shri Ajoy Kumar Deb	-	A	P	P	P
Shri S. P. Arora	P	P	P	P	P

In table above, 'P', 'A' and '-' **denote** 'Present', 'Absent' and 'Not occupying position as Member on the date of Committee Meeting' respectively.

6. SHAREHOLDERS' COMMITTEE

As the number of shareholders being nine including four shareholders having beneficial interest, IFCI Venture has not constituted Shareholders' Committee. No complaints/grievances were received from the Shareholders during the year.

7. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors, in compliance of the Companies Act, 2013 and rules made thereunder, constituted Corporate Social Responsibility (CSR) Committee at their meeting held on June 30, 2014. At present the CSR Committee comprises of 3 directors viz. Shri Ajoy Kumar Deb as the Chairman, Shri Sudhir Garg and Shri Shivendra Tomar, as Member(s).

8. GENERAL BODY MEETINGS

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

Date of Meeting	Venue	Time	No. of Special Resolution(s)
Extra Ordinary General Meeting on April 13, 2012	11 th Floor, IFCI Tower, 61 Nehru Place, New Delhi – 110019	11.00 A.M.	1

Annual General Meeting on September 29, 2012	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	11.00 A.M.	2
Annual General Meeting on September 30, 2013	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	12.00 noon	1

(B) The status of special resolutions passed in the General Meetings cited above is as under:

- In the Extra Ordinary General Meeting held on April 13, 2012, one special resolution was passed in respect of alteration of object clause.
- In the Annual General Meeting held on September 29, 2012, two special resolutions were passed; one in respect of appointment and fixation of remuneration of Statutory Auditors and other in respect of appointment and remuneration of the Managing Director.
- In the Annual General Meeting held on September 30, 2013, one special resolution relating to re-appointment and fixing remuneration to the Managing Director was passed.

9. DISCLOSURES

(i) Transaction with the related party during the period:-

Type of Transaction – IFCI	Current Year(₹)	Previous Year(₹)
Loan granted by IFCI	25,00,00,000	3,00,00,000
Repayment of Loan to IFCI	-	10,50,00,000
Loan Outstanding to IFCI	25,00,00,000	-
Interest on Loan Paid to IFCI	-	7,15,685
Rent paid to IFCI (Exclusive of service tax and education cess)	51,62,000	1,03,87,689
Salaries paid to IFCI for employees deputed by IFCI Ltd.	25,16,967	28,50,512
Paid to IFCI towards HR Management Services (Exclusive of service tax and education cess)	5,00,000	5,61,800
Paid to IFCI towards Telephone Expense	44,597	1,23,447
Paid to IFCI towards Stationery Expense	19,338	49,120
Paid to IFCI towards Lunch Expense	89,410	2,56,620
Paid to IFCI towards Professional fee	-	5,61,800
Paid towards insurance policy for employees deputed by IFCI	6,657	11,131
Paid towards Gratuity of employees deputed by IFCI	53,868	1,01,272
Paid towards internet data card for employees deputed by IFCI	8,056	-
Paid towards incentive to Managing Director deputed by IFCI	-	32,00,000

Type of Transaction – NSIPL	Current Year (₹)	Previous Year(₹)
Loan granted to NSIPL	26,00,00,000	23,50,00,000

Loan Repayment by NSIPL	22,00,00,000	23,50,00,000
Outstanding Loan of NSIPL	4,00,00,000	-
Interest on Loan received from NSIPL	2,02,15,772	1,08,67,437

Type of Transaction – IFCI Factors		
Loan granted to IFCI Factors	-	52,00,00,000
Loan Repayment by IFCI Factors	-	52,00,00,000
Outstanding Loan of IFCI Factors	-	Nil
Interest on Loan received from IFCI Factors	-	25,01,368
Loan granted by IFCI Factors	20,00,00,000	62,80,00,000
Loan Repayment to IFCI Factors	20,00,00,000	62,80,00,000
Outstanding Loan of IFCI Factors		-
Interest on Loan paid to IFCI Factors	42,91,233	34,88,754

Balance Outstanding with the related party during the period:-

Type of Transaction – IFCI	Current Year(₹)	Previous Year(₹)
Payable to IFCI towards salary of employees deputed by IFCI	4,87,899	1,63,664
Paid to IFCI towards gratuity of employees deputed by IFCI	55,110	28,291
Interest payable to IFCI Ltd.	3,69,863	-

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 Vigil Mechanism Policy, in line with the Companies Act, 2013 was formulated by the Audit Committee and recommended to the Board of Directors of IFCI Venture for approval.
- (iv) As IFCI Venture is not under obligation to comply with the mandatory clauses, the report is being prepared as a Good Corporate Governance Policy.

10. MEANS OF COMMUNICATION

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

11. GENERAL SHAREHOLDERS INFORMATION

- a) As per the notice attached to this Annual Report, the Annual General Meeting of the Company will be held on August 26, 2014.
- b) The Financial Year of IFCI Venture is from April 1, 2013 to March 31, 2014.

c) Shareholding Pattern as on March 31, 2014 and March 31, 2013 are given as under:-

	As on March 31, 2014		As on March 31, 2013	
	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 @ Rs15.5 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 Rajeev Arora	1	IFCI LIMITED
Shri S. K. Bhatia	1	IFCI LIMITED
Ms. Purnima Umesan	1	IFCI LIMITED

d) Address of Registered Office for correspondence:

IFCI Venture Capital Funds Ltd.

IFCI Tower

61 Nehru Place

New Delhi – 110 019.

Ph: 26453343, 26453346

E-mail: cs@ifciventure.com

Website: www.ifciventure.com

In view of reasons such as IFCI Venture being an unlisted Company, the number of shareholders being nine, the information on matters listed in other clauses is either not applicable or not feasible to be submitted.

Shivendra Tomar
(Managing Director)

Date: July 30, 2014

Place: New Delhi

REVISED 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, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and.
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have 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) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

PLACE: DELHI
DATED: 16/07/2014

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

ANNEXURE TO THE AUDITOR'S REPORT

For the Annexure referred to in paragraph 1 of the Our Report of even date to the Members of IFCI Venture Capital Funds Limited for the year ended 31st March, 2014; we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to information and explanations given to us, fixed assets were physically verified by the management during the year and no discrepancies were noticed on verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and the nature of its assets.
- (c) The company has not disposed off substantial part of fixed assets during the year, which will affect its status as going concern.
2. The nature of the company's business/ activities/ transactions does not require it to hold inventories. Hence, the provisions of this clause are not applicable to the company.
3. (a) The company has not granted any loans secured or unsecured to the companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- (b) The company has not taken any loans, secured or unsecured, from companies, firms, or other parties listed under the register maintained under Section 301 of the Companies Act, 1956.

In respect of loans and advances in the nature of loans given by the Company, the parties are generally repaying the principal amount and interest as stipulated. In the cases where repayment of principal or payment of interest, as the case may be, are not being received as stipulated, reasonable steps have been taken by the Company for their recovery.

The Company has also granted loans to employees who are repaying the principal amounts as stipulated.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. The company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

7. According to the information and explanations given to us, the company is having an internal audit system commensurate with the size and nature of its business.
8. According to Information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of business carried out by the Company.
9. (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 & other statutory dues as applicable to it.
(b) As explained to us, no undisputed amounts payable in respect of these statutory dues were outstanding, as at 31st March, 2014, for a period of more than six months from the date they became payable.
(c) According to the records of the company, there are no dues of income tax, Service tax which have not been deposited on account of any dispute.
10. The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
11. 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 financial institutions or banks.
12. We are of the opinion that the company has maintained adequate records where the company has granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund/ society. Hence, the provisions of this clause are not applicable to the Company.
14. In our opinion, the company is not dealing or trading in shares, securities and debentures. The company has maintained proper records of other investments held in the name of the company.
15. As per the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. The term loans have been applied for the purpose for which they were raised.
17. As per the information and explanations given to us, the company has not used any funds raised on short term basis for long-term investments.
18. According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Act.
19. The company has not issued any debentures during the year.

20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed by us for expressing our opinion on these financial statements and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

**PLACE: DELHI
DATED: 16/07/2014**

BALANCE SHEET AS AT MARCH 31, 2014

(Amount in ₹)

	Note No.	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
- Share Capital	2	60,37,10,080	60,37,10,080
- Reserves and Surplus	3	1,14,19,34,890	1,00,86,83,166
(2) Non-current Liabilities			
(a) Long-term Borrowings	4	1,27,71,46,419	2,42,51,45,088
(b) Long-term Provisions	5	7,48,02,712	8,01,30,045
(3) Current Liabilities			
(a) Short-term Borrowings	6	34,78,74,220	55,22,09,626
(b) Other Current Liabilities	7	1,39,68,00,768	45,39,26,298
(c) Short-term Provisions	8	2,29,873	2,86,36,641
TOTAL		4,84,24,98,962	5,15,24,40,944
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	8,37,352	8,22,608
(ii) Intangible Assets	10	20,239	14,62,170
(b) Non-current Investments	11	86,47,11,734	94,01,28,990
(c) Deferred Tax Asset (Net)		1,61,79,495	89,64,456
(d) Long-term Loans & Advances	12	1,18,23,87,106	1,55,17,22,348
(2) Current Assets			
(a) Current Investments	13	11,68,534	19,03,124
(b) Cash and Cash Equivalents	14	18,05,99,250	32,01,707
(c) Short-term Loans and Advances	15	2,51,93,78,570	2,61,45,95,536
(d) Other Current Assets	16	7,72,16,682	2,96,40,005
TOTAL		4,84,24,98,962	5,15,24,40,944

Notes form an integral part of financial statements

As per our report of even date attached.

For Dinesh Jain & Associates

Chartered Accountants

D.K. Jain
Partner

Directors

Shivendra Tomar
Mg. Director

Malay Mukherjee
Chairman

Indu Gupta
Chief Finance Officer

Mukesh Girdhar
Co. Secretary

Place : New Delhi
Date : April 16, 2014

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2014

		(Amount in ₹)	
	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
I. REVENUE			
Revenue from Operations	17	75,86,75,472	78,75,61,690
Other Income	18	7,00,023	10,77,193
TOTAL REVENUE (A)		75,93,75,495	78,86,38,883
II. EXPENDITURE			
Employee Benefit Expenses	18	2,88,01,165	2,49,68,026
Finance Cost	20	31,93,17,171	37,41,11,055
Depreciation	9, 10	19,59,329	15,11,143
Other Expenses	21	10,15,30,084	7,64,71,201
TOTAL EXPENDITURE (B)		45,16,07,749	47,70,61,425
III. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		30,77,67,746	31,15,77,458
IV. EXCEPTIONAL ITEMS		-	-
V. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		30,77,67,746	31,15,77,458
VI. EXTRAORDINARY ITEMS		-	-
VII. PROFIT BEFORE TAX		30,77,67,746	31,15,77,458
- Current Tax		11,11,00,000	11,23,00,000
- Deferred Tax (Net)		(72,15,039)	(78,48,019)
VIII. PROFIT FOR THE YEAR		20,38,82,785	20,71,25,477
<u>Earning Per Equity</u>			
Basic Earnings per share of ₹10.00 each (₹)		3.38	3.43
Diluted Earnings per share of ₹10.00 each (₹)		3.38	3.43

Notes form an integral part of financial statements

As per our report of even date attached.
For Dinesh Jain & Associates
Chartered Accountants

D.K. Jain Partner	Indu Gupta Chief Finance Officer	Directors Shivendra Tomar Mg. Director	Mukesh Girdhar Co. Secretary	Malay Mukherjee Chairman
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Place : New Delhi
Date : April 16, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013

	(Amount in ₹)	
	Year ended 31st March, 2014	Year ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	30,77,67,746	31,15,77,458
Adjustments for:		
Depreciation	19,59,329	15,11,143
Provision / write off of Bad Debts	8,23,40,133	4,29,23,193
Provision / write off for Investments	(8,58,945)	(19,65,175)
(Profit) on sale of investments	(4,62,47,372)	(2,20,61,122)
(Profit) / Loss on Sale of Assets	7,30,372	1,177
Provision for std assets	-	97,51,332
Interest Expenditure	31,93,17,171	37,41,11,055
Operating Profit before Working Capital Changes	66,50,08,434	71,58,49,061
Adjustments for:		
Decrease / (Increase) in Current Assets	(4,76,85,008)	1,79,29,280
Increase / (Decrease) in Current Liabilities	(3,27,12,174)	2,13,01,726
Cash Generated from Operations	58,46,11,252	75,50,80,067
Income tax paid/payable	(11,11,00,000)	(8,47,13,359)
Leave Encashment	49,78,780	7,55,336
Net cash from Operating Activities	47,84,90,032	67,11,22,044
B. CASH FLOW FROM INVESTING ACTIVITIES		
Long Term Loans Given (Net)	37,11,94,168	(49,05,97,907)
Investments made	(5,00,05,000)	(12,60,00,000)
Sale of Investments	17,25,32,791	10,31,96,598
Purchase of/Advance for Fixed Assets (net of WIP)	(5,32,393)	(6,188)
Sale proceed of Fixed Assets	251	3,300
Net cash used in/raised from Investing Activities	49,31,89,817	(51,34,04,197)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Loans /Bonds borrowed	85,00,00,000	1,17,63,33,332
Repayment of Loans/ bonds	(1,25,43,34,074)	(90,84,75,608)
Interest paid on borrowings	(31,93,17,171)	(37,41,11,055)
Dividend paid (incl. Dividend tax)	(7,06,31,061)	(7,01,64,695)
Net Cash from Financing Activities	(79,42,82,306)	(17,64,18,026)
Net Change in Cash & Cash Equivalent (A+B+C)	17,73,97,543	(1,87,00,179)
Opening Cash and Cash Equivalent	32,01,707	2,19,01,886
Closing Cash and Cash Equivalent	18,05,99,250	32,01,707
Increase/Decrease in Cash & Cash Equivalent	17,73,97,543	(1,87,00,179)

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

D.K. Jain Partner	Directors	Shivendra Tomar Mg. Director	Malay Mukherjee Chairman
	Indu Gupta Chief Finance Officer	Mukesh Girdhar Co. Secretary	

Place : New Delhi
Date : April 16, 2014

NOTE - 1**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014****1 Significant Accounting Policies****1.1 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 notified by the Companies (accounting standards) rules, 2006, relevant provisions of the Companies Act, 1956 and Companies Act 2013, the applicable guidelines issued by the Reserve Bank of India (RBI), other statutory provisions and regulatory framework. The Company adopts the accrual concepts in the preparation of accounts.

1.2 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.
- (b) Front-end fees are accounted for on realization basis.
- (b) Dividends declared by the respective companies till the close of the accounting period are accounted for as income.

1.3 INVESTMENTS

- (a) Long-term investments are valued at cost unless there is a permanent diminution in their value.
- (b) Investments of short term nature are categorized as Current Investments are valued at cost or market value/fair value on the aggregate value of each category of investment whichever is lower.

1.4 FIXED ASSETS AND DEPRECIATION

- (a) Fixed assets are capitalized at cost including directly attributable cost of bringing the assets to the working condition for the intended use.
- (b) Depreciation on fixed assets is provided for on written-down value method, at the rates prescribed under Schedule XIV of the Companies Act, 1956.
- (c) Depreciation is provided on pro rata basis from the date on which assets have been put to use and upto the date on which the assets have been disposed off, as the case may be.

1.5 PROVISIONS/ WRITE OFF AGAINST LOANS AND OTHER CREDIT FACILITIES

- (a) All credit exposers are classified into performing and non-performing assets (NPAs) as per the RBI Guidelines.
- (b) Recovery against debts written off/ provided for is credited to revenue.

1.6 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).

1.7 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 income 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.

2 SHARE CAPITAL

	(Amount in ₹)	
	As at 31st March, 2014	As at 31st March, 2013
AUTHORISED		
15,00,00,000 (Previous Year - 15,00,00,000) Equity Shares of ₹10/- each	1,50,00,00,000	1,50,00,00,000
	1,50,00,00,000	1,50,00,00,000
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 - fully paid up		
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

- Of the above 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹10/- each, the holding company namely IFCI holds 5,95,21,008 Equity Shares i.e. 98.60%.

3 RESERVES AND SURPLUS

	(Amount in ₹)	
	As at 31st March, 2014	As at 31st March, 2013
(A) Capital Reserve	1,00,000	1,00,000
(B) Securities Premium Account	47,47,89,912	47,47,89,912
(C) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	5,20,000	5,20,000
(D) Reserve u/s 45IC of RBI Act.	18,00,56,073	13,92,79,516
(E) Surplus		
Opening Balance	39,39,93,738	
Add : Profit for the year	20,38,82,785	
	59,78,76,523	
Less :		
- Reserve u/s 45 IC of RBI Act	4,07,76,557	
	55,70,99,966	
- Dividend	6,03,71,008	
- Dividend Distribution Tax	1,02,60,053	
	48,64,68,905	39,39,93,738
TOTAL	1,14,19,34,890	1,00,86,83,166

4 LONG-TERM BORROWINGS - SECURED

	(Amount in ₹)	
	As at 31st March, 2014	As at 31st March, 2013
(A) Bonds		
251 Bonds of ₹ 10,00,000 each (refer foot note 1)- secured	25,10,00,000	99,90,00,000
6420 Bonds of ₹ 1,00,000 each (refer foot note 2)- unsecured	64,20,00,000	64,20,00,000
1510 Bonds of ₹ 1,00,000 each (refer foot note 3) - unsecured	15,10,00,000	15,10,00,000
Sub-Total 'A'	1,04,40,00,000	1,79,20,00,000

(B) Other Long Term Borrowings		
a) Banks (refer foot note 4)	23,31,46,419	63,31,45,088
b) Others - Loan from FI	-	-
Sub-Total 'B'	23,31,46,419	63,31,45,088
TOTAL (A+B)	1,27,71,46,419	2,42,51,45,088

Foot-notes

1	Issuer	IFCI Venture Capital Funds Ltd.		
	Issue size	Up to ₹ 100 Crores including Green shoe option		
	Security	First Pari-Passu charge on the receivables of the Company to the extent of 125% of the outstanding Bonds at any point of time.		
	Face Value	₹ 10,00,000.00 (Rupees Ten Lac) per bond		
	Option	Option -1	Option - 2	Option – 3
	Tenure	10 Years	10 Years	3 Years
	Put Call	At par at the end of 3 rd year, 5 th year & 7 th Year respectively.	At par at the end of 5 th year & 7 th Year respectively.	At par at the end of 1 st year & 2 nd year respectively.
	Redemption	At par on exercising put/ call option at the end of 3 rd year or 5 th year or 7 th year or at the end of 10 th year from deemed date of allotment, whichever is earlier	At par on exercising put/ call option at the end of 5 th year or 7 th year or at the end of 10 th year from deemed date of allotment, whichever is earlier	At par on exercising put/call option at the end of 1 st year or 2 nd year or at the end of 3 rd year from deemed date of allotment, whichever is earlier
	Coupon Rate :	10.75% p.a.		

2	Issuer	IFCI Venture Capital Funds Ltd.	
	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 5 th year from deemed date of allotment.	At par on exercising put/ call option at the end of 7 th year or at the end of 10 th year from deemed date of allotment, whichever is earlier.
	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	

3	Issuer	IFCI Venture Capital Funds Ltd.		
	Issue size	Up to ₹ 15.10 Crores including green shoe option of ₹ 0.10 Crores		
	Face Value	₹ 1,00,000.00 (Rupees One Lac) per bond		
	Tenure	10 Years		
	Put Call	At par at the end of 5 th year from the date of allotment		
	Redemption	At par at the end of 10 th year from deemed date of allotment		
	Coupon Rate	10.15% p.a. annual		
	Interest Payment	Interest shall be made annually on 18 th February		

- 4 Long Term borrowings from Banks are secured by hypothecation of Book debts on pari-passu basis between Bank and the bank from which cash credit facilities have been availed / Investors in bonds and the repayment is expected to be as under :
Upto 2 years: ₹23.31 crores.

5 LONG-TERM PROVISIONS

(Amount in ₹)

	As at 31st March, 2014₹	As at 31st March, 2013
(A) Provision for Standard Assets	97,51,332	97,51,332
(B) Provision for Leave Encashment	94,29,427	36,30,520
(C) Provision for Bad & Doubtful Debts (incl provision u/s 36(1)(vii)(c))	5,56,21,953	6,67,48,193
TOTAL	7,48,02,712	8,01,30,045

6 SHORT-TERM BORROWINGS

(Amount in ₹)

	As at 31st March, 2014	As at 31st March, 2013
(A) Cash credit facilities from Banks	9,78,74,220	30,22,09,626
(B) Secured Loan from Bank/ FI – IFCI Ltd.	25,00,00,000	-
(C) 250 Bonds of ₹10,00,000 each (refer foot note 1) - Secured	-	25,00,00,000
TOTAL	34,78,74,220	55,22,09,626

7 OTHER CURRENT LIABILITIES

(Amount in ₹)

	As at 31st March, 2014	As at 31st March, 2013
(A) Current maturities of Long-term borrowings	1,34,80,00,000	39,99,99,999
(B) Interest accrued but not due on bonds and borrowings	2,60,71,163	4,48,75,699
(C) Interest received in Advance	44,72,401	70,70,685
(D) Advance received towards buy-back of equity	1,22,82,184	-
(E) Other Payables		
- Tax and other deduction/ collection payable	4,44,771	5,22,270
- Liability for expenses	6,24,899	14,57,645
- Others	49,05,390	-
TOTAL	1,39,68,00,768	45,39,26,298

Foot-notes

1 The following borrowings are secured against the total receivables of ₹ 3,69,99,99,710

- Long Term Bonds of ₹ 10 lakh each	25,10,00,000
- Long Term Borrowings from Banks	23,31,46,419
- Current Maturity of Long Term Borrowings	1,34,80,00,000
- Cash Credit from Banks	9,78,74,220

TOTAL **1,93,00,20,639**
8 SHORT-TERM PROVISIONS

(Amount in ₹)

	As at 31 st March, 2014	As at 31 st March, 2013
(A) Employee Benefits	2,29,873	10,50,000
(B) Provision for Tax	-	2,75,86,641
TOTAL	2,29,873	2,86,36,641

NON CURRENT

9 FIXED ASSETS - TANGIBLE ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-Apr-13	Additions	Deductions /Transfers	As at 31-Mar-14	As at 01-Apr-13	For the Period	Deductions /Transfers	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Plant & Machinery	53,46,497	5,15,200	3,08,359	55,53,338	45,49,339	5,10,793	3,08,108	47,52,024	8,01,314	7,97,159
Office Equipments	36,688	-	-	36,688	19,260	2,424	-	21,684	15,004	17,428
Furniture & Fixtures	27,662	17,193	-	44,855	19,642	4,179	-	23,821	21,034	8,021
TOTAL	54,10,847	5,32,393	3,08,359	56,34,881	45,88,240	5,17,396	3,08,108	47,97,529	8,37,352	8,22,608
Previous Year	54,61,437	6,188	56,777	54,10,848	41,04,180	5,36,361	52,300	45,88,240	8,22,608	13,57,258

10 FIXED ASSETS - INTANGIBLE ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-Apr-13	Additions	Deductions /Transfers	As at 31-Mar-14	As at 01-Apr-13	For the period	Deductions /Transfers	As at 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Computer Software	76,72,247	-	74,64,247	2,08,000	62,10,076	14,41,932	74,64,247	1,87,761	20,239	14,62,170
TOTAL	76,72,247	-	74,64,247	2,08,000	62,10,076	14,41,932	74,64,247	1,87,761	20,239	14,62,170
Previous Year	76,72,247	-	-	76,72,247	52,35,294	9,74,782	-	62,10,076	14,62,170	24,36,953



11 NON-CURRENT INVESTMENTS

	As at 31st March, 2014		As at 31st March, 2013	
	No. of shares/ units	Amount	No. of shares/ units	Amount
(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.	84,00,000	8,40,00,000	1,26,00,000	12,60,00,000
2. Units of Venture Funds (₹10 each fully paid up)				
- Green India Venture Fund (GIVF)	2,72,29,582	27,22,95,816	3,51,27,195	35,12,71,950
- India Enterprise Development Fund (IEDF)	4,50,57,384	45,05,73,839	4,54,39,746	45,43,97,460
- India Automotive Component Manufacturers Private Equity Fund - 1 (Domestic) (IACM)	5,83,707	58,37,069	6,45,957	64,59,570
3 Bonds – Tax Free Bonds of IFCI Ltd.	50	5,00,05,000	-	-
TOTAL		86,47,11,734		94,01,28,990
Less: Provision for Diminution in value of Equity Shares		-		-
TOTAL		86,47,11,734		94,01,28,990

12 LONG-TERM LOANS & ADVANCES

	As at 31st March, 2014	As at 31st March, 2013
(Amount in ₹)		
Loans to Assisted Concerns - (Secured and considered good)	1,18,08,97,607	1,53,43,89,364
Loans to Assisted Concerns - (Secured and considered doubtful)	-	1,63,39,485
Loans to Staff	14,89,499	9,93,499
TOTAL	1,18,23,87,106	1,55,17,22,348

13 CURRENT INVESTMENTS

	As at 31st March, 2014	As at 31st March, 2013
(Amount in ₹)		
	Amount	Amount
Quoted Equity Shares	15,05,170	30,98,705
TOTAL	15,05,170	30,98,705
Less: Provision for diminution in value	3,36,636	11,95,581
Total :	11,68,534	19,03,124

Note : In exercise of the powers conferred by Section 211(3) of the Companies Act, 1956, the Central Government vide notification dated February 8, 2011, has exempted Public Financial Institutions as specified under section 4A of the Companies Act, 1956 from disclosing company-wise details of Investments.

14 CASH & CASH EQUIVALENTS

	As at 31st March, 2014	(Amount in ₹) As at 31st March, 2013
(A) Balances with Banks	18,05,99,025	31,94,799
(B) Cash in hand (including postage stamps)	225	6,908
TOTAL	18,05,99,250	32,01,707

15 SHORT-TERM LOANS & ADVANCES

	As at 31st March, 2014	(Amount in ₹) As at 31st March, 2013
(A) Current maturities of Long-term Loans (secured and considered good)	2,35,44,43,297	2,36,61,43,527
(B) Current maturities of Long-term Loans (secured and doubtful)	14,77,19,420	24,82,83,873
(C) Current maturities of Long-term Loans (unsecured and doubtful)	1,69,39,386	-
(C) Other Loans and advances		
(i) Loans to Staff (Secured)	44,000	36,000
(ii) Others (Unsecured and considered good)	2,32,467	1,32,136
TOTAL	2,51,93,78,570	2,61,45,95,536

16 OTHER CURRENT ASSETS

	As at 31 st March, 2014	(Amount in ₹) As at 31st March, 2013
(A) Receivables other than trade	9,66,228	60,57,518
(B) Accrued Income		
(i) Interest and commitment charges on Loans	6,71,30,851	2,34,48,721
(ii) Interest on Investment	34,483	-
(iii) Other Income	-	-
(C) Pre-paid Expenses	2,64,157	1,33,766
(D) Advance Tax net of provision	88,20,963	-
TOTAL	7,72,16,682	2,96,40,005

17 INCOME FROM OPERATIONS

	For the year ended 31st March, 2014	(Amount in ₹) For the year ended 31st March, 2013
(A) On Interest on Lending Operations	62,27,72,867	65,75,89,476
(B) On Investment Operations		
(i) Dividend (Gross)		
- long term	-	1,10,082
- current	52,114	-
(ii) Profit on sale of Shares/ Units/ Debentures (Net)	4,62,47,372	2,20,61,122
(C) Business Services Fees and Commission	16,25,000	85,33,174
(D) Management Fee	8,19,23,432	9,38,83,154
(E) Provision no longer required written back	8,58,945	22,42,095



(F)	Bad Debt Recovered	43,38,790	31,42,587
(G)	Interest on Tax Free Bonds	34,483	-
(H)	Prior period expenses/ excess provision	8,22,469	-
TOTAL		75,86,75,472	78,75,61,690

18 OTHER INCOME

		(Amount in ₹)	
		For the year ended 31st March, 2014	For the year ended 31st March, 2013
(A)	Interest on staff advances	84,208	93,538
(B)	Miscellaneous Income	6,15,815	9,83,655
TOTAL		7,00,023	10,77,193

19 EMPLOYEE BENEFITS EXPENSES

		(Amount in ₹)	
		For the year ended 31st March, 2014	For the year ended 31st March, 2013
(A)	Salaries and Allowances *	2,71,29,470	2,32,93,248
(B)	Contribution to Provident and other funds	11,58,196	10,30,328
(C)	Staff Welfare Expenses	5,13,499	6,44,450
TOTAL		2,88,01,165	2,49,68,026

* includes Leave Encashment

20 FINANCE COST

		(Amount in ₹)	
		For the year ended 31st March, 2014	For the year ended 31st March, 2013
(A)	Interest on Bonds and Borrowings	31,19,63,979	34,30,32,345
	Interest on Cash credit facilities	62,45,811	2,23,94,244
(B)	Commitment charges, Brokerage, Commission pertaining to issue of Bonds	11,07,381	86,84,466
TOTAL		31,93,17,171	37,41,11,055

21 OTHER EXPENSES

		For the year ended 31st March, 2014	For the year ended 31st March, 2013
(A)	Rent	53,53,220	98,23,518
(B)	Insurance	3,940	20,855
(C)	Repairs and Maintenance	18,10,819	14,49,945
(D)	Auditors' Remuneration	3,50,685	2,99,104
(E)	Directors' Fees	3,74,455	2,82,515
(F)	Consultation and Law Charges	37,61,707	23,71,044
(G)	Professional Charges	36,86,439	54,20,799
(H)	Travelling & Conveyance	3,72,736	11,86,173
(I)	Postage & Telephone	5,02,078	5,41,934
(J)	Other Miscellaneous Expenses	16,77,400	18,33,887
(K)	HR Outsource Exp	5,30,900	5,30,900
(L)	Provision for diminution in investments	-	34,825
(M)	Provision for bad & Doubtful debts	1,46,81,255	4,29,23,193
(N)	Provision for standard assets	-	97,51,332
(O)	Loss on Current Investments	7,30,372	1,177

(P)	Bad written off	9,34,66,373		
	Less : provision no longer required	(2,58,07,495)	6,76,58,878	-
(Q)	Prior Period expenses		35,200	-
	TOTAL		10,15,30,084	7,64,71,201

22. Contingent Liabilities not provided for in respect of:

a) Claims against the Company not acknowledged as debt - ₹ 1,69,421/- (previous year ₹2,35,012).

23. Auditors' Remuneration

(₹ in lakhs)

Particulars	March 31, 2014	March 31, 2013
a) As Auditor	1.75	1.50
b) For Taxation Matter	0.20	0.15
c) For Other services	0.91	0.84
d) For Reimbursement of Expenses	0.53	0.17
	3.39	2.66

* The above amount excludes Service Tax.

24. During the year, the company has incurred ₹ NIL in foreign currency on travelling expenses (previous year – Nil).

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

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

Actuarial assumptions

	As at 31.3.2014	As at 31.3.2013
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	10.00%	10.00%
Expected average remaining working lives of employees (years)	20.87	19.95

Changes in present value of obligations :

	For year ended 31.3.2014(₹)	For year ended 31.3.2013(₹)
Present value of obligations in beginning of period	46,80,520	39,25,184
Interest Cost	3,74,442	3,14,015
Current Service cost	6,08,297	3,25,499
Benefits paid	(2,29,530)	(3,94,747)
Actuarial (gain)/loss on obligations	41,70,461	5,10,569
Present value of obligations at the end of the period.	96,04,190*	46,80,520

* Enterprise best estimate of contribution during next year is ₹15,34,753/-.

27. 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" are 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)	Shri S.P. Arora (MD)
Associate Company	IFCI Infrastructure Development Ltd. (IIDL) IFCI Financial Services Ltd. (IFIN) Narayan Sriram Investment Pvt Ltd. (NSIPL) IFCI Factors Ltd.

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

Type of Transaction – IFCI	Current Year (₹)	Previous Year (₹)
Loan granted by IFCI	25,00,00,000	3,00,00,000
Repayment of Loan to IFCI	-	10,50,00,000
Loan Outstanding to IFCI	25,00,00,000	
Interest on Loan Paid to IFCI	-	7,15,685
Rent paid to IFCI Ltd.(Exclusive of service tax and education cess)	51,62,000	1,03,87,689
Salaries paid to IFCI for employees deputed by IFCI Ltd.	25,16,967	28,50,512
Paid to IFCI towards HR Management Services (Exclusive of service tax and education cess)	5,00,000	5,61,800
Paid to IFCI towards Telephone Expense	44,597	1,23,447
Paid to IFCI towards Stationery Expense	19,338	49,120
Paid to IFCI towards Lunch Exp	89,410	2,56,620
Paid to IFCI towards Professional fee	-	5,61,800
Paid towards insurance policy for employees deputed by IFCI	6,657	11,131
Paid towards Gratuity of employees deputed by IFCI	53,868	1,01,272
Paid towards internet data card for employees deputed by IFCI	8,056	--
Paid towards incentive paid to Managing Director deputed by IFCI	--	32,00,000
	Current Year (₹)	Previous Year (₹)
Type of Transaction – NSIPL		
Loan granted to NSIPL	26,00,00,000	23,50,00,000
Loan Repayment by NSIPL	22,00,00,000	23,50,00,000
Outstanding Loan of NSIPL	4,00,00,000	-
Interest on Loan recd from NSIPL	2,02,15,772	1,08,67,437

Type of Transaction – IFCI Factors		
Loan granted to IFCI Factors	-	52,00,00,000
Loan Repayment by IFCI Factors	-	52,00,00,000

Outstanding Loan of IFCI Factors	-	Nil
Interest on Loan recd from IFCI Factors	-	25,01,368
Loan granted by IFCI Factors	20,00,00,000	62,80,00,000
Loan Repayment to IFCI Factors	20,00,00,000	62,80,00,000
Outstanding Loan of IFCI Factors		
Interest on Loan paid to IFCI Factors	42,91,233	34,88,754

Balance Outstanding with the related party during the period:-

Type of Transaction – IFCI	Current Year (₹)	Previous Year (₹)
Payable to IFCI towards salary of employees deputed by IFCI	4,87,899	1,63,664
Payable to IFCI towards gratuity of employees deputed by IFCI	55,110	28,291
Interest payable to IFCI Ltd.	3,69,863	-

28. Deferred Taxation

- (i) As per the Accounting Standard (AS-22) "Accounting for Taxes on Income", the company has determined the deferred tax assets of ₹1,61,79,495/- (Previous year assets of ₹ 89,64,456/-) as on 31st March, 2014.
- (ii) Break up of Deferred Tax Assets & liabilities is as under:-

	31/03/2014	31/03/2013
a) Deferred Tax Liabilities		
Related to Fixed Assets	(1,43,117)	(5,70,234)
b) Deferred Tax Assets		
Expenditure allowable on actual payment	1,63,22,612	95,34,690
Net Deferred Tax (Liability)/ Asset	1,61,79,495	89,64,456

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

- (a) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: ₹299,90,91,802/-.

(b) Other Information:

(₹ lakhs)

	Particulars	31/03/2014	31/03/2013
1.	Gross Non-Performing Assets		
	(a) Related Parties	Nil	Nil
	(b) Other than Related parties	16,46,58,806	26,46,23,358
2.	Net Non-Performing Assets		
	(a) Related Parties	Nil	Nil
	(b) Other than Related parties	13,28,61,852	22,17,00,165
3.	Assets acquired in satisfaction of debt	Nil	Nil

(c) Capital to risk assets ratio (CRAR)

	As on	31/03/2014	31/03/2013
A.	Capital		
	(a) Capital to Risk Assets Ratio (CRAR)	37.45%	31.35%
	(b) CRAR – Tier I capital (%)	37.24%	31.16%
	(c) CRAR – Tier II capital (%)	0.21	0.19
	(d) Subordinated debt raised, outstanding as Tier II Capital (₹ crore)	Nil	Nil
	(e) Risk-weighted assets (₹ LAKHS):		
	(i) On-Balance Sheet Items	46,445.02	51,403.15
	(ii) Off-Balance Sheet Items	0.85	1.18

(d) Exposure to Real Estate Sector

(₹ Lakhs)

Category	31/03/2014	31/03/2013
a) Direct Exposure		
(i) Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Individual housing loans up to ₹15 lakh may be shown separately)		
(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	7,592.88	19,955.55
(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

(e) Maturity Pattern of assets and liabilities

	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	3,812.07	416.67	-	2,750.00	2,500.00	2,331.35	-	-	11,810.09
Bonds	-	-	-	-	7,480.00	2,510.00	7,334.00	596.00	17,920.00
Market Borrowings	-	-	-	-	-	-	-	-	-
Total	3,812.07	416.67	-	2,750.00	9,980.00	4,841.35	7,334.00	596.00	29,730.09
Assets									
Advances	3,565.95	3,501.03	1,038.70	7,675.55	9,409.78	11,183.97	625.00	-	36,999.99
Investments	30.00	76.00	65.54	174.80	1,074.20	6,721.58	-	520.05	8,662.17
Total	3,595.95	3,577.03	1,104.24	7,850.35	10,483.98	17,905.55	625.00	520.05	45,662.16

(f) Details of Loan Assets subjected to Restructuring :

(₹ In lakhs)

		2013-2014			2012-2013	
Particulars						
		CDR	Non CDR	-	CDR	Non CDR
Standard		-	1,900.00		-	3056.61
Sub-standard		-	84.62		-	-
Doubtful		-	-		-	-
Total		0.00	1,984.62		0.00	3056.61

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

Notes form an integral part of financial statements

As per our report of even date attached.

For Dinesh Jain & Associates
Chartered Accountants

D.K. Jain
Partner

Indu Gupta
Chief Finance Officer

Directors

Shivendra Tomar
Mg. Director

Mukesh Girdhar
Co. Secretary

Malay Mukherjee
Chairman

Place : New Delhi
Date : April 16, 2014