

29th Annual Report 2016-17



IFCI Venture Capital Funds Limited

BOARD OF DIRECTORS

Dr. Emandi Sankara Rao, Non-Executive Chairman
Mr. Biranchi Narayan Nayak, Nominee Director

Ms. Neeru Abrol, Independent Director
Mr. Deepak Mishra, Managing Director

CHIEF FINANCIAL OFFICER

Ms. Indu Gupta

COMPANY SECRETARY

Mr. Mukesh Girdhar

AUDITORS**STATUTORY AUDITORS**

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

INTERNAL AUDITORS

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

SECRETARIAL AUDITORS

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

BANKERS

Axis Bank Ltd
HDFC Bank Ltd
Karur Vysya Bank
Punjab National Bank

State Bank of India
Vijaya Bank
South Indian Bank

REGISTRAR

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

DEBENTURE TRUSTEE

IL & FS Trust Company Limited
IL&FS Financial Centre, Plot C-22, G Block,
Bandra-Kurla Complex,
Bandra East, Mumbai-400051

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

REGISTERED OFFICE

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

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NOTICE

NOTICE is hereby given that the TWENTY NINTH ANNUAL GENERAL MEETING OF THE MEMBERS OF IFCI VENTURE CAPITAL FUNDS LIMITED (IFCI VENTURE) will be held on Friday, September 29, 2017 at 03:00 P.M., at the Registered Office of the Company situated at IFCI Tower, 61, Nehru Place, New Delhi - 110 019, to transact the following business(es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on March 31, 2017 and the Profit & Loss Account for the year ended March 31, 2017, and the Reports of the Board of Directors and Auditors thereon, as presented to the Members.
2. To confirm the payment of interim dividend as final dividend on equity shares.
3. To appoint a Director in place of Mr. B N Nayak (holding DIN 00144147), who retires in terms of Articles of Association and being eligible offers himself for re-appointment.
4. To fix the remuneration of Auditors and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and any other applicable provisions of Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors of the Company, be and are hereby, authorized to fix the remuneration including out of pocket expenses, if any, to be payable to the Statutory Auditors as may be appointed by the Comptroller and Auditor General of India for the Financial Year 2017-18."

"RESOLVED FURTHER THAT reimbursement made towards out of pocket expenses incurred by the statutory auditors in the course of conducting statutory audit of IFCI Venture Capital Funds Limited for the Financial Year 2016-17, be and is hereby, ratified.

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

Sd/-
(Mukesh Girdhar)
Company Secretary

Place : New Delhi
Date : September 6, 2017

Inspection of Documents

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

Notes:

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

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

3. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
4. Members are requested to kindly communicate immediately any change in their address, if any, to the Managing Director/Company Secretary at the Registered Office of the Company.

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

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

Website: www.ifciventure.com; E mail: cs@ifciventure.com; Tel No. 011 - 4173 2525**Attendance Slip**

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

Folio No.

I hereby record my presence at the Twenty ninth Annual General Meeting of IFCI Venture Capital Funds Ltd. to be held on Friday, September 29, 2017 at 03:00 P.M. at IFCI Tower, 61 Nehru Place, New Delhi - 110 019, and at any adjournment thereof.

NAME OF THE SHAREHOLDER

.....

NAME OF PROXY #

.....

To be filled in case proxy attends instead of Shareholder

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable

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

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

Website: www.ifciventure.com; E mail: cs@ifciventure.com; Tel No. 011-4173 2525**FORM MGT-11 - PROXY FORM**

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

CIN:

Name of the company:

Registered office:

Name of the member (s):

Registered address:

E-mail Id:

Folio No:

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

1. Name:

Address:.....

E-mail Id:.....

Signature:....., or failing him

2. Name:

Address:.....

E-mail Id:.....

Signature:....., or failing him

3. Name:

Address:.....

E-mail Id:.....

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty
Seventh Annual general Meeting of the company, to be held on Friday, September 29, 2017 at
03:00 P.M. at the registered office of the Company and at any adjournment thereof in respect
of such resolutions as are indicated below:

| Item No. | Resolution/s Matter | Optional | |
|-------------------|--|----------|---------|
| Ordinary Business | | For | Against |
| 1. | To receive, consider and adopt the Audited Balance Sheet as at March 31, 2017 and the Profit and Loss Account for the year ended on March 31, 207 and the Reports of the Board of Directors and Auditors thereon, as presented to the Members. | | |
| 2. | To confirm the payment of interim dividend as final dividend on equity shares; | | |
| 3. | To appoint a Director in place of Mr. B N Nayak (holding DIN 00144147) who retires in terms of Articles of Association and being eligible offers himself for re-appointment; | | |
| 4. | To fix the remuneration of Statutory Auditors of the Company; | | |

Signed this..... day of..... 2017.

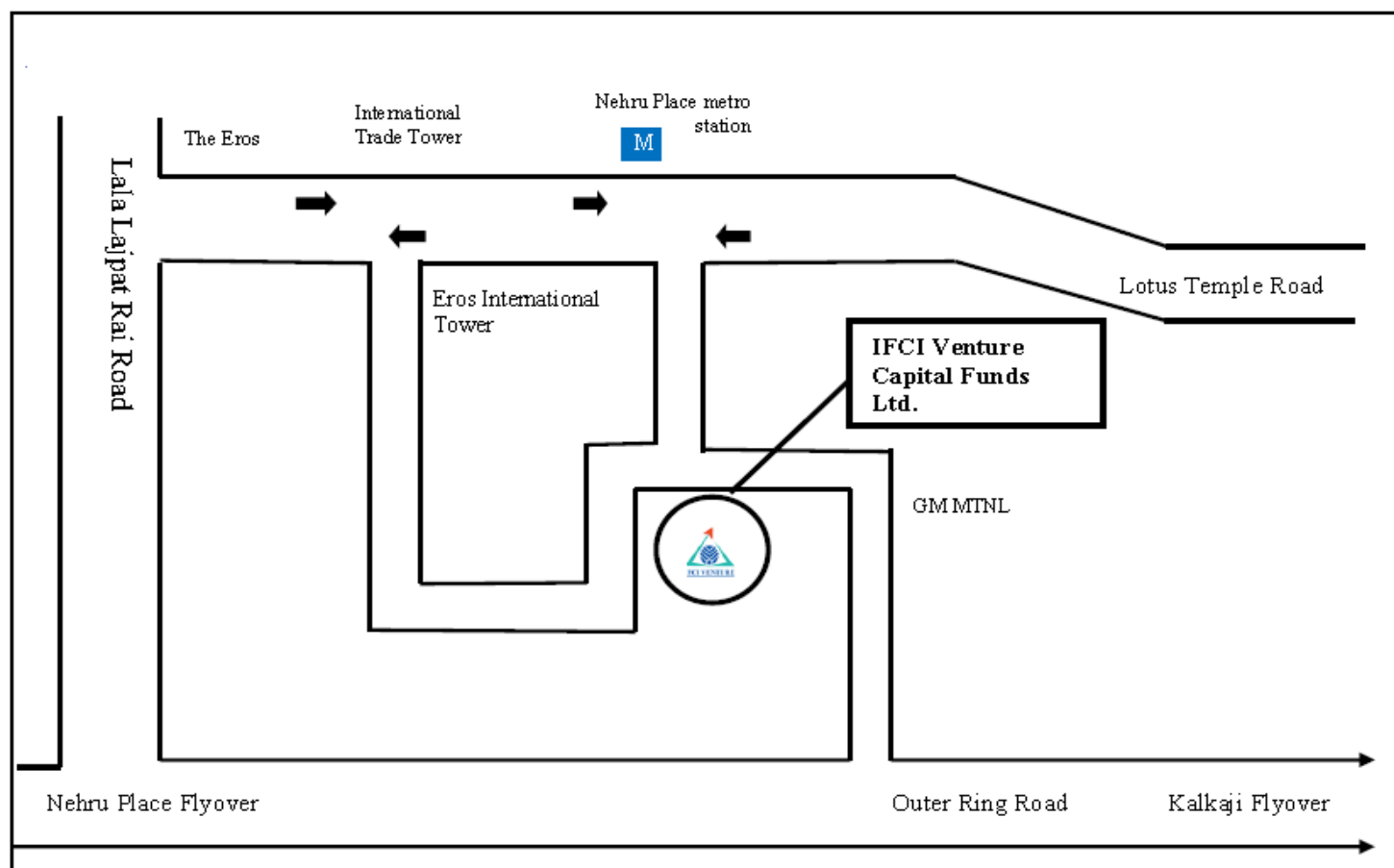
Signature of shareholder.....

Signature of Proxyholder(s).....

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
 2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
- * it is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

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



DIRECTORS' REPORT

TO THE MEMBERS OF IFCI VENTURE CAPITAL FUNDS LIMITED

The Board of Directors of your Company has the pleasure of presenting the Twenty Ninth Annual Report of IFCI Venture Capital Funds Limited (the Company) together with the Management Discussion and Analysis, Report on Corporate Governance and Audited Financial Statements for the Financial Year ended March 31, 2017.

1. FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

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

| (₹ in lakh) | | |
|---|-----------------|-----------------|
| Financial Year | 2016-17 | 2015-16 |
| Total Income | 9,429.89 | 9,310.30 |
| Expenditure | | |
| - Employee Benefit Expenses | 379.50 | 378.89 |
| - Finance Cost | 5,467.85 | 4,646.40 |
| - Depreciation | 2.96 | 4.57 |
| - Write offs/ Provision for Standard Assets/ Bad & Doubtful Debts | 526.97 | 915.59 |
| - Other Expenses | 276.24 | 344.53 |
| Total Expenditure | 6,653.53 | 6,289.99 |
| Profit Before Tax | 2,776.36 | 3,020.32 |
| Less: Provision for Income Tax & Other Tax adjustment | 824.98 | 939.46 |
| Profit After Tax | 1,951.38 | 2,080.85 |
| Add: Surplus brought forward from previous year | 7,038.76 | 6,107.81 |
| Less: Appropriations | | |
| Reserve u/s 45IC of RBI Act | 390.28 | 423.29 |
| Depreciation of Assets having nil life | - | - |
| Dividend incl. Distribution Tax | 726.61 | 726.61 |
| Balance Surplus carried to Balance Sheet | 7,873.25 | 7,038.76 |

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

There has been no change in the business of your Company during the reporting period. Further, there have been no material changes and commitments which affect the financial position between the end of the Financial Year and date of Directors' Report.

3. DIVIDEND

The Board of Directors declared an interim dividend @ ₹ 1 per Equity Share of ₹ 10/- each fully paid-up (i.e. 10%) at the meeting held on October 26, 2016 and the same has been paid to the shareholders.

Your Directors have not recommended any further final dividend for the Financial Year 2016-17.

4. TRANSFER TO RESERVES

As required under RBI regulations, your Company has transferred an amount of ₹ 390.28 lakh to the reserves u/s 45IC of the RBI Act, 1934 during the Financial Year ended March 31, 2017.

5. CAPITAL STRUCTURE/CHANGE IN SHARE CAPITAL

The capital structure of your Company is given as under:

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

* During the Financial Year 2016-17, there was no change in Authorised, Issued, Subscribed and Paid-up Share Capital of the Company.

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

Since the last Directors' Report, the following changes have occurred in the composition of the Board of Directors and in the KMP of your Company:

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, during the Financial Year 2016-17, consequent upon withdrawal of nomination by IFCI Limited, the holding Company, Mr. Sudhir Garg (DIN 06777363) and Mr. Malay Mukherjee (DIN 02272425) ceased to act as Directors w.e.f. December 8, 2016 and December 12, 2016, respectively. Upon nomination by IFCI Limited, the holding Company, Mr. Biranchi Narayan Nayak (DIN 00144147), Nominee Director and Mr. Sanjeev Kaushik (DIN 02842527), Non-Executive Chairman were appointed by the Board Directors w.e.f. December 8, 2016 and January 16, 2017, respectively. Consequent upon nomination by IFCI Limited, Dr. Emandi Sankara Rao was appointed as Non-Executive Chairman in place of Mr. Sanjeev Kaushik by the Board of Directors at the meeting held on September 6, 2017.

Five Independent Directors of the Company viz. Mr. Anil Vidyarthi (DIN 01226257), Dr. Ravi Gupta (DIN 00023487), Mr. K S Mehta (DIN 00128166), Mr. Pavan K. Vijay (DIN 00001110) and Mr. Ajoy K. Deb (DIN 02691119) completed their tenure of three years fixed by the shareholders from April 1, 2014 to March 31, 2017. Further, Mr. Amarjit Chopra (DIN 00043355), Independent Director has completed his tenure of three years on July 30, 2017.

7. DIRECTOR LIABLE TO RETIRE BY ROTATION

Mr Biranchi Narayan Nayak (holding DIN 00144147) will retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

8. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2016-17, in compliance with the provisions of the Companies Act, 2013 and rules made thereunder, 4 (four) meetings of the Board of Directors were conducted, and the details of such meetings forms part of the Report on Corporate Governance, appearing separately in the Annual Report.

9. COMPOSITION OF AUDIT COMMITTEE OF DIRECTORS

Your Company has in place an Audit Committee of Directors in compliance with the provisions of Companies Act, 2013 and other applicable regulations. The details of composition of Audit Committee of Directors forms part of Report on Corporate Governance, appearing separately in the Annual Report.

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

10. DISCLOSURE OF NOMINATION AND REMUNERATION POLICY

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

As per Notification dated June 5, 2017, issued by the Ministry of Corporate Affairs, Government companies are exempted from complying with the provisions of sub section (2), (3) and (4) of Section 178 of the Companies Act, 2013. Accordingly, your Company being a Government Company is not required to disclose the Nomination and Remuneration Policy in the Directors' Report.

11. POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS

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

12. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

None of the transactions with related parties fall under the scope of section 188(1) of the Companies Act, 2013. Disclosure on Related Party Transactions during FY 2016-17 in the prescribed format of Form AOC-2 is given at **Annexure II**.

13. EXTRACT OF ANNUAL RETURN - FORM MGT - 9

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

14. CORPORATE SOCIAL RESPONSIBILITY

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

- i) Supporting Chittaranjan Park Bangiya Samaj, Bangiya Samaj Bhawan, C-405, Chittaranjan Park, New Delhi - 110019, by providing computer hardware, library furniture, fitness equipment and musical instruments for an aggregate amount of Rs 6,73,706/- (amount was spent till March 31, 2017), with a view to promoting education, art & culture and sports;
- ii) Supporting PMS Balwadi School being run by Purbosree Mahila Samity, K-2019, Chittaranjan Park, New Delhi - 110019 by providing classroom furniture at an aggregate amount of Rs 1,38,600/- (of which Rs 69,300/- was spent till March 31, 2017), with a view to promoting education;
- iii) Supporting a girls' orphanage at Arya Kanya Sadan, 461A, Sector-15, Faridabad - 121007 (Haryana), by way of renovation of toilets and bathrooms at an aggregate cost of Rs 9,95,000/- (of which Rs 2,90,317/- was spent till March 31, 2017 since contribution is linked to achievement of milestones set-out under the sanctioned project), with a view to promoting preventive health care and sanitation.



- iv) Supporting PHD Rural Development Foundation ('PHDRDF'), PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110016, for construction of Bajora Wala Check Dam at an aggregate cost of Rs 9,87,401/- (of

which Rs 2,90,317/- was spent till March 31, 2017 since contribution is linked to achievement of milestones set-out under the sanctioned project) in Jaitpur Goojran Village, Alwar, Rajasthan for increase in the ground water table and improved access to water for irrigation and drinking.

During the year, an amount of ₹1,575/- was spent towards CSR administrative expenses.

During FY 2016-17, an aggregate amount of ₹28,32,401/- was sanctioned for spending on CSR Activities, of which an amount of ₹13,25,215/- was spent, due to undertaking projects in which contribution is linked to achievement of milestones set-out under the sanctioned projects and which shall be utilized/ disbursed based on the progress achieved in completion of the projects. Your Company couldn't sanction the remaining amount of ₹47,37,526/- (i.e. ₹75,69,927 minus ₹28,32,401/-), as your Company did not get adequate number of eligible projects. During FY 2016-17, your Company focused on long-term projects in the areas of education, sports, art & culture, setting up of public library, sanitation/ healthcare, environmental sustainability and rural development. As these sectors offer a good scope for scaling up of activities, your Company's contribution to the projects will grow with increase in the scale of these projects. In future, your Company will endeavour to spend on CSR activities in accordance with the prescribed limits.

The disclosure of contents of the CSR Policy in the Directors' Report pursuant to the provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed at **Annexure IV**.

15. PARTICULARS OF EMPLOYEES AND REMUNERATION

As per Notification dated June 5, 2017, issued by the Ministry of Corporate Affairs, Government companies are exempted from complying with the provisions of section 197 of the Companies Act, 2013, read with Rules made thereunder. Accordingly, your Company being a Government Company is exempt from disclosing the information required under the said section read with Rules made thereunder in the Board's report.

16. PERFORMANCE EVALUATION

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

The Directors expressed their satisfaction with the evaluation process.

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

Your Company has a policy on Prevention of Sexual Harassment at Workplace and is complying with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the Financial Year 2016-17, no complaint was received on this ground.

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

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

19. RISK MANAGEMENT

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

20. DEPOSITS

Your Company being a Non-Deposit Accepting Company has not accepted any deposits during the Financial Year 2016-17. There were no public deposits outstanding as at the beginning or end of the Financial Year 2016-17.

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

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

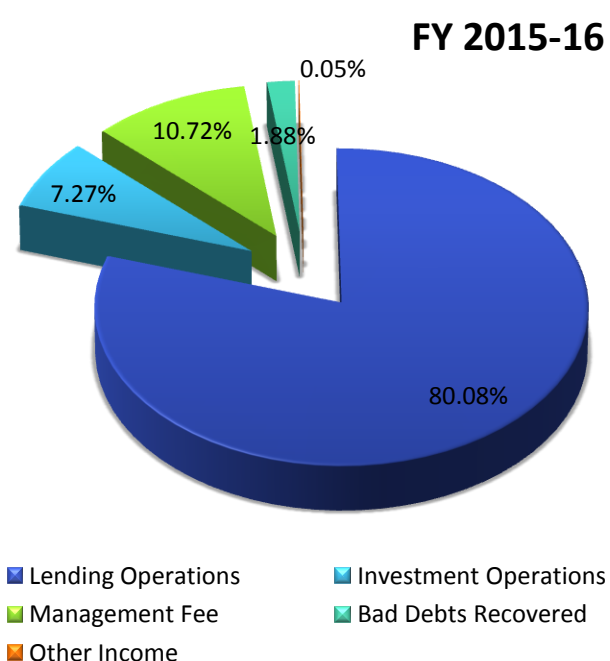
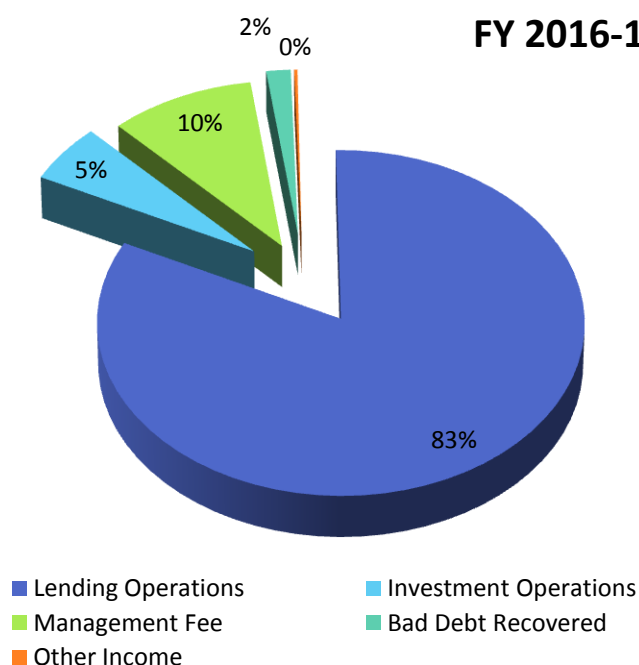
22. VIGIL MECHANISM

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

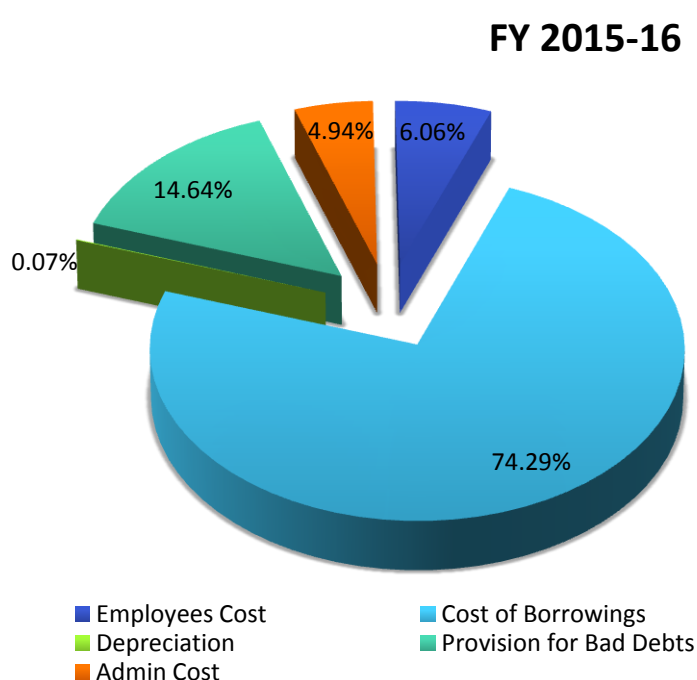
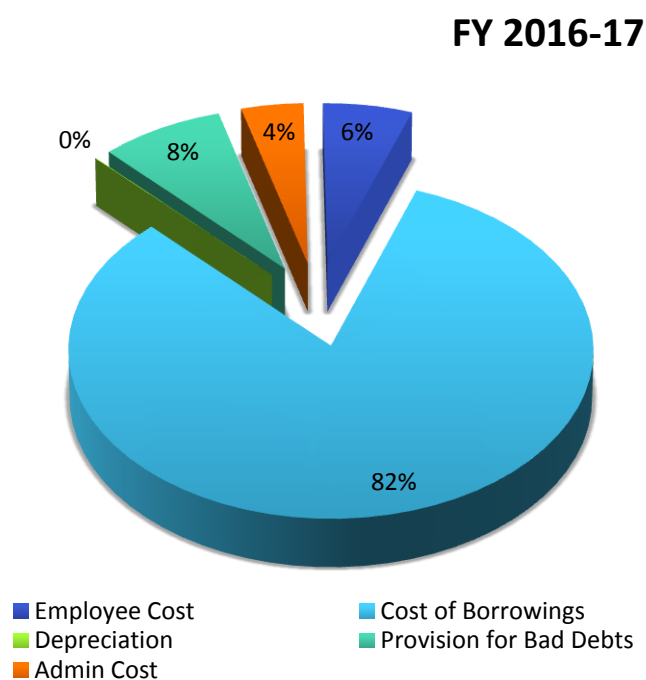
The details of the Vigil Mechanism Policy are posted on the website of the Company i.e. www.ifciventure.com.

23. INCOME AND EXPENDITURE COMPONENTS

Income Components



ii) Expenditure Components



24. INDUSTRY AND BUSINESS OF THE COMPANY

I. INDUSTRY STRUCTURE & DEVELOPMENTS

i. Introduction

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

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

NBFCs have emerged as key financial intermediaries particularly for small-scale and retail sectors. With easier sanction procedures, flexibility, low operating cost and focus on core business activity, NBFCs stand on a surer footing vis-a-vis banks.

ii. Regulatory Changes

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

According to the new guidelines, NBFCs will require higher minimum capital, have less time to declare bad loans and a Board-approved 'Fit and Proper Criteria' for appointment of Directors. According to the regulations applicable earlier, an asset was classified as non-performing when it has remained overdue for six months or more, compared with 90 days for banks. The new asset classification norms were issued by RBI to bring NBFCs at par with banks by March 31, 2018 in phased manner.

The time period after which an overdue asset has been classified as a Non Performing Asset stands at 4 months and similarly, an asset has been classified as doubtful if it remains NPA for a period of 14 months for the Financial Year ending March 31, 2017.

Moreover, provisioning for standard assets, which was 0.25 per cent till March 31, 2015, is currently at 0.35% and will increase to 0.40 per cent by March 2018 onwards, again in line with banks. Further, minimum Tier-I capital for NBFCs-ND-SI (having asset size of ₹500 crore and above) and all deposit taking NBFCs was revised up to 10 per cent by March 31, 2017 as compared to earlier 7.5 per cent. The regulator has also tightened the corporate governance and disclosure norms for NBFCs.

iii. Private Equity

Financial Year 2016-17 was the anniversary year for Venture Capital Fund For Scheduled Castes (VCF-SC). Government of India (GoI) has further contributed ₹ 40.01 crore towards the corpus of the fund. As on date, the total corpus of the fund is ₹ 290.01 crore including contribution received from GoI of ₹ 240.01 crore and commitment of ₹50.00 crore received from IFCI Ltd.

IFCI Venture has undertaken extensive marketing efforts for sourcing of deals under the fund by giving newspaper advertisements in the national and regional newspapers/ magazines and organising regional

conferences, and also participating in conferences and seminars organised by banks, Dalit Indian Chamber of Commerce & Industry (DICCI) and other industry associations across the country.

Under the fund, 65 companies promoted by Scheduled Castes entrepreneurs across India have been sanctioned assistance for an aggregate amount of ₹236.66 crore. This is progressing further in the ensuing year.

IFCI Venture has also continued its efforts to exit from its portfolio companies under the existing PE/VC funds in automotive component and other sectors through second round of private equity funding/ strategic investments/ secondary sale of shares and/ or through promoters' buyback.

The efforts towards raising funds for two of its launched PE/VC funds viz. Green India Venture Fund-II (GIVF-II) and Small and Medium Enterprise Advantage Fund (SMEAF) which shall tap the industry segments in Renewable Energy and other growing sectors of the Indian Economy, is also progressing.

II. BUSINESS OVERVIEW

i. Lending Operations

Interest Income is the major source of revenue for your Company, which accounted for 82.60% of the operating revenue for the Financial Year 2016-17. Your Company had targeted to disburse ₹400 crore during FY 2016-17 against ₹232.77 crore disbursed during FY 2016-17 which took the lending portfolio to approx. ₹647.30 crore as at March 31, 2017 as against ₹621.21 crore as at March 31, 2016. The increase of the lending portfolio in FY 2016-17 was achieved despite a challenging operating environment, post-demonetisation effects resulting in sharp reduction in lending rates and moderate economic growth.

Your Company continued its exposure limits to an individual company of upto ₹ 25 crore (11.48% of Owned Funds as at March 31, 2017) and to a Group of upto ₹ 40 crore (18.37% of Owned Funds as at March 31, 2017). The maximum tenor of loans remained the same at 4 years to cater to the typical medium term requirement of borrowers. However, in order to attract good companies having strong financials and credit rating, guidelines of maximum tenor of loans and security margin was relaxed for them. Further, to ensure proper risk evaluation of proposals, the internal risk rating process continued to be outsourced to CARE Ratings and the same is linked to pricing of loans.

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

ii. Private Equity/Venture Capital Funds

In three 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), exit from portfolio companies is progressing and there are likely exits in 3-4 investee companies in FY 2017-18. In the course of management of the funds, your Company earned an annual Management Fee @ 2% p.a. on the fund corpus of approx. ₹267.04 crore as at March 31, 2017. Besides, your Company is entitled to profit sharing on divestments since it also acted as an investor in all the three funds. IFCI Venture has also earned an annual Management Fee @ 1.5% p.a. on the corpus of VCF-SC of ₹ 290.01 crore as at March 31, 2017, amounting to Rs 4.04 crore.

FY 2016-17 was an encouraging year for IFCI Venture in managing the VCF-SC and in keeping with this momentum, your Company is expecting to continue to increase the corpus of the VCF-SC in upcoming years with further contribution from GoI.

In the two new PE/ VC funds VIZ. Green India Venture Fund-II (GIVF-II) and Small and Medium Enterprises Advantage Fund (SMEAF), fund raising efforts are progressing and moving in a positive direction. Your Company expects to start operation of these funds in FY 2017-18.

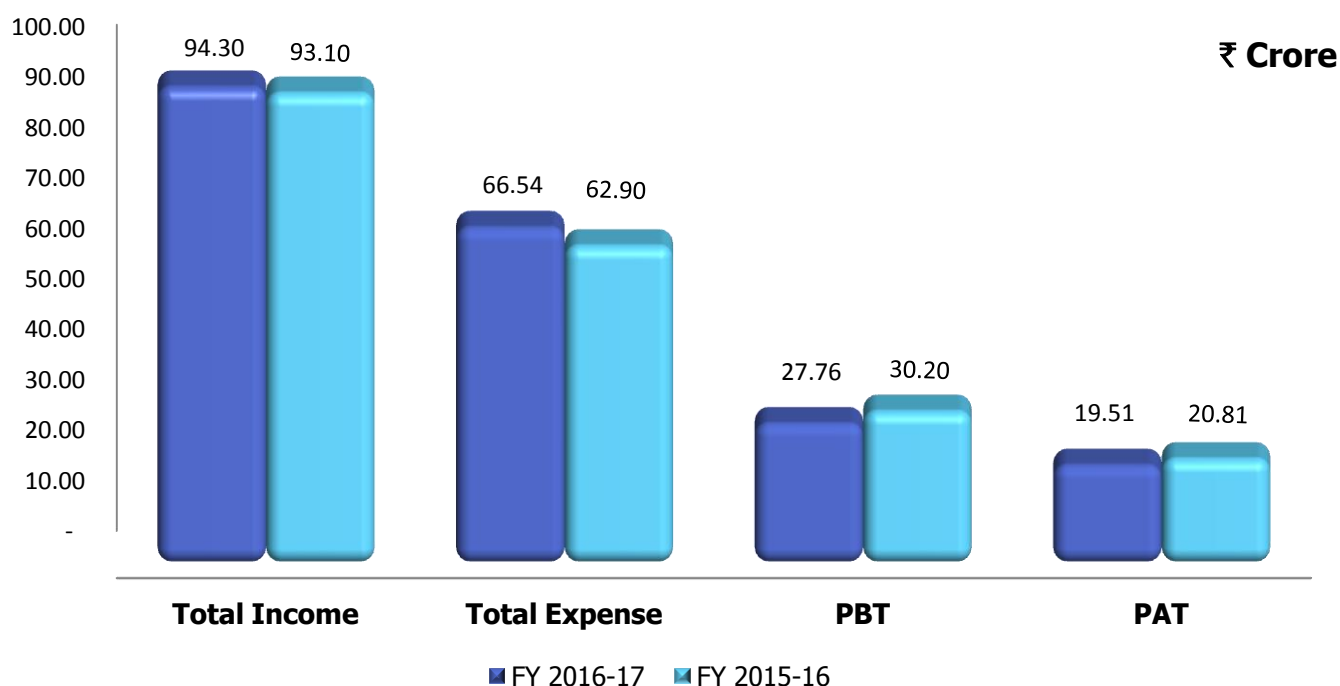
25. PERFORMANCE OF YOUR COMPANY

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

The details of performance on various parameters are outlined below:

i. Financial Performance

During FY 2016-17 your Company has earned PAT of ₹1951.38 lakh as compared to PAT of ₹2080.85 lakh in FY 2015-16. The book value per share increased to ₹36.07 per share in FY 2016-17 from ₹34.04 per share in FY 2015-16.



ii. Sanctions and Disbursements

Your Company has undertaken NBFC activities providing corporate loans to creditworthy companies. During the Financial Year 2016-17, your Company sanctioned and disbursed corporate loans of ₹285.15 crore and ₹232.77 crore, respectively. The corporate loan portfolio of your Company increased to ₹647.30 crore as on March 31, 2017 from ₹621.21 crore as on March 31, 2016.

iii. Management of Private Equity/Venture Capital Funds

As you are aware, your Company has been acting as the Asset Manager for managing VC funds since 1991. Your Company is at present managing 4 PE/ VC funds viz. IACM-I-D, GIVF, IEDF and Venture Capital fund for Scheduled Castes (VCF-SC) with an aggregate fund corpus of ₹798 crore. The focus of the

three funds viz. IACM-ID, GIVF and IEDF is on investments in mid-sized companies involved in setting-up niche business models in respective industry sectors with the prospects of scalability. The fund viz. Venture Capital Fund for Scheduled Castes (VCF-SC) provided an opportunity to both start-ups as well as existing businesses promoted by Scheduled Caste entrepreneurs to avail financial assistance as per the scheme criteria. Your Company has a team of young and experienced professionals having considerable length of experience, exposure and knowledge.

The above mentioned funds namely IACM-ID, GIVF, IEDF and VCF-SC are SEBI registered "Trust" funds. IDBI Trusteeship Services Limited is the Trustee for IACM-ID, GIVF and IEDF. For VCF-SC, Vistra ITCL (India) Limited (formerly IL&FS Trust Company Limited) is the Trustee. IFCI Ltd is the Settlor of all the mentioned funds. The said funds had received contributions from 39 investors including 9 Banks, 5 Insurance Companies, 2 Financial Institutions, 22 HNIs and Government of India.

The status of fund corpus, sanctions, disbursements and outstanding investments under the four PE/ VC funds managed by your Company as on March 31, 2017, is as under:

| Particulars | IACM-1-D | GIVF | IEDF | VCF-SC | Total |
|--|--|--|--|---|--------|
| Objective | To invest mainly in Automotive Component companies, besides other sectors. | To fund renewable energy and energy efficiency projects. | To invest in projects in emerging sectors with high growth prospect. | To promote entrepreneurship among the Scheduled Castes and to provide concessional finance to them. | |
| Fund Corpus (₹ Crore) | 190.00 | 220.00 | 98.00 | 290.01 | 798.01 |
| Sanctioned Deals (Nos.) | 9 | 14 | 6 | 65 | 94 |
| Investments Sanctioned (₹ Crore) | 182.92 | 210.75 | 93.49 | 236.66 | 723.82 |
| Investments Made (₹ Crore) | 182.92 | 210.75 | 93.49 | 115.27 | 602.43 |
| Investments Exited (₹ Crore) | 113.88 | 106.78 | 18.85 | 1.83 | 241.34 |
| Investments Exited (%) | 62.26% | 50.66% | 20.16% | 1.58% | 40.06% |
| Investments Outstanding (₹ Crore) | 70.47 | 103.97 | 74.64 | 113.44 | 362.52 |
| Equity Shares received in lieu of accrued premium (₹ Crore) | 1.44 | Nil | 5.14 | NA | 6.58 |
| Total Consideration Received (₹ crore) | 216.08 | 161.72 | 41.09 | NA | 418.89 |

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

Note:

- The difference in fund corpus and sanctions is due to the expenditure incurred against management fee and setting up cost under the three funds (GIVF, IACM-1-D & IEDF).
- In IACM-1-D, partial exits have made in 3 companies and full exits in 4 companies. In IEDF, partial exits have been done in 3 companies and full exit in 1 company. In GIVF, 5 full exits and 4 partial exits have taken place. The exits out of the investee companies under the three funds have materialized mostly through second round of private equity funding/ strategic investments/ secondary sale of shares and/ or through promoters' buyback. Under IEDF, full exit from 1 portfolio company has been achieved through IPO.

26. DOCUMENTS PLACED ON THE WEBSITE (www.ifciventure.com)

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

- Corporate Social Responsibility Policy as per section 135(4)(a) of the Companies Act, 2013.
- Financial Statements of the Company along with the relevant documents as per third proviso to section 136(1) of the Companies Act, 2013.
- Details of vigil mechanism for Directors and employees to report genuine concerns as per proviso to section 177(10) of the Companies Act, 2013.
- The terms and conditions of appointment of Independent Directors as per Schedule IV of the Companies Act, 2013.
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in compliance with SEBI Prohibition of Insider Trading Regulations, 2015.
- Related Party Transactions Policy as per guidelines issued by Reserve Bank of India (RBI).
- Guidelines on Corporate Governance, as per guidelines issued by Reserve Bank of India (RBI).
- Code of Business Conduct & Ethics for Board Members, KMPs and Senior Management, in compliance with the applicable rules and regulations.

27. CORPORATE GOVERNANCE

A detailed report on Corporate Governance is enclosed with the Annual Report.

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

As your Company's operations do not involve any manufacturing or processing activities, the particulars as per Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not applicable. The Company is also not engaged in any activity relating to exports. During Financial Year 2015-16, your Company neither incurred nor received any amount in foreign currency.

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

Pursuant to the provisions of Section 139 of the Act and the Rules framed thereunder, M/s Dinesh Jain & Associates, Chartered Accountants (Firm Regn No. 004885N), were appointed as Statutory Auditors of your Company by the Comptroller & Auditor General of India. There were no qualification(s) or observation(s) or other remarks made by the Statutory Auditors in the Independent Auditors' Report of your Company for the Financial Year 2016-17 submitted by the Statutory Auditors.

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

Pursuant to the provisions of Section 204 of the Act, the Board of Directors of your Company appointed M/s D. Dixit & Associates as the Secretarial Auditors of the Company. The observations of the Secretarial Auditors and replies of the management for FY 2016-17, are given below:-

| S. No. | Observation | Management's Reply |
|--------|---|--|
| 1. | The Company has not spent the entire amount allocated towards CSR Activities during the Financial Year 2016-17, in terms of Section 135 of Companies Act, 2013. | <p>During FY 2016-17, an aggregate amount of ₹28,32,401/- was sanctioned for spending on CSR activities, against which an amount of ₹13,25,215/- was spent, due to undertaking projects in which contribution is linked with achievement of milestones set-out under the sanctioned projects and which shall be utilized/ disbursed based on the progress achieved in completion of the projects.</p> <p>The Company couldn't sanction the remaining amount of ₹47,37,526/- (viz. ₹75,69,927 minus ₹28,32,401/-), as the Company did not get adequate number of eligible projects. During FY 2016-17, the Company focused on long-term projects in the areas of education, sports, art & culture, setting-up of public library, sanitation/ healthcare, environmental sustainability and rural development. As these sectors offer a good scope for scaling up of activities, the Company's contribution to the projects will grow with increase in the scale of these projects. In future, the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.</p> |
| 2. | In terms of the Master Circular for NBFC-Corporate Governance (Reserve Bank) Directions, 2015, the Company will conduct the Information System Audit during the Financial Year 2017-18. | Information System Audit will be conducted during FY 2017-18. |

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

31. STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

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

32. INTERNAL FINANCIAL CONTROLS

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

33. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Director had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit & Loss of the Company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud, and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis;
- (v) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively. "Internal Financial Controls" mean the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, safeguarding of its assets, prevention and detection of frauds, and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information; and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

34. AUDITORS

M/s Dinesh Jain & Associates, Chartered Accountants (Firm Registration No. 004885 N) were appointed by the Comptroller & Auditor General of India (C&AG) as Statutory Auditors of your Company for FY 2016-17.

35. MANAGEMENT AND DISCUSSION ANALYSIS

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

36. SUBSIDIARIES/ JOINT VENTURE/ ASSOCIATE

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

37. COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India (C&AG) has informed that on the basis of statutory audit conducted, C&AG has decided not to conduct the supplementary audit of the financial statements of your Company for the Financial Year ended March 31, 2017 under section 143(6)(b) of the Companies Act, 2013. No-review report given by C&AG is annexed as **Annexure VII**.

38. INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

39. ACKNOWLEDGEMENTS

Your Directors wish to express gratitude for the cooperation, guidance and support from the Ministry of Finance, Ministry of Social Justice & Empowerment and various other Ministries and Departments of the Government of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, other regulatory bodies, Comptroller & Auditor General of India, Statutory Auditors, Internal Auditors and Secretarial Auditors and State Governments. Your Directors also acknowledge the valuable assistance and continued cooperation received from all banks, financial institutions, other members of the banking fraternity and investors. Your Directors would also like to express their appreciation for the efforts and dedicated service put in by the employees at all levels of your Company.

For and on behalf of the Board of Directors

Sd/-
(Deepak Mishra)
Managing Director

Sd/-
(B N Nayak)
Director

Place: New Delhi
Date: September 6, 2017

ANNEXURE I**Policy on Dealing with Related Party Transactions****A. Approvals****I. Approval by Audit Committee**

1. All Related Party Transactions (including any subsequent modifications thereof) shall require prior approval of the Audit Committee of Directors. However, the Audit Committee of Directors may grant omnibus approval for the RPTs proposed to be entered into by the Company subject to the following conditions:
 - a. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the policy on Related Party Transactions of IFCI Venture and such approval shall be applicable in respect of transactions which are repetitive in nature.
 - b. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of IFCI Venture.
 - c. Such omnibus approval shall specify:
 - i. The name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.
 - ii. The indicative base price/current contracted price and the formula for variation in the price if any, and
 - iii. Such other conditions as Audit Committee may deem fit.
 - d. Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by IFCI Venture pursuant to each of the omnibus approval given.
 - e. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Proviso:

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

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

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

II. Approval by Board of Directors

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

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

- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and Related Party Transactions.
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company:

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

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

Explanation-

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

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

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

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

III. Approval by Shareholders

1. Except with the prior approval of the company by a special resolution, IFCI Venture shall not enter into a transaction or transactions, where the transaction or transactions to be entered into-

- (a) as contracts or arrangements with respect to clause(a) to (e) of subsection (1) of section 188 of the Companies Act 2013, with criteria as mentioned below –
 - (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding 10% of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
 - (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of the net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
 - (iii) leasing of property of any kind exceeding ten percent of the net worth of the company or ten per cent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;

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

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

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

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

(2) In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

- 2. All Material RPTs shall require approval of the shareholders through Special Resolution and the related parties shall abstain from voting on such resolutions.
- 3. No Member of IFCI Venture shall vote on such Special Resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

Proviso:

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

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

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

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

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

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

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

| S No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of the contracts/ arrangements/ transactions | Salient terms of the contracts or arrangements or transactions including the value, if any: | Date(s) of approval by the Board, if any: | Amount paid as advances, if any: |
|-------|---|---|---|---|---|---|
| 1. | IFCI Ltd, Holding Company | Loan availed from IFCI Ltd | Three Years | Stand by Revolving Credit Facility of ₹ 50 crore | N.A. | N.A. |
| 2. | | Interest on loan paid to IFCI Ltd | Three Years | Rate of Interest on credit facility availed @ 13.50% | N.A. | N.A. |
| 3. | | Rent and Maintenance paid to IFCI Ltd | Agreement for 11 months | Rent @ 244 per sq. feet per month plus taxes | N.A. | Advance payable before 7th of every month |
| 4. | | Other Expenses paid to IFCI Ltd (IT Services, Professional Fee, etc.) | Ongoing basis | Transactions in the ordinary course of business | N.A. | N.A. |
| 5. | | Salaries paid to IFCI Ltd for employees deputed by IFCI Ltd | As per terms approved by IFCI Ltd. | On deputation from IFCI Ltd. | N.A. | N.A. |

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

Sd/-
(Deepak Mishra)
Managing Director

Sd/-
(B N Nayak)
Director

Place: New Delhi
Date: September 6, 2017

ANNEXURE III
FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2015
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management & Administration) Rules, 2014.
I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No | Name & Description of main product/services | NIC code of the product/services | % of total turnover of the company |
|--------|---|----------------------------------|------------------------------------|
| 1. | Lending Operations | 649 | 83.00 |
| 2. | Management of Private Equity/ Venture Capital Funds | 649 | 10.00 |

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as percentage to total Equity)
a) CATEGORY-WISE SHARE HOLDING

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|---|----------|-------|-------------------|---|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | 4 | 4 | 0.00 | - | 4 | 4 | 0.00 | - |
| b) Central Govt. | | | | | | | | | |
| c) State Govt. | | | | | | | | | |
| d) Bodies Corporate | | | | | | | | | |

| | | | | | | | | | |
|--|---|--------------------|--------------------|--------------|---|--------------------|--------------------|--------------|---|
| e)Bank/FI | - | 5,95,21,004 | 5,95,21,004 | 98.60 | - | 5,95,21,004 | 5,95,21,004 | 98.60 | - |
| f) Any other. | | | | | | | | | |
| SUB TOTAL: (A) (1) | - | 5,95,21,008 | 5,95,21,008 | 98.60 | - | 5,95,21,008 | 5,95,21,008 | 98.60 | - |
| (2)Foreign | | | | | | | | | |
| a)NRIs- Individuals | | | | | | | | | |
| b)Other Individuals | | | | | | | | | |
| c)Bodies Corporate | | | | | | | | | |
| d)Banks/FI | | | | | | | | | |
| e)Any other | | | | | | | | | |
| SUB TOTAL: (A) (2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter (A)= (A)(1)+ (A)(2) | - | 5,95,21,008 | 5,95,21,008 | 98.60 | - | 5,95,21,008 | 5,95,21,008 | 98.60 | - |
| B.PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| a) Mutual Funds | | | | | | | | | |
| b) Banks/FI | | | | | | | | | |
| c) Central Govt. | | | | | | | | | |
| d) State Govt. | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f)Insurance Companies | | | | | | | | | |
| g) FIIs | | | | | | | | | |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Other (specify) | | | | | | | | | |
| SUB TOTAL (B) (1): | - | - | - | - | - | - | - | - | - |
| (2)Non Institutions | | | | | | | | | |
| a) Bodies Corporate | - | 8,50,000 | 8,50,000 | 1.40 | - | 8,50,000 | 8,50,000 | 1.40 | - |
| i) Indian | | | | | | | | | |
| ii) Overseas | | | | | | | | | |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh | | | | | | | | | |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh | | | | | | | | | |

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

(ii) SHAREHOLDING OF PROMOTERS

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

(iii) CHANGE IN PROMOTER'S SHAREHOLDING

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

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

| Sl. No. | Name of Shareholders | Shareholding at the beginning of the year as on 01.04.2015 | | Change in shareholding during the year | | Shareholding at the end of the year as on 31.3.2016 | |
|---------|-------------------------------|--|----------------------------------|--|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Tata Global Beverages Ltd. | 2,50,000 | 0.41 | Nil | Nil | 2,50,000 | 0.41 |
| 2. | Tata Chemicals Ltd. | 2,50,000 | 0.41 | Nil | Nil | 2,50,000 | 0.41 |
| 3. | IL&FS Financial Services Ltd. | 2,50,000 | 0.41 | Nil | Nil | 2,50,000 | 0.41 |
| 4. | Tata Steel Ltd. | 1,00,000 | 0.17 | Nil | Nil | 1,00,000 | 0.17 |

(V) SHAREHOLDING OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

| Sl. No. | For Each of the Directors & KMP* | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | At the beginning of the year | 1 | 0.00 | 1 | 0.00 |
| 2. | Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (e.g. allotment/transfer/bonus/sweat equity etc) | NIL | NIL | NIL | NIL |
| 3. | At the end of the year | 1 | 0.00 | 1 | 0.00 |

* None of the Directors or KMPs is holding any shares of the Company except 1 (one) share held by Mr. Deepak Mishra as Registered Owner on behalf of IFCI Ltd, the holding company, who has the beneficial interest.

V. INDEBTEDNESS

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

| | Secured Loans/Bonds excluding deposits | Unsecured Loans/Bonds | Deposits | Total Indebtedness |
|--|--|-----------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 4,246,293,837 | 793,000,000 | - | 5,039,293,837 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 28,946,163 | 4,737,859 | - | 33,684,022 |
| Total (i+ii+iii) | 4,275,240,000 | 797,737,859 | - | 5,072,977,859 |
| Change in Indebtedness during the financial year | | | | |
| •Additions | 723,064,098 | 90,633 | - | 723,154,731 |
| •Reduction | 790,462,678 | - | - | 790,462,678 |
| Net Change | (67,398,580) | 90,633 | - | (67,307,947) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 4,180,909,972 | 793,000,000 | - | 4,973,909,972 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 26,931,448 | 4,828,492 | - | 31,759,940 |
| Total (i+ii+iii) | 4,207,841,420 | 797,828,492 | - | 5,005,669,912 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | (in ₹) | |
|---------|--|---|--------------|
| | | Mr. Deepak Mishra* Managing Director | Total Amount |
| 1. | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 30,63,793 | 30,63,793 |
| | (b) Value of perquisites u/s 17(2) Income tax Act, 1961 | 6,65,486 | 6,65,486 |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961 | 5,320 | 5,320 |
| 2. | Stock option | | |
| 3. | Sweat Equity | | |
| 4. | Commission -as % of profit -others (specify) | | |
| 5. | Others, please specify | | |
| | Total (A) | | |
| | Ceiling as per the Act | 37,34,599 | 37,34,599 |

* Shri Deepak Mishra was appointed as Managing Director w.e.f. April 18, 2016.

B. Remuneration to other director:-

| (in ₹) | | | | |
|---------|-----------------------|---|--------------------|----------|
| SI. No. | Name of the Directors | Fee for attending Board/ Committee meetings | Conveyance Charges | Total |
| 1. | Mr. Anil Vidyarthi | 2,41,000 | 38,000 | 2,79,000 |
| 2. | Dr. Ravi Gupta | 11,0000 | 22,000 | 1,32,000 |
| 3. | Mr. Ajoy Kumar Deb | 1,90,000 | 34,000 | 2,24,000 |
| 4. | Mr. Pavan Kumar Vijay | 71,500 | 12,000 | 83,500 |
| 5. | Mr. K.S Mehta | 54,500 | 8,000 | 62,500 |
| 6. | Mr. Amarjit Chopra | 1,13,500 | 2,000 | 1,15,500 |
| 7. | Ms. Neeru Abrol | 58,500 | 0 | 58,500 |

* No Commission was paid during the year.

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

| | |
|---------------------------------|--------------|
| Total Managerial Remuneration | ₹37,34,599 |
| Overall Ceiling as per the Act. | ₹1,65,16,616 |

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

| (in ₹) | | | | |
|---------|--|--------------------------|------------|--------------|
| SI. No. | Particulars of Remuneration | Key Managerial Personnel | | |
| 1 | Gross Salary | Company Secretary | CFO | Total |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961. | 9,17,101 | 20,65,488 | 29,82,589 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 1,96,296 | 5,34,877 | 7,31,173 |
| | (b) Value of perquisites u/s 17(3) Income Tax Act, 1961 | | | |
| | (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961 | | | |
| 2 | Stock Option | | | |
| 3 | Sweat Equity | | | |
| 4 | Commission -as % of profit -others, specify | | | |
| 5 | Others, please specify | | | |
| | Total | 11,13,397 | 26,00,365 | 37,13,762 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made, if any (give details) |
|-----------------------|------------------------------|-------------------|--|----------------------------|------------------------------------|
| A.COMPANY | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B.DIRECTORS | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C.OFFICERS IN DEFAULT | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

ANNEXURE IV

CORPORATE SOCIAL RESPONSIBILITY

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

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

2. Composition of the CSR Committee

- CSR Committee of Directors consisted of following members as on March 31, 2017:-
 - i. Mr. Ajoy Kumar Deb, Independent Director as Chairman;
 - ii. Mr. B N Nayak, Non-Executive Director as Member;
 - iii. Mr. Deepak Mishra, Managing Director as Member.

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

- Average Net Profit: ₹ 37,84,96,342/-.

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

- The Company is required to spend ₹ 75,69,927/- towards CSR.

5. Details of CSR spend for the financial year:

- a. Total amount spent for the year: ₹ 13,25,215/-
- b. Amount unspent: ₹ 62,44,712/-
- c. Manner in which the amount spent during the financial year:

| S. No. | CSR project or activity identified | Sector in which the Project is covered | Projects/ Programmes 1. Local area/ others 2. Specify the state and district where project/ Programme was undertaken | Amount outlay (budget) project or Programme wise (in ₹) | Amount spent on the project/ programme 1.Direct expenditure on project or programmes 2.Overheads (in ₹) | Cumulative expenditure upto to the reporting period (in ₹) | Amount spent: Direct/ through implementing agency* |
|--------|---|---|--|---|---|--|--|
| 1. | Providing computer hardware, furniture, fitness equipment and musical instruments | Education, Art & Culture, Sports | Chittaranjan Park, Delhi | 7,00,000 | 6,73,706 | 6,73,706 | Spent directly |
| 2. | Providing furniture | Education | Chittaranjan Park, Delhi | 1,50,000 | 69,300 | 69,300 | Spent directly |
| 3. | Renovation of bathrooms and toilets | Sanitation/ Healthcare | Faridabad, Haryana | 9,95,000 | 2,90,317 | 2,90,317 | Spent directly |
| 4. | Construction of a Check Dam (water harvesting structure) | Environmental sustainability/ Rural Development | Alwar, Rajasthan | 9,87,401 | 2,90,317 | 2,90,317 | Spent directly |

6. During the year, an amount of ₹ 1,575/- was spent towards CSR administrative expenses. As per the provisions of Companies Act, 2013, 2% of the Average Net Profit (INR) of the last 3 financial years of your Company is ₹75,69,927/-. However, during the year, your company has spent an amount of ₹13,25,215/-. The balance amount was not spent due to the following reasons:-

- During FY 2016-17, an aggregate amount of ₹ 28,32,401/- was sanctioned for spending on CSR Activities out of which amount of ₹13,25,215/- was spent during the year on account of undertaking projects in which contribution is linked with achievement of milestones set-out under the sanctioned projects and which shall be utilized/ disbursed based on the progress achieved in completion of the projects.
 - The Company couldn't sanction the remaining amount of ₹47,37,526/- (i.e. ₹75,69,927 minus ₹28,32,401/-), as the Company did not get the adequate number of eligible projects. During FY 2016-17, the Company focused on projects in the areas of education, setting up of public library, sanitation/ healthcare, environmental sustainability and rural development. As these sectors offer good scope for scaling up of activities, the Company's contribution to these projects will grow with increase in the scale of these projects. In future, the Company will endeavour to spend on CSR activities in accordance with the prescribed limits..
7. Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Deepak Mishra, Managing Director and Ms. Neeru Abrol, Chairman of CSR Committee, do confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

Sd/-
(Deepak Mishra)
Managing Director

Sd/-
(Neeru Abrol)
Chairman of CSR Committee

ANNEXURE-V**Form No. MR 3
SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To,
The Members,
IFCI Venture Capital Funds Limited

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

Based on my verification of the **M/s IFCI Venture Capital Funds Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

PARA ONE

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s IFCI Venture Capital Funds Limited** ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

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

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

- (1) The Stamp Duty Act, 1899
- (2) The Employee's Provident fund & Miscellaneous Provisions Act, 1952
- (3) The Maternity Benefit Act, 1961
- (4) Payment of Gratuity Act, 1972
- (5) The Reserve Bank of India Act, 1934

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

- 1) The Company has not spent the entire amount allocated towards CSR Activities during the Financial Year 2016-17, in terms of Section 135 of Companies Act, 2013.

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

- 1) In terms of the Master Circular for NBFC-Corporate Governance (Reserve Bank) Directions, 2015, the Company will conduct the Information System Audit during the Financial Year 2017-18.

PARA SECOND

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

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

Based on our verification of the Company's Books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents, and its authorised representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted as per section 149(4) of the Companies Act, 2013 and applicable clause of the Listing Agreement and LODR, 2015, if any. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

1. Taken Approval of Shareholders in Annual General Meeting of the Company held on 5th September 2016

(a) Regularization and Appointment Mr. Deepak Mishra as Managing Director

Place: New Delhi

Date: 01.09.2017

For D Dixit and Associates
Company Secretaries

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

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

Annexure A to the Secretarial Audit Report

The Members

IFCI Venture Capital Funds Limited

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

Date: 01.09.2017

Place: New Delhi

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

As per Financial Stability Report of RBI, Schedule Commercial Banks, from the perspective of larger financial system, were the dominant players accounting for nearly 51 per cent of the bilateral exposure (both payables and receivables) followed by Asset Management Companies managing Mutual Funds (AMC-MFs) at around 13 per cent, NBFCs at 12 per cent, All-India Financial Institutions (AIFIs) at 7 per cent, Insurance Companies and Housing Finance Companies (HFCs) at around 8 per cent. Urban Co-operative Banks (UCBs) and Pension Funds together accounted for nearly 1 per cent of the bilateral exposure in the financial system

In terms of financials, the aggregate balance sheet size of the NBFC sector expanded by 14.5 per cent during FY 2016-17 as compared to 15.5 per cent during FY 2015-16. Net profit was down by 2.9 per cent and as a percentage of total income also came down from 18.3 per cent in FY 2015-16 to 14.0 per cent in FY 2016-17.

Gross Non Performing Assets of the NBFC sector as a percentage of total advances declined from 4.6 per cent as at March 31, 2016 to 4.4 per cent as at March 31, 2017. Net Non Performing Assets as a percentage of total advances also declined from 2.5 per cent to 2.3 per cent for the said period.

Capital to Risk (Weighted) Assets Ratio (CRAR) of NBFCs declined from 24.3 per cent as at March 31, 2016 to 22.0 per cent as at March 31, 2017. Return on Asset (RoA) and Return on Equity (RoE) also declined during the same period.

B. Opportunities & Threats

NBFCs have emerged as the largest net receiver of funds from the rest of the financial system. However, stringent competition from banks offering finer pricing could constrain NBFC credit growth in the near to medium term. Further, NBFCs faced with higher delinquencies in some key asset classes are expected to focus more on recovery in the latter half of FY 2017-18, which would also impact incremental business volumes in the near to medium-term.

Further, increase in bank deposit base post demonetisation and steep reduction in lending rates is expected to result in migration of some large-ticket and relatively better quality NBFC borrowers to banks. Thus, NBFCs are looking forward to access cheaper funding sources and improving operating efficiencies that could help them maintain adequate pre-provisioning operating profit buffers to cushion rising credit costs.

During FY 2016-17, RBI cut repo rate by 50 basis points (bps). The repo rate stood at 6.25% as on March 31, 2017, the lowest in six years since March 2011. However, even after reduction of repo rate by RBI, banks have not been able to pass on the benefit to the customers. Rising NPA levels have put pressure on the margins of banks as more and more interest-earning assets are slipping into the non-performing class. Even though banks are not able to pass on the lower interest rates, they will still continue to be the largest source of funding for NBFCs. However, the growing reliance of NBFCs on bank funding requires additional safeguards to be introduced by RBI to contain systemic risks.

C. Segment wise Performance

The total revenue comprises of mainly interest received from lending operations and Management Fee received from management of PE/ VC funds. During the year, income from lending operations was ₹ 77.88 crore out of total income of ₹ 94.30 crore and ₹ 9.42 crore was received from management of funds. Other income includes profit on sale of shares/units and other miscellaneous income.

D. Industry Outlook

NBFCs have been playing an important role in the Indian financial sector and this role assumes even greater significance at a time when banks are focusing on resolving bad loans and NPAs and cleaning up their balance sheets. In the current context, NBFCs can support the drive towards promoting inclusive growth, by catering to diverse financial needs, especially of MSMEs and individuals.

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

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

Rating agency, India Ratings and Research (Ind-Ra), has maintained a stable outlook on the NBFC sector and on the major NBFCs rated by it for FY 2017-18. As per Ind-Ra, NBFCs would continue to gain market share on account of their nimbleness and efficiency, and fill the space vacated by mid-sized public sector banks owing to either capital constraints, flight to safety or limited ability to price in the risk. Public sector banks' year-on-year loan growth in 9M FY 2016-17 was almost stagnant. The government's drive to integrate informal economy with the formal segment and reduce unaccounted income, and digital push, if followed through, will significantly change operating dynamics for some of the asset classes.

Recently, both the regulator and government have been maintaining a favourable stance towards the sector; starting with the latest announcement where SME loans up to ₹ 2 crore by NBFCs will be covered under the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) and the government notification covering systemically important NBFCs under SARFAESI Act. These measures would strengthen the NBFCs' ability to lend and mitigate loss given default while speeding up recovery timelines. While the ongoing transition to 90-day NPL recognition may impact credit costs and profitability during the transition period, it would increase transparency, thereby opening up avenues for funding.

E. Risks and Concerns

Financial institutions (FIs) involved in lending operations, are susceptible to risks arising out of changes in the credit quality of the borrowers or counter parties. To address these risks, systems and controls have been put in place. For the purpose of identification, evaluation and mitigation of strategic, operational, regulatory and external risks, the General Lending Policy is reviewed periodically keeping in view the changing economic and business environment. A Risk Management Committee of Directors has also been constituted.

The market and liquidity risk is monitored by the Asset Liability Committee of Executives (ALCO) through analysis of dynamic liquidity position, structural liquidity gaps and interest rate sensitivity positions.

In the future, risk management is expected to play a more prominent role because of liberalization, deregulation and global integration of financial markets, which would add newer dimensions to risks faced by Banks and NBFC's.

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

F. Internal Control Systems and their adequacy

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

G. Discussion on Financial Performance with respect to Operational Performance

During the year ended March 31, 2017 IFCI Venture has earned net profit of ₹ 1951.38 lakh compared to net profit of ₹2080.85 lakh during the previous year. The overall performance of your Company for the year ended March 31, 2017 was also on the same lines as that of the previous year. Though, income increased by ₹ 120 lakh as compared to previous year, PAT was lower by ₹ 129 lakh.

Your Company has also paid interim dividend @ 10% for the year ended March 31, 2017.

The major highlights of operations for the year ended March 31, 2017 are as under:

(₹ in lakh)

| Particulars | FY 2016-17 | FY 2015-16 |
|----------------------------------|------------|------------|
| Operations | | |
| Sanction - Loan / Investment | 28,515 | 41,350 |
| Disbursement - Loan / Investment | 23,277 | 34,296 |
| Borrowings | | |
| Loan /Bonds | 7,231 | 20,000 |

H. Resource Mobilization

Keeping in place with the funds requirement for loan portfolio, your Company mobilized/ availed funds to the tune of ₹ 7,231 lakh from banks and IFCI Limited at rate of interest ranging from 10.45% to 10.55% p.a. for banks.

The total borrowings of Your Company stood at ₹ 49,739 lakh as at March 31, 2017 as compared to ₹50,393 lakh as at March 31, 2016 comprising of bank borrowings and bonds.

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

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

ANNEXURE VII

संख्या / No. : MAAB/II/CAD-I/66-1/2017-18/88
 भारतीय लेखा तथा लेखापरीक्षा विभाग
 कार्यालय महानिदेशक वाणिज्यिक लेखापरीक्षा
 एवं पदेन सदस्य, लेखापरीक्षा बोर्ड-II,
 नई दिल्ली

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

दिनांक / DATE 21.7.2017

सेवा में,

प्रबंध निदेशक

आई. एफ. सी. आई. वेंचर कैपिटल फण्डस लिमिटेड,

आई.एफ.सी.आई. टावर,

61, नेहरू प्लेस,

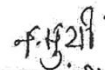
नई दिल्ली-110019

विषय- कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2017 को समाप्त वर्ष के लिए आई. एफ. सी. आई. वेंचर कैपिटल फण्डस लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2017 को समाप्त हुए वर्ष के लिए आई. एफ. सी. आई. वेंचर कैपिटल फण्डस लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ अंग्रेषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,


 (नन्दना मुंशी)

महानिदेशक वाणिज्यिक लेखा परीक्षा

एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II।

नई दिल्ली


संलग्नक:- यथोपरि

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF IFCI VENTURE CAPITAL FUNDS LIMITED FOR THE YEAR
ENDED 31 MARCH 2017.**

The preparation of financial statements of IFCI Venture Capital Funds Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated May 17, 2017.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of IFCI Venture Capital Funds Limited for the year ended 31 March 2017 under section 143(6)(a) of the Act.

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


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

**Place: Delhi
Date: 20.07.2017**

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS

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

As on March 31, 2017, the Board of the Company consists of 10 (ten) Directors, out of which 7 (seven) Directors are Independent and Non-Executive Directors. While other 3 (three) are the nominees of IFCI Ltd. (IFCI), the Holding Company out of which one is Non-Executive Chairman, one is a Non-Executive Director and the other is the Managing Director of the Company.

The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings, last Annual General Meeting and number of Directorship and Chairmanship/ Membership of the Committees in other Companies in respect of each Director for Financial Year 2016-17 is given herein below:-

| Sl. No. | Name of Director | Category | Attendance Particulars | | | No. of Directorship/ Committee Memberships/ Chairmanship in other companies | | |
|---------|-----------------------|------------------------------------|---|----------|-----------------------------------|---|----------------------|-------------------------|
| | | | No. of Board Meetings during the year 2016-17 | | At AGM held on September 05, 2016 | Other directorship | Committee Membership | Committee Chairmanships |
| | | | Held | Attended | | | | |
| 1. | Mr. Malay Mukherjee* | Non-Executive Chairman | 3 | 2 | Attended | 6 | - | - |
| 2. | Mr. Anil Vidyarthi | Non-Executive Independent Director | 4 | 4 | Attended | 1 | - | 1 |
| 3. | Dr. Ravi Gupta | Non-Executive Independent Director | 4 | 2 | Not Attended | 12 | - | - |
| 4. | Mr. Pavan Kumar Vijay | Non-Executive Independent Director | 4 | 3 | Not Attended | 8 | - | - |
| 5. | Mr. K. S. Mehta | Non-Executive Independent Director | 4 | 3 | Not Attended | 5 | 1 | 1 |
| 6. | Mr. Ajoy Kumar Deb | Non-Executive Independent Director | 4 | 4 | Attended | 3 | 2 | - |
| 7. | Mr. Amarjit Chopra | Non-Executive Independent Director | 4 | 4 | Attended | 6 | - | 5 |

| | | | | | | | | |
|-----|----------------------|--|---|---|----------|---|---|---|
| 8. | Ms. Neeru Abrol | Non-Executive Independent Director | 4 | 3 | Attended | 7 | 4 | 2 |
| 9. | Mr. Sudhir Garg* | Non-Executive Non-Independent Director | 3 | 2 | Attended | 6 | 1 | - |
| 10. | Mr. Deepak Mishra | Managing Director | 4 | 4 | Attended | - | - | - |
| 11. | Mr. Sanjeev Kaushik# | Non-Executive Chairman | 1 | 0 | - | 6 | - | - |
| 12. | Mr. B N Nayak# | Nominee Director | 1 | 1 | - | 3 | - | - |

*Mr. Malay Mukherjee and Mr. Sudhir Garg ceased to act as Director w.e.f. December 8, 2016 and December 12, 2016, respectively.

#Mr. Sanjeev Kaushik and Mr. B N Nayak were appointed as Nominee Directors w.e.f. January 16, 2017 and December 8, 2016, respectively.

Notes:

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

B. Number of Board Meetings held and dates:

During the Financial year 2016-17, the Board of Directors met 4 (four) times, the dates of the Meetings were April 29, 2016, July 27, 2016, October 26, 2016 and February 6, 2017.

3. AUDIT COMMITTEE

A. TERMS OF REFERENCE

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

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Audit Committee is an independent Director. The composition of the Audit Committee and attendance of Directors at the Meetings, during the F.Y. 2016-17 is shown below:

| SI. No. | Name of Member | Category | No. of Meetings | |
|---------|-------------------------------|--------------------------------|-----------------|----------|
| | | | Held | Attended |
| 1. | Mr. Amarjit Chopra (Chairman) | Independent, Non-Executive | 4 | 4 |
| 2. | Mr. Anil Vidyarthi | Independent, Non-Executive | 4 | 4 |
| 3. | Dr. Ravi Gupta | Independent, Non-Executive | 4 | 2 |
| 4. | Mr. Sudhir Garg* | Non-Independent, Non-Executive | 3 | 3 |
| 5. | Mr. B N Nayak** | Nominee Director | 1 | 1 |

* Mr. Sudhir Garg ceased to act as Director w.e.f. December 12, 2016 and thereafter the Audit Committee was re-constituted.

** Mr. B N Nayak was appointed as Nominee Director w.e.f. December 8, 2016.

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

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

During the Financial year 2016-17, the Audit Committee met 4 (four) times, the dates of the Meetings were April 28, 2016, July 26, 2016, October 26, 2016 and February 6, 2017.

4. NOMINATION AND REMUNERATION COMMITTEE

A. TERMS OF REFERENCE

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

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Committee is an independent Director. The composition of the Nomination and Remuneration Committee and attendance of Directors at the Meetings, during the F.Y. 2016-17, is shown below:

| SI. No. | Name of Member | Category | No. of Meetings | |
|---------|-------------------------------|---------------------------------|-----------------|----------|
| | | | Held | Attended |
| 1. | Mr. Anil Vidyarthi (Chairman) | Independent, Non-Executive | 4 | 4 |
| 2. | Mr. Pavan Kumar Vijay | Independent, Non-Executive | 4 | 2 |
| 3. | Mr. Sudhir Garg* | Non -Independent, Non-Executive | 3 | 3 |
| 4. | Mr. B N Nayak** | Nominee Director | 1 | 1 |

* Mr. Sudhir Garg ceased to act as Director w.e.f. December 12, 2016 and thereafter the Nomination & Remuneration Committee was re-constituted.

** Mr. B N Nayak was appointed as Nominee Director w.e.f. December 8, 2016.

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

During the Financial year 2016-17, the Nomination and Remuneration Committee of Directors met 4 (four) times, the dates of the Meetings were April 29, 2016, July 26, 2016, September 29, 2016 and February 4, 2017.

5. EXECUTIVE COMMITTEE

A. TERMS OF REFERENCE

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

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Committee is an Independent Director. The composition of the Executive Committee and attendance of Directors at the Meetings during FY 2016-17, is shown below:

| S. No. | Name of Member | Category | No. of Meetings | |
|--------|-------------------------------|--------------------------------|-----------------|----------|
| | | | Held | Attended |
| 1. | Mr. Anil Vidyarthi (Chairman) | Independent, Non-Executive | 11 | 11 |
| 2. | Mr. Sudhir Garg* | Non-Independent, Non-Executive | 6 | 6 |
| 3. | Dr. Ravi Gupta | Independent, Non-Executive | 11 | 8 |
| 4. | Mr. Ajoy Kumar Deb | Independent, Non-Executive | 11 | 8 |
| 5. | Mr. Deepak Mishra | Managing Director | 11 | 11 |

* Mr. Sudhir Garg ceased to act as Director w.e.f. December 12, 2016 and thereafter the Executive Committee was re-constituted.

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

During the Financial Year 2016-17, the Executive Committee of Directors met 11 (eleven) times, the dates of the meetings were May 31, 2016, June 16, 2016, July 18, 2016, August 12, 2016, September 29, 2016,

November 11, 2016, December 27, 2016, January 10, 2017, January 25, 2017, March 23, 2016 and March 28, 2017 (adjourned meeting held on March 29, 2017).

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

A. TERMS OF REFERENCE

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

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Committee is an Independent Director. The composition of the CSR Committee and attendance of Directors at the Meetings, during the FY 2016-17, is shown below:

| S. No. | Name of Member | Category | No. of Meetings | |
|--------|----------------------------------|------------------------------------|-----------------|----------|
| | | | Held | Attended |
| 1. | Mr. Ajoy Kumar Deb (Chairman) | Independent, Non-Executive | 4 | 4 |
| 2. | Mr. Sudhir Garg* | Non -Independent, Non-Executive | 2 | 2 |
| 3. | Mr. B N Nayak** | Nominee Director | 2 | 2 |
| 4. | Mr. Deepak Mishra | Managing Director | 4 | 4 |

* Mr. Sudhir Garg ceased to act as Director w.e.f. December 12, 2016 and thereafter the Corporate Social Responsibility Committee was re-constituted.

** Mr. B N Nayak was appointed as Nominee Director w.e.f. December 8, 2016.

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

During the Financial year 2016-17, the Corporate Social Responsibility (CSR) Committee of Directors met 4 (four) times, the dates of the Meetings were September 29, 2016, October 18, 2016, February 4, 2017 and March 15, 2017.

7. E-GOVERNANCE COMMITTEE OF DIRECTORS

A. TERMS OF REFERENCE

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

of all hardware and software based on departments needs; (vii) To seek IT solutions that support business operations.

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Committee is an Independent Director. The composition of the E-Governance Committee and attendance of Directors at the meetings, during the FY 2016-17, is shown below:

| S. No. | Name of Member | Category | No. of Meetings | |
|--------|--------------------------------------|---------------------------------|-----------------|----------|
| | | | Held | Attended |
| 1. | Mr. Pavan Kumar Vijay (Chairman) | Independent, Non-Executive | 1 | 1 |
| 2. | Mr. Ajoy Kumar Deb | Non -Independent, Non-Executive | 1 | 1 |
| 3. | Mr. Sudhir Garg* | Non -Independent, Non-Executive | 1 | 1 |
| 4. | Mr. Deepak Mishra | Managing Director | 1 | 1 |

** Mr. Sudhir Garg ceased to act as Director w.e.f. December 12, 2016 and thereafter the E-Governance Committee was re-constituted.*

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

During the Financial year 2016-17, the E-Governance Committee of Directors met once on October 18, 2016.

8. RECOVERY AND NPA MANAGEMENT COMMITTEE

A. TERMS OF REFERENCE

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

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Committee consists of Mr. Pavan Kumar Vijay as Chairman, Mr. Ajoy Kumar Deb, Mr. B N Nayak and Mr. Deepak Mishra as Members of the Committee. No meeting of Recovery and NPA Management Committee took place during FY 2016-17.

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

9. RISK MANAGEMENT COMMITTEE

A Risk Management Committee was constituted with a view to identify, evaluate and mitigate all internal and external risks associated with IFCI Venture Capital Funds Limited, consisting of four members viz. Mr. Ajoy Kumar Deb, Ms Neeru Abrol, Mr. B N Nayak and Mr. Deepak Mishra. No Meeting of Risk Management Committee took place during the FY 2016-17.

10. REVIEW COMMITTEE ON WILFUL DEFAULTS

A Review Committee on Wilful Defaults was constituted with a view to identify cases of wilful defaults, consisting of three members viz. Mr. Sanjeev Kaushik, Mr. Amarjit Chopra and Mr. Ajoy Kumar Deb. No Meeting of Review Committee on Wilful Defaults took place during the FY 2016-17.

11. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As the number of shareholders of the Company being nine including four shareholders representing beneficial interest of IFCI Ltd., Stakeholders' Relationship Committee is not required to be constituted in IFCI Venture. This is to confirm that no complaints/grievances were received from the Shareholders during the FY 2016-17.

12. GENERAL BODY MEETINGS

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

| AGM Date | Venue | Time |
|------------|--|------------|
| 26/08/2014 | Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019 | 12.00 noon |
| 03/09/2015 | Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019 | 12.00 noon |
| 05/09/2016 | Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019 | 12.00 noon |

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

| AGM DATE | As per Companies Act | Particulars of Special Resolution |
|------------|---|--|
| 26/08/2014 | u/s 14 of Companies Act, 2013 | Alteration of Articles of Association of IFCI Venture. |
| | u/s 180(1)(C) of Companies Act, 2013 | Increase in borrowing powers of IFCI Venture. |
| | u/s 42 of Companies Act, 2013 | Issue of secured, redeemable, non-convertible, taxable bonds |
| 03/09/2015 | No Special resolution was passed by the shareholders of IFCI Venture. | |
| 05/09/2016 | No Special resolution was passed by the shareholders of IFCI Venture. | |

13. DISCLOSURES

(i) Transaction with the related party during the period ended March 31, 2017:-

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

(in ₹)

| Type of Transaction – IFCI | Current Year | Previous Year |
|--|--------------|---------------|
| Loan assisted from IFCI | 22,00,00,000 | - |
| Interest on Loan paid to IFCI | 81,370 | - |
| Rent & Maintenance paid to IFCI (Exclusive of Service Tax and Education Cess) | 1,49,88,300 | 1,24,95,121 |
| Salaries paid to IFCI for employees deputed by IFCI (including PLI) | 77,37,071 | 42,35,524 |

| | | |
|--|-------------|-------------|
| Payment towards Other Expenses to IFCI | 14,629 | 1,07,918 |
| Payment towards IT Services rendered from IFCI | 6,00,000 | 6,00,000 |
| Interim Dividend paid | 5,95,21,008 | 5,95,21,008 |
| Interest received and accrued on IFCI's Bonds | 1,35,95,000 | 1,37,36,953 |
| Brokerage/ Professional Fee paid-Letter of Comfort (LOC) | 1,92,85,044 | - |

Balance Outstanding with the related party during the period: (in ₹)

| Outstanding Balances - IFCI | Current Year | Previous Year |
|---|---------------------|----------------------|
| Payable to IFCI towards salary of employees on deputation from IFCI | 5,38,979 | 4,88,389 |
| Interest accrued on Bonds - IFCI | 2,01,52,365 | 1,07,52,364 |
| Bonds subscribed & outstanding | 15,00,05,000 | 15,00,05,000 |
| Loan availed from IFCI- outstanding | 22,00,00,000 | 0.00 |
| Interest on loan paid to IFCI- outstanding | 81,370 | 0.00 |
| Other Expense payable | 0.00 | 2,76,618 |

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

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

11. MEANS OF COMMUNICATION

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

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

12. GENERAL SHAREHOLDERS INFORMATION

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

a) The Financial Year of IFCI Venture is from April 1, 2016 to March 31, 2017.

b) Shareholding Pattern as on March 31, 2017 and March 31, 2016 are given as under:-

| | As on March 31, 2017 | | As on March 31, 2016 | |
|------------------------|-----------------------------|---------------|-----------------------------|---------------|
| | No. of shares | (%) | No. of shares | (%) |
| IFCI Ltd.# | 5,95,21,008# | 98.60 | 5,95,21,008# | 98.60 |
| Other Bodies corporate | 8,50,000 | 1.40 | 8,50,000 | 1.40 |
| Total | 6,03,71,008 | 100.00 | 6,03,71,008 | 100.00 |

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

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

d) Address of Registered Office for correspondence:

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

e) Registrar to the Issue:

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

Sd/-
Deepak Mishra
(Managing Director)

Date: September 6, 2017
Place: New Delhi

INDEPENDENT AUDITOR'S REPORT

To the Members of

IFCI VENTURE CAPITAL FUNDS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **IFCI VENTURE CAPITAL FUNDS LIMITED** ("the Company"), which comprise the Balance Sheet, as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure -A, a statement on the matters specified in paragraphs 3 and 4 of the Order.**
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) As per the information and explanations given to us, the company has no branch office. Hence no requirement to consider report of branch auditor and dealt with it in preparing our report
 - d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - e) In our opinion the aforesaid Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
 - f) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.
 - g) On the basis of the written representation received from the directors as on 31st March, 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164 (2) of the Act.
 - h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
 - i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure -B"; and

- j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The company does not have any pending litigations which would impact its financial position.
 - ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
 - iv) The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 and these details are in accordance with the books of accounts maintained by the company.

3. As per the directions / sub-directions issued by C&AG of India under section 143(5) of the Companies Act, 2013 we report that :-

Directions

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

Sub-Directions

- 1) The titles of ownership of all investments whether in physical form or demat form are tallied with the amounts shown in the Company's books of accounts..

PLACE: DELHI
DATED: MAY 17, 2017

For DINESH JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No: 004885 N
Sd/-
(D. K. JAIN) FCA
PARTNER
M.No. 082033

ANNEXURE – A TO THE AUDITOR’S REPORT

For the Annexure referred to in paragraph 1 of the Our Report on Other Legal and Regulatory Requirements of even date to the Members of **IFCI VENTURE CAPITAL FUNDS LIMITED** for the year ended 31st March, 2017; we report that:

- (i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assts.

b) The Fixed Assets have been physically verified by the management at reasonable intervals. Accordingly to the information and explanation given to us, no material discrepancies were noticed on such verification.

c) The company does not own any immovable property therefore this clause is not applicable on the company.
- (ii) The company is engaged in NBFC business, therefore the clause regarding maintenance of inventories is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The company has not granted any loan to director of the company or any other person in whom director is interested as per section 185 of Companies Act, 2013. In respect of other loans and investments made by the company the provisions of section 186 of the Companies Act, 2013 wherever applicable have been complied with.
- (v) The Company has not accepted any deposits during the year under section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under.
- (vi) According to Information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of business carried out by the Company.
- (vii) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income-Tax, Service tax and any other statutory dues. Further, as explained to us, no undisputed amounts payable in respect of statutory dues were outstanding, as at 31st March, 2017, for a period of more than six months from the date they became payable.

(b) According to the records of the company, there are no dues of Income Tax, Provident Fund and Service tax which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank, Government or dues to debenture holders.

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

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

PLACE: DELHI
DATED: MAY 17, 2017

Sd/-
(D. K. JAIN) FCA
PARTNER
M.No. 082033

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

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

We have audited the internal financial controls over financial reporting of **IFCI VENTURE CAPITAL FUNDS LIMITED** (“the Company”) as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

PLACE: DELHI
DATED: MAY 17, 2017

Sd/-
(D. K. JAIN) FCA
PARTNER
M.No. 082033

IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

BALANCE SHEET AS AT 31ST MARCH, 2017

(in ₹)

| PARTICULARS | Note No. | Financial Year Ended 31 st March, 2017 | Financial Year Ended 31 st March, 2016 |
|------------------------------------|----------|---|---|
| I. EQUITY & LIABILITIES | | | |
| (1) Shareholders' Funds | | | |
| (a) Share Capital | 02 | 60,37,10,080 | 60,37,10,080 |
| (b) Reserves and Surplus | 03 | 157,40,06,899 | 145,15,30,063 |
| | | 217,77,16,979 | 205,52,40,143 |
| (2) Non-current Liabilities | | | |
| (a) Long-term Borrowings | 04 | 296,40,65,371 | 402,07,52,040 |
| (b) Long-term Provisions | 05 | 315,96,980 | 316,22,630 |
| | | 299,56,62,351 | 405,23,74,670 |
| (3) Current Liabilities | | | |
| (a) Short-term Borrowings | 06 | 51,30,57,934 | 24,99,93,836 |
| (b) Other Current Liabilities | 07 | 153,24,78,364 | 81,65,81,315 |
| (c) Short-term Provisions | 08 | 25,45,41,152 | 19,99,47,719 |
| | | 230,00,77,450 | 126,65,22,870 |
| TOTAL | | 747,34,56,780 | 737,41,37,683 |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Property, Plant & Equipments | 09 | 3,12,224 | 5,28,540 |
| (b) Intangible Assets | 10 | 20,723 | 27,465 |
| (c) Non-current Investments | 11 | 82,28,74,318 | 82,46,30,409 |
| (d) Deferred Tax Asset (Net) | | 924,43,308 | 734,81,107 |
| (e) Long-term Loans & Advances | 12 | 346,92,45,176 | 321,71,30,988 |
| | | 438,48,95,749 | 411,57,98,509 |
| (2) Current Assets | | | |
| (a) Current Investments | 13 | - | 997,84,226 |
| (b) Cash and Cash Equivalents | 14 | 30,13,730 | 10,64,87,982 |
| (c) Short-term Loans and Advances | 15 | 300,46,65,935 | 299,60,50,590 |
| (d) Other Current Assets | 16 | 808,81,366 | 560,16,376 |
| | | 308,85,61,031 | 325,83,39,174 |
| TOTAL | | 747,34,56,780 | 737,41,37,683 |

Notes 1 to 21 form an integral part of financial statements

As per our report of even date attached.

For Dinesh Jain & Associates

Chartered Accountants

FRN: 004885N

D.K. Jain, FCA.

Partner

M. No. 082033

B.N.Nayak

Director (DIN:00144147)

Deepak Mishra

Managing Director (DIN: 05245002)

Place : New Delhi

Date : May 17, 2017

Indu Gupta
Chief Finance OfficerMukesh Girdhar
Company Secretary

IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

| | | (in ₹) | |
|---|----------|---|---|
| PARTICULARS | Note No. | Financial Year Ended 31 st March, 2017 | Financial Year Ended 31 st March, 2016 |
| I. REVENUE | | | |
| Revenue from Operations | 17 | 94,09,07,442 | 93,07,77,691 |
| Other Income | 18 | 20,81,382 | 2,52,799 |
| TOTAL REVENUE (A) | | 94,29,88,824 | 93,10,30,490 |
| II. EXPENDITURE | | | |
| Employees Benefit Expenses | 19 | 379,50,463 | 378,89,457 |
| Finance Cost | 20 | 54,67,85,425 | 46,46,40,347 |
| Depreciation | 9,10 | 2,96,187 | 4,56,629 |
| Other Expenses | 21 | 803,20,989 | 12,60,12,329 |
| TOTAL EXPENDITURE (B) | | 66,53,53,064 | 62,89,98,762 |
| III. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (A-B) | | 27,76,35,760 | 30,20,31,728 |
| IV. EXCEPTIONAL ITEMS | | - | - |
| V. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX | | 27,76,35,760 | 30,20,31,728 |
| VI. EXTRAORDINARY ITEMS | | - | - |
| VII. PROFIT BEFORE TAX | | 27,76,35,760 | 30,20,31,728 |
| - Current Tax | | 10,14,60,000 | 12,55,54,146 |
| - Deferred Tax (Net) | | (189,62,201) | (316,07,529) |
| VIII. PROFIT FOR THE YEAR | | 19,51,37,961 | 20,80,85,111 |
| Earning Per Equity | | | |
| Basic Earnings per share of Rs.10.00 each | | 3.23 | 3.45 |
| Diluted Earnings per share of Rs. 10.00 each | | 3.23 | 3.45 |

Notes 1 to 21 form an integral part of financial statements**As per our report of even date attached.****For Dinesh Jain & Associates****Chartered Accountants****FRN: 004885N****D.K. Jain, FCA.****Partner****M. No. 082033****B.N.Nayak****Director (DIN:00144147)****Deepak Mishra****Managing Director (DIN: 05245002)****Place : New Delhi****Date : May 17, 2017****Indu Gupta**
Chief Finance Officer**Mukesh Girdhar**
Company Secretary

IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(in ₹)

| | Financial Year Ended 31 st March, 2017 | Financial Year Ended 31 st March, 2017 |
|---|--|--|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Tax | 27,76,35,760 | 30,20,31,728 |
| Adjustments for: | | |
| Depreciation | 2,96,187 | 4,56,629 |
| Provision / write off of Bad Debts | 502,91,403 | 873,15,103 |
| Provision for standard assets | 24,05,157 | 42,43,632 |
| Provision / write off for Investments | - | - |
| Provision for Employee Benefits | 15,96,147 | 17,61,642 |
| (Profit) / Loss on Sale of Assets | - | - |
| | 545,88,894 | 937,77,006 |
| Operating Profit before Working Capital Changes & Operating Activity | 33,22,24,654 | 39,58,08,734 |
| <i>Adjustment for Operating Activity</i> | | |
| Increase/(Decrease) in Borrowings | (653,82,570) | 126,38,43,208 |
| Long Term Loans Given (Net) | (26,08,84,842) | (133,43,90,934) |
| Sale of Investments (Net) | 17,56,091 | 378,09,225 |
| | (32,45,11,321) | (327,38,501) |
| Operating Profit before Working Capital Changes | 77,13,333 | 36,30,70,233 |
| Decrease / (Increase) in Current Assets | (247,09,682) | 298,49,079 |
| Increase / (Decrease) in Current Liabilities | (125,12,952) | (105,92,713) |
| | (372,22,634) | 192,56,365 |
| Cash Generated from Operations | (295,09,301) | 38,23,26,598 |
| Income tax paid/refund(net) | (10,10,14,924) | (12,94,67,199) |
| Net cash from Operating Activities | (13,05,24,225) | 25,28,59,399 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of/Advance for Fixed Assets | (73,128) | (5,17,271) |
| Sale/ (Investments) in Liquid Funds | 997,84,226 | (997,84,226) |
| Sale proceed of Fixed Assets | - | - |
| Net cash used in/raised from Investing Activities | 997,11,098 | (10,03,01,497) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend paid (incl. Dividend tax) | (726,61,125) | (726,61,125) |
| Net Cash from Financing Activities | (726,61,125) | (726,61,125) |
| Net Change in Cash & Cash Equivalent (A+B+C) | (10,34,74,252) | 798,96,777 |
| Opening Cash and Cash Equivalent | 10,64,87,982 | 265,91,205 |
| Closing Cash and Cash Equivalent # | 30,13,730 | 10,64,87,982 |
| Increase/Decrease in Cash & Cash Equivalent | (10,34,74,252) | 798,96,777 |

Please refer note No. 14 to notes to accounts.

Note: Figures for previous year have been regrouped, wherever considered necessary**As per our report of even date attached.****For Dinesh Jain & Associates****Chartered Accountants****FRN: 004885N****D.K. Jain, FCA.****Partner****M. No. 082033****B.N.Nayak****Director (DIN:00144147)****Deepak Mishra****Managing Director (DIN: 05245002)****Place : New Delhi****Date : May 17, 2017****Indu Gupta**
Chief Finance Officer**Mukesh Girdhar**
Company Secretary

NOTE - 1**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****(A) SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation of Financial Statements**

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

2. REVENUE RECOGNITION

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

3. INVESTMENTS

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

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

4. PROPERTY PLANT & EQUIPMENT AND DEPRECIATION

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

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

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

6. EMPLOYEE BENEFITS

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

7. INCOME TAXATION

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

8. Cash & Cash Equivalents

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

NOTES TO ACCOUNTS

02 SHARE CAPITAL

| | (in ₹) | |
|---|------------------------------------|------------------------------------|
| | As at 31 st March, 2017 | As at 31 st March, 2017 |
| AUTHORISED | | |
| 15,00,00,000 (Previous Year - 15,00,00,000) Equity Shares of ₹10/- each | 150,00,00,000 | 150,00,00,000 |
| | 150,00,00,000 | 150,00,00,000 |
| ISSUED | | |
| 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹10/- each fully paid up | 60,37,10,080 | 60,37,10,080 |
| SUBSCRIBED | | |
| 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹10/- each | 60,37,10,080 | 60,37,10,080 |
| PAID UP EQUITY | | |
| 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹10/- each (foot-note 1) | 60,37,10,080 | 60,37,10,080 |
| TOTAL | 60,37,10,080 | 60,37,10,080 |

Foot-note

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

03 RESERVES AND SURPLUS

| | | (in ₹) | |
|--|--------------|------------------------------------|------------------------------------|
| | | As at 31 st March, 2017 | As at 31 st March, 2016 |
| (A) Capital Reserve | | 1,00,000 | 1,00,000 |
| (B) Securities Premium Account | | 47,47,89,912 | 47,47,89,912 |
| (C) Special Reserve under Section 36(1)(viii) of the I.T Act, 1961 (please refer Foot Note-1) | | 5,20,000 | 5,20,000 |
| (D) Reserve u/s 45IC of RBI Act (refer foot note-2) | | 31,12,71,843 | 27,22,44,251 |
| (E) <u>Surplus balance in Profit & Loss :</u> | | | |
| Opening Balance | 70,38,75,900 | 61,07,81,075 | |
| Add: Profit for the period | 19,51,37,961 | 20,80,85,111 | |
| | 89,90,13,861 | 81,88,66,186 | |
| <u>Less: Appropriations</u> | | | |
| Reserve u/s 45 IC of RBI Act | 390,27,592 | 423,29,161 | |
| Interim Dividend-Equity | 603,71,008 | 603,71,008 | |
| Dividend Distribution Tax | 122,90,117 | 122,90,117 | |
| | | 78,73,25,144 | 70,38,75,900 |
| TOTAL | | 157,40,06,899 | 145,15,30,063 |

Foot-note

- Provision under Section 36(1)(viii) of the Income Tax Act has been created in line with exemptions available to Financial Institution.
- In terms of Section 45IC of RBI Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the statement of profit and loss and before any dividend is declared.

04 LONG-TERM BORROWINGS - SECURED & UNSECURED

| | | (in ₹) |
|---|------------------------------------|------------------------------------|
| | As at 31 st March, 2017 | As at 31 st March, 2016 |
| (A) Bonds | | |
| 200 Bonds of Rs. 10,00,000 each (refer foot note 1) - secured | 20,00,00,000 | 20,00,00,000 |
| 1510 Bonds of Rs. 1,00,000 each (refer foot note 2) - unsecured | 15,10,00,000 | 15,10,00,000 |
| 596 Bonds of Rs. 1,00,000 each (refer foot note 3) - unsecured (previous year 6420 Bonds) | 596,00,000 | 64,20,00,000 |
| 783 Bonds of Rs. 10,00,000 each (refer foot note 4) - secured | 78,30,00,000 | 78,30,00,000 |
| Sub-Total 'A' | 119,36,00,000 | 177,60,00,000 |
| (B) Other Long Term Borrowings- Secured | | |
| a) Banks (refer foot note 5) | 177,04,65,371 | 224,47,52,040 |
| Sub-Total 'B' | 177,04,65,371 | 224,47,52,040 |
| TOTAL (A+B) | 296,40,65,371 | 402,07,52,040 |

Foot-notes

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

| | | | |
|-------------|---|---|--|
| Redemption | At par on exercising put/ call option at the end of 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 i.e. 24th January, 2022 | 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 i.e. 24th January, 2022 | At par on exercising put/call option at the end of 1st year or 2nd year or at the end of 3rd year from deemed date of allotment, whichever is earlier i.e 24th January, 2015 |
| Coupon Rate | 10.75% p.a.(Annual on 24th January) | | |

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

05 LONG-TERM PROVISIONS

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|--|------------------------------------|------------------------------------|
| (A) Provision for Standard Assets | 188,43,116 | 164,37,959 |
| (B) Provision for Employee benefits | 127,53,864 | 99,34,671 |
| (C) Provision for Restructured Standard Assets | - | 52,50,000 |
| TOTAL | 315,96,980 | 316,22,630 |

06 SHORT-TERM BORROWINGS-SECURED

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|---|------------------------------------|------------------------------------|
| (A) Cash credit facilities from Banks (Foot Note-1) | 11,30,57,934 | 499,93,836 |
| (B) Secured Loan from Bank/FI (Foot Note-2) | 18,00,00,000 | 20,00,00,000 |
| (C) Loan from IFCI Ltd (Foot Note-3) | 22,00,00,000 | - |
| TOTAL | 51,30,57,934 | 24,99,93,836 |

Foot Note

- (1) Cash credit facility from bank represents CC limits which is secured against pari-passu charge on book debts.
(2) Secured Loan taken from Bank are short-term credit facility taken from Karur Vysya Bank which are also secured against pari-passu charge on book debts. This is due for renewal/rollover on 18th July 2017.
(3) Secured Loan taken from Bank are short-term credit facility taken from Karur Vysya Bank which are also.

07 OTHER CURRENT LIABILITIES

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|--|------------------------------------|------------------------------------|
| (A) Current maturities of Long-term borrowings | 149,67,86,667 | 76,85,46,666 |
| (B) Interest accrued but not due on bonds and borrowings | 317,59,940 | 336,84,022 |
| (C) Interest received in advance | - | 104,08,837 |
| (D) Other Payables | | |
| - Tax and other deduction/ collection payable | 6,37,975 | 9,20,419 |
| - Liability for expenses | 3,34,822 | 3,29,213 |
| - Others | 29,58,960 | 26,92,158 |
| TOTAL | 153,24,78,364 | 81,65,81,315 |

Foot-notes

- 1 The following borrowings are secured against the total receivables of ₹647,30,06,469

| | |
|---|----------------------|
| - Long Term Bonds (note-4) | 98,30,00,000 |
| - Long Term Borrowings from Banks (note-4) | 177,04,65,371 |
| - Current Maturity of Long Term Borrowings (note-7) | 91,43,86,667 |
| - Cash Credit from Banks (note-6) | 29,30,57,934 |
| TOTAL | 396,09,09,972 |

08 SHORT-TERM PROVISIONS

| | | (in ₹) |
|--|------------------------------------|------------------------------------|
| | As at 31 st March, 2017 | As at 31 st March, 2016 |
| (A) Employee Benefits | 321,682 | 1,544,728 |
| (B) Provision for Tax (Net of Advance Tax & TDS) | 2,831,663 | 2,386,587 |
| (C) Provision for CSR Expense | - | 170,000 |
| (D) Provision for bad & doubtful debts | 251,387,807 | 195,846,404 |
| TOTAL | 254,541,152 | 199,947,719 |

NON CURRENT

09 PROPERTY, PLANT & EQUIPMENTS

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

(in ₹)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION BLOCK | | | | NET BLOCK | |
|----------------------|--------------------|---------------|--------------------------|--------------------|--------------------|-------------------|--------------------------|--------------------|--------------------|--------------------|
| | As at 01-Apr-16 | Additions | Deductions /Transfers | As at 31-Mar-17 | As at 01-Apr-16 | For the period | Deductions /Transfers | As at 31-Mar-17 | As at 31-Mar-17 | As at 31-Mar-16 |
| Computers & Servers | 54,03,688 | - | - | 54,03,688 | 49,12,052 | 2,78,566 | - | 51,90,618 | 2,13,070 | 4,91,636 |
| Office Equipments | 36,688 | - | - | 36,688 | 34,823 | 1,865 | - | 36,688 | - | 1,865 |
| Furniture & Fixtures | 63,568 | 73,128 | - | 1,36,696 | 28,528 | 9,014 | - | 37,542 | 99,154 | 35,040 |
| TOTAL | 55,03,944 | 73,128 | - | 55,77,072 | 49,75,403 | 2,89,445 | - | 52,64,848 | 3,12,224 | 5,28,541 |
| Previous Year | 50,20,381 | 4,83,563 | 0 | 55,03,944 | 45,25,017 | 4,50,386 | - | 49,75,403 | 5,28,540 | 4,95,364 |

10 INTANGIBLE ASSETS

(in ₹)

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-------------------|--------------------|-----------|--------------------------|--------------------|--------------------|-------------------|--------------------------|--------------------|--------------------|--------------------|
| | As at 01-Apr-16 | Additions | Deductions /Transfers | As at 31-Mar-17 | As at 01-Apr-16 | For the period | Deductions /Transfers | As at 31-Mar-17 | As at 31-Mar-17 | As at 31-Mar-16 |
| Computer Software | 2,41,708 | - | - | 2,41,708 | 2,14,243 | 6,742 | - | 2,20,985 | 20,723 | 27,465 |
| TOTAL | 2,41,708 | - | - | 2,41,708 | 2,14,243 | 6,742 | - | 2,20,985 | 20,723 | 27,465 |
| Previous Year | 2,08,000 | 33,708 | - | 2,41,708 | 2,08,000 | 6,243 | - | 2,14,243 | 27,465 | - |

11. NON CURRENT INVESTMENT

| | As at 31 st March, 2017 | | As at 31 st March, 2016 | |
|--|------------------------------------|---------------------|------------------------------------|---------------------|
| | No. of shares/unit | Amount | No. of shares/ unit | Amount |
| (in ₹) | | | | |
| A. UNQUOTED | | | | |
| 1. Equity Shares (₹10 each fully paid up) | | | | |
| <u>Assistance under financing</u> | | | | |
| Biotech Consortium Ltd. | 2,00,001 | 20,00,010 | 2,00,001 | 20,00,010 |
| Jangipur Bengal Mega Food Park Ltd. | 42,00,000 | 4,20,00,000 | 42,00,000 | 4,20,00,000 |
| 2. Units of Venture Funds (₹10 each fully paid up) | | | | |
| - Green India Venture Fund (GIVF) | 2,34,69,415 | 23,46,94,147 | 2,35,86,583 | 23,58,65,834 |
| - India Enterprise Development Fund (IEDF) | 3,91,27,604 | 39,12,76,040 | 3,91,79,055 | 39,17,90,553 |
| - India Automotive Component Manufacturers Private Equity Fund - 1 (Domestic) (IACM) | 2,89,912 | 28,99,121 | 2,96,901 | 29,69,012 |
| TOTAL (A) | | 67,28,69,318 | | 67,46,25,409 |
| B. QUOTED | | | | |
| 1. Bonds - Tax free bonds of IFCI Ltd of ₹ 10,00,000 each | 50 | 5,00,05,000 | 50 | 5,00,05,000 |
| 2. Bonds - Taxable IFCI Ltd of ₹ 1000 each | 1,00,000 | 10,00,00,000 | 1,00,000 | 10,00,00,000 |
| TOTAL (B) | | 15,00,05,000 | | 15,00,05,000 |
| Grand Total | | 82,28,74,318 | | 82,46,30,409 |

| | As at 31 st March, 2017 | | As at 31 st March, 2016 | |
|---|------------------------------------|-----------------------|------------------------------------|-----------------------|
| | No. of shares/ units | Amount | No. of shares/ units | Amount |
| (in ₹) | | | | |
| 12. <u>LONG-TERM LOANS & ADVANCES</u> | | | | |
| Loans to Assisted Concerns - (Secured and considered good) | | 3,46,92,45,176 | | 3,21,71,30,988 |
| TOTAL | | 3,46,92,45,176 | | 3,21,71,30,988 |

13. CURRENT INVESTMENTS

| | As at 31 st March, 2017 | | As at 31 st March, 2016 | |
|---|------------------------------------|----------------|------------------------------------|-------------------|
| | No. of shares/ units | Amount | No. of shares/ units | Amount |
| (in ₹) | | | | |
| Unquoted Equity Shares | | 118,534 | | 118,534 |
| Investment in Liquid Funds (Refer Foot Note on Note 13) | | - | | 99,784,226 |
| TOTAL | | 118,534 | | 99,902,760 |
| Less: Provision for diminution in value | | 118,534 | | 118,534 |
| Total : | | - | | 99,784,226 |

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

Current year : Nil (Prev yr: SBI PLF-Regular Plan Growth No. of Units: 42150.569 @ NAV: Rs.2376.0805 valuing Rs 10,01,53,145.06/-)

14 CASH & CASH EQUIVALENTS

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|---|------------------------------------|------------------------------------|
| (A) Balances with Banks | 30,10,759 | 10,64,87,978 |
| (B) Cash in hand (including postage stamps) | 2,971 | 4 |
| TOTAL | 30,13,730 | 10,64,87,982 |

15 SHORT-TERM LOANS & ADVANCES

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|--|------------------------------------|------------------------------------|
| (A) Current maturities of Long-term Loans (sec & cons. good) | 191,45,02,600 | 226,04,85,006 |
| Current maturities of Long-term Loans (cons. substd) | 3550,00,000 | 42,45,17,336 |
| Current maturities of Long-term Loans (sec & doubtful) | 6917,15,230 | 18,11,12,664 |
| Current maturities of Long-term Loans (unsec. & doubtful) | 425,43,463 | 12,88,75,634 |
| | 300,37,61,293 | 299,49,90,640 |
| (B) Other Loans and advances | | |
| (i) Loans to Staff (Secured) | 7,62,141 | 10,44,950 |
| (ii) Others (Unsecured and considered good) | 1,42,501 | 15,000 |
| | 9,04,642 | 10,59,950 |
| TOTAL | 300,46,65,935 | 299,60,50,590 |

16 OTHER CURRENT ASSETS

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|--|------------------------------------|------------------------------------|
| (A) Receivables other than trade | 32,85,824 | 31,11,187 |
| (B) Fees receivable | 39,44,223 | - |
| (C) Accrued Income | | |
| (i) Interest and commitment charges on Loans | 529,07,883 | 404,62,318 |
| (ii) Interest on Investments | 201,52,365 | 107,52,364 |
| (D) Pre-paid Expenses | 3,98,460 | 1,98,068 |
| (E) Advance Tax net of provision | - | 8,03,202 |
| (F) Service tax credit | 1,92,611 | 6,89,237 |
| TOTAL | 808,81,366 | 560,16,376 |

17 INCOME FROM OPERATIONS

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|---|------------------------------------|------------------------------------|
| (A) On Interest on Lending Operations | 77,88,06,958 | 74,55,93,192 |
| (B) On Investment Operations | | |
| (i) Profit on sale of Shares/ Units/ Debentures (Net) | 385,04,561 | 539,11,128 |
| (ii) Interest on Bonds | 135,95,001 | 137,36,953 |
| (C) Management Fee | 942,17,255 | 998,18,582 |
| (D) Bad Debt Recovered | 157,83,667 | 174,82,930 |
| (E) Prior Period Exp / Excess Provision | - | 2,34,906 |
| TOTAL | 94,09,07,442 | 93,07,77,691 |

18 OTHER INCOME

| | As at 31 st March, 2017 | As at 31 st March, 2016 |
|--------------------------------|------------------------------------|------------------------------------|
| (A) Interest on staff advances | 33,068 | 72,788 |
| (B) Miscellaneous Income | 20,48,314 | 1,80,011 |
| TOTAL | 20,81,382 | 2,52,799 |

19 EMPLOYEE BENEFITS EXPENSES

| | | (in ₹) |
|---|------------------------------------|------------------------------------|
| | As at 31 st March, 2017 | As at 31 st March, 2016 |
| (A) Salaries and Allowances * | 360,15,908 | 352,49,454 |
| (B) Contribution to Provident and other funds | 9,30,348 | 17,24,643 |
| (C) Staff Welfare Expenses | 10,04,207 | 9,15,360 |
| TOTAL | 379,50,463 | 378,89,457 |

* includes Leave Encashment & Gratuity

20 FINANCE COST

| | | (in ₹) |
|--|------------------------------------|------------------------------------|
| | As at 31 st March, 2017 | As at 31 st March, 2016 |
| (A) Interest on Bonds and Borrowings | 52,31,35,528 | 45,81,38,718 |
| (B) Interest on Cash credit facilities | 28,70,263 | 65,01,629 |
| (C) Fee for issuance of Letter of Comfort to IFCI Ltd. | 207,79,634 | - |
| TOTAL | 54,67,85,425 | 46,46,40,347 |

21 OTHER EXPENSES

| | | (in ₹) |
|---|------------------------------------|------------------------------------|
| | As at 31 st March, 2017 | As at 31 st March, 2016 |
| (A) Rent | 159,78,497 | 132,29,568 |
| (B) Insurance | 98,611 | 11,945 |
| (C) Repairs and Maintenance | 26,64,138 | 24,53,308 |
| (D) Auditors' Remuneration | 10,12,852 | 7,87,890 |
| (E) Directors' & other committee Fees | 11,43,109 | 8,12,147 |
| (F) Consultation and Law Charges (incl filing fees) | 5,57,113 | 29,26,136 |
| (G) Professional Charges | 19,71,379 | 41,54,296 |
| (H) Travelling & Conveyance | 10,94,453 | 19,86,255 |
| (I) Postage & Telephone | 1,77,815 | 4,62,731 |
| (J) Training & Development Expense | - | 64,200 |
| (K) Advertisements | 6,81,402 | 21,89,942 |
| (L) Other Miscellaneous Expenses | 10,89,845 | 17,83,220 |
| (M) Provision for Bad & Doubtful Debts | 502,91,403 | 873,15,103 |
| (N) Provision for Standard assets | 24,05,157 | 42,43,632 |
| (O) CSR Expenses | 11,55,215 | 35,60,695 |
| (P) Prior period expense | - | 31,261 |
| TOTAL | 803,20,989 | 12,60,12,329 |

(B) NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

1. Auditors' Remuneration

(in ₹)

| Particulars | 31/03/2017 | 31/03/2016 |
|----------------------------------|------------|------------|
| a) As Auditor | 4,95,000 | 3,60,000 |
| b) For Other services | 2,08,000 | 1,12,000 |
| c) For Reimbursement of Expenses | 1,64,790 | 1,27,155 |
| | 8,67,790 | 5,99,155 |

* The above amount excludes Service Tax.

2. CSR Expenditure

(a) Gross amount required to be spent by the company during the year:
Rs.75,69,927/- (Previous year Rs. 71,77,372/-)

(b) Amount spent during the year on:

(in ₹)

| Sl. No. | Particulars | | Paid | Yet to be paid | Total |
|---------|---------------------------------------|---------|-----------|----------------|-----------|
| (i) | Construction/Acquisition of any asset | 2016-17 | 11,55,215 | 0 | 11,55,215 |
| | | 2015-16 | 33,90,695 | 1,70,000 | 35,60,695 |
| (ii) | On purpose other than (i) above | 2016-17 | Nil | Nil | Nil |
| | | 2015-16 | Nil | Nil | Nil |

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

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

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

6. Gratuity and Leave encashment liabilities have been determined and accounted on the basis of actuarial valuation carried out as at March 31, 2017.

a. Expense recognized in the statement of profit and loss

| Particulars | | 31/03/2017 | | 31/03/2016 | |
|-------------|---|----------------------|---------------------------------|----------------------|---------------------------------|
| | | Gratuity (Funded) | Leave Encashment (Un-Funded) | Gratuity (Funded) | Leave Encashment (Un-Funded) |
| (a) | Current service cost | 4,56,563 | 7,71,216 | -- | 10,20,898 |
| (b) | Past service cost | -- | -- | -- | -- |
| (c) | Interest cost | -- | 9,18,352 | -- | 7,77,421 |
| (d) | Expected return on Plan Assets | 2,99,193 | -- | -- | -- |
| (e) | Curtailment Cost / (Credit) | -- | -- | -- | -- |
| (f) | Settlement Cost / (credit) | -- | -- | -- | -- |
| (g) | Net actuarial (gain) / loss recognized in the period | 79,11,864 | (18,03,812) | -- | 5,58,483 |
| (h) | Expenses recognized in the statement of Profit & Loss | 80,69,234* | (1,14,244) | 43,303 | 23,56,802 |

* Though the expenses to be recognized in P & L account is shown at ₹80,69,234, the actual expense is ₹36,16,175 which is the net liability as per Actuarial valuation and there are Plan Assets with LIC to take care of the balance liability.

b. Actual Returns for the Year

| Particulars | 31/03/2017 | | 31/03/2016 | |
|---------------------------------|------------|------------------|------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | (Funded) | (Un-Funded) | (Funded) | (Un-Funded) |
| (a) Actual Returns for the Year | 2,99,234 | -- | -- | -- |

c. Net(Asset)/Liability recognized in Balance Sheet

| Particulars | 31/03/2017 | | 31/03/2016 | |
|--|-------------|------------------|------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | (Funded) | (Un-Funded) | (Funded) | (Un-Funded) |
| a) Present Value of Defined Benefit Obligation | 73,68,468 | 95,01,899 | -- | 1,14,79,399 |
| b) Fair Value on Plan Assets | 37,94,821 | -- | -- | -- |
| c) Status(Surplus/Deficit) | (35,73,647) | (95,01,899) | -- | (1,14,79,399) |
| d) Unrecognized Past Service Cost | -- | -- | -- | -- |
| e) Net Asset/(Liability) recognized In Balance Sheet | (35,73,647) | (95,01,899) | -- | (1,14,79,399) |

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

| Particulars | 31/03/2017 | | 31/03/2016 | |
|---|-------------|------------------|------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | (Funded) | (Un-Funded) | (Funded) | (Un-Funded) |
| a) Present Value of Obligation at Beginning of the year | -- | 1,14,79,399 | -- | 97,17,757 |
| b) Current Service Cost | 4,56,563 | 7,71,216 | -- | 10,20,898 |
| c) Interest Cost | -- | 9,18,352 | -- | 7,77,421 |
| d) Curtailment Cost | -- | -- | -- | -- |
| e) Settlement Cost | -- | -- | -- | -- |
| f) Plan Amendments | -- | -- | -- | -- |
| g) Acquisitions | -- | -- | -- | -- |
| h) Actuarial (gain)/ loss on Obligations | 79,11,905 | (18,03,812) | -- | 5,58,483 |
| i) Benefits Paid/Payable | (10,00,000) | (18,63,256) | -- | (5,95,160) |
| j) Present Value of Obligation at end of the year | 73,68,468 | 95,01,899 | -- | 1,14,79,399 |

e. Change in Fair Value of Assets during the year

| Particulars | 31/03/2017 | | 31/03/2016 | |
|---|-------------|------------------|------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| | (Funded) | (Un-Funded) | (Funded) | (Un-Funded) |
| a) Fair value of Plan Assets at the Beginning of the year | 44,52,284 | -- | 33,97,550 | -- |
| b) Acquisition adjustment | -- | -- | -- | -- |
| c) Expected return on plan assets | 2,99,193 | -- | -- | -- |
| d) Actuarial gain/(loss) on plan assets | 41 | -- | -- | -- |
| e) Employer contributions | 43,303 | -- | -- | -- |
| f) Benefits paid | (10,00,000) | -- | -- | -- |
| g) Fair value of plan assets at the end of the year | 37,94,821 | -- | 44,52,284 | -- |

f. Actuarial Assumptions

| a) | Mortality Table | Indian Assured Lives Mortality (2006-08) | | Indian Assured Lives Mortality (2006-08) | |
|----|--------------------------------|--|------|--|-------|
| b) | Early Retirement & Disablement | Age Related | | Age Related | |
| c) | Discount Rate | 7.52 | 7.52 | -- | 8.00 |
| d) | Inflation Rate | 8.50 | 8.50 | -- | 10.00 |
| c) | Return on Assets | 6.72 | -- | -- | -- |

g. Major Category of Plan Assets as a % of Total Plan Assets

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

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

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

| Nature of Relationship | Name of the Related Party |
|--|--|
| Holding company | IFCI Ltd. (IFCI) |
| Key Managerial Personnel (deputed from IFCI) | Mr. Deepak Mishra (Managing Director) |
| Other subsidiaries of Holding company | IFCI Infrastructure Development Ltd. (IIDL) IFCI Financial Services Ltd. (IFIN) IFIN Securities Ltd. (IFSL) IFCI Factors Ltd. |

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

| (in ₹) | | |
|--|--------------|---------------|
| Type of Transaction – IFCI | Current Year | Previous Year |
| Loan taken from IFCI | 22,00,00,000 | 0 |
| Interest on Loan Paid to IFCI | 81,370 | 0 |
| Rent & Maintenance paid to IFCI Ltd. (Exclusive of service tax and education cess) | 1,49,88,300 | 1,24,95,121 |
| Salaries paid to IFCI for employees deputed by IFCI Ltd. including PLI | 77,37,071 | 42,35,524 |
| Paid towards other expenses to IFCI | 14,629 | 1,07,918 |
| Paid towards IT Services taken from IFCI | 6,00,000 | 6,00,000 |
| Interim Dividend paid | 5,95,21,008 | 5,95,21,008 |
| Interest Received and accrued on Bonds subscribed | 1,35,95,000 | 1,37,36,953 |
| Brokerage/ Professional fee paid-LOC | 1,92,85,044 | 0 |

Balance Outstanding with the related party during the period: -

| (in ₹) | | |
|---|--------------|---------------|
| Outstanding Balances – IFCI | Current Year | Previous Year |
| Payable to IFCI towards salary of employees deputed by IFCI | 5,38,979 | 4,88,389 |
| Interest accrued on Bonds - IFCI Ltd. | 2,01,52,365 | 1,07,52,364 |
| Bonds Subscribed & outstanding | 15,00,05,000 | 15,00,05,000 |
| Loan taken from IFCI- outstanding | 22,00,00,000 | 0.00 |
| Interest on Loan Paid to IFCI- outstanding | 81,370 | 0.00 |
| Other Expense payable | 0.00 | 2,76,618 |

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

8. Earnings per Share:

(in ₹)

| Earnings Per Share (Weighted Average) | | |
|---------------------------------------|------|------|
| Basic | 3.23 | 3.45 |
| Diluted | 3.23 | 3.45 |

9. Deferred Taxation

(i) As per the Accounting Standard (AS-22) "Accounting for Taxes on Income", the company has determined the deferred tax assets (Net of Liability) of Rs. 9,24,43,308/- (Previous year assets of Rs. 7,34,81,107/-) as on 31st March, 2017.

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

(in ₹)

| | 31/03/2017 | 31/03/2016 |
|--|-------------|-------------|
| a) Deferred Tax Liabilities | | |
| Related to Fixed Assets | (44,222) | (87,127) |
| b) Deferred Tax Assets | | |
| Expenditure allowable on actual payment | 9,24,87,530 | 7,35,68,234 |
| Net Deferred Tax (Liability)/ Asset | 9,24,43,308 | 7,34,81,107 |

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

| Particulars | | | | | | |
|--|-----------------------------------|-----------------|--------------|-----------------------------------|-----------------|--------------|
| Segment information | | | | | | |
| The Company has identified business segments as its primary segment. Business segments are primarily Financing Activity and Management of Funds . Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. | | | | | | |
| Particulars | For the year ended 31 March, 2017 | | | For the year ended 31 March, 2016 | | |
| | Business segments | | Total | Business segments | | Total |
| | Financing Activity | Fund Management | | Financing Activity | Fund Management | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Revenue | 84,66,90,187 | 942,17,255 | 94,09,07,442 | 83,07,24,203 | 998,18,582 | 93,05,42,785 |
| Inter-segment revenue | - | - | - | - | - | - |
| Total | 84,66,90,187 | 942,17,255 | 94,09,07,442 | 83,07,24,203 | 998,18,582 | 93,05,42,785 |
| Segment result | 24,72,08,201 | 942,17,255 | 34,14,25,456 | 27,09,64,426 | 998,18,582 | 37,07,83,008 |
| Unallocable expenses (net) | | | 658,71,079 | | | 692,38,985 |
| Operating income | | | 27,55,54,377 | | | 30,15,44,023 |
| Other income (net) | | | 20,81,382 | | | 4,87,705 |
| Profit before taxes | | | 27,76,35,760 | | | 30,20,31,728 |
| Tax expense | | | 824,97,799 | | | 939,46,617 |
| Net profit after Tax | | | 19,51,37,961 | | | 20,80,85,111 |

| Particulars | For the year ended 31 March, 2017 | | | For the year ended 31 March, 2016 | | |
|--|-----------------------------------|-----------------|----------------------|-----------------------------------|-----------------|----------------------|
| | Business segments | | Total | Business segments | | Total |
| | Financing Activity | Fund Management | | Financing Activity | Fund Management | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Segment assets | 729,67,85,429 | 39,44,223 | 730,07,29,652 | 713,75,96,213 | - | 713,75,96,213 |
| Unallocable assets | - | - | 17,27,27,128 | | | 23,65,41,470 |
| Total assets | | | 747,34,56,780 | | | 737,41,37,683 |
| Segment liabilities | 527,59,00,835 | - | 527,59,00,835 | 530,09,19,764 | - | 530,09,19,764 |
| Unallocable liabilities | | | 219,75,55,945 | | | 207,32,17,919 |
| Total liabilities | | | 747,34,56,780 | | | 737,41,37,683 |
| <u>Other information</u> | | | | | | |
| Capital expenditure (allocable) | | | - | | - | - |
| Capital expenditure (unallocable) | | | 73,128 | | | 5,17,271 |
| Depreciation and amortisation (allocable) | | | | | | |
| Depreciation and amortisation (unallocable) | | | 2,96,187 | | | 4,56,629 |
| Other significant non-cash expenses (allocable) | | | | | | |
| (Provision for Bad & Doubtful Assets and Std Assets) | 526,96,560 | | 526,96,560 | 915,58,735 | | 915,58,735 |
| Other significant non-cash expenses (unallocable) | | | | | | |

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

(a) Capital

| Particulars | 31/03/2017 | 31/03/2016 |
|--|---------------|---------------|
| Capital | | |
| (a) Capital to Risk Assets Ratio (CRAR) | 28.17% | 28.50% |
| (b) CRAR – Tier I capital (%) | 27.92% | 28.27% |
| (c) CRAR – Tier II capital (%) | 0.25% | 0.23% |
| (d) Subordinated debt raised, outstanding as Tier II Capital (Rs.) | Nil | Nil |
| (e) Risk-weighted assets (Rs.): | | |
| (i) On-Balance Sheet Items (in `) | 746,95,40,000 | 719,12,87,000 |
| (ii) Off-Balance Sheet Items (in `) | - | 85,000 |

(b) Details of investment and movement in provision

| Particulars | As on 31/03/2017 | As on 31/03/2016 |
|---|------------------|------------------|
| Value of Investment | | |
| Gross Value of Investments | 82,29,92,852 | 92,45,33,169 |
| Provisions for Depreciation | 1,18,534 | 1,18,534 |
| Net Value of Investments | 82,28,74,318 | 92,44,14,635 |
| Movement of provisions held towards depreciation on investments | | |
| (i) Opening balance | 1,18,534 | 1,18,534 |
| (ii) Add : Provisions made during the year | - | - |

| | | | |
|-------|--|----------|----------|
| (iii) | Less : Write-off / write-back of excess provisions during the year | - | - |
| (iv) | Closing balance | 1,18,534 | 1,18,534 |

(c) Maturity Pattern of assets and liabilities

(in ₹)

| | 1 Day to 30/31 Days (1 Month) | Over 1 Month to 2 Month | Over 2 Month to 3 Month | Over 3 Month to 6 Month | Over 6 Month to 1 Year | Over 1 Year to 3 Years | Over 3 Years to 5 Years | Over 5 Years | Total |
|-------------------------|-------------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|-------------------------|---------------------|----------------------|
| Liabilities | | | | | | | | | |
| Borrowing from Banks/FI | 29,32,37,934 | - | 4,05,66,667 | 22,07,46,667 | 87,28,93,333 | 1,49,62,16,667 | 27,42,48,705 | - | 319,79,09,972 |
| Market Borrowings | - | - | - | - | - | - | - | - | - |
| Bonds | - | - | - | - | 58,24,00,000 | - | 78,30,00,000 | 41,06,00,000 | 177,60,00,000 |
| Total | 29,32,37,934 | - | 4,05,66,667 | 22,07,46,667 | 1,45,52,93,333 | 1,49,62,16,667 | 1,05,72,48,705 | 41,06,00,000 | 497,39,09,972 |
| Assets | | | | | | | | | |
| Advances | 5,24,16,678 | 17,71,73,064 | 28,49,75,790 | 108,48,46,519 | 140,43,49,492 | 295,00,45,037 | 51,91,99,886 | - | 647,30,06,469 |
| Investments | - | - | 70,634 | 9,95,13,295 | 23,35,97,950 | 44,56,92,429 | - | 4,40,00,010 | 82,29,92,852 |
| Total | 5,24,16,678 | 17,71,73,064 | 28,50,46,424 | 118,43,59,814 | 1,63,79,47,442 | 339,57,37,466 | 51,91,99,886 | 4,40,00,010 | 729,58,80,787 |

(d) Exposures : Exposure to Real Estate Sector

(in ₹)

| Category | | | As on 31/03/2017 | As on 31/03/2016 |
|----------|-----------------|--|------------------|------------------|
| a) | Direct Exposure | | | |
| | (i) | Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | Nil | Nil |
| | (ii) | Commercial Real Estate- Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits | 54,29,60,000 | 121,99,84,500 |
| | (iii) | Investments in Mortgage Backed Securities (MBS) and other securitised exposures: | Nil | Nil |
| | | a) Residential b) Commercial Real Estate | | |

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

(in ₹)

| Particulars | As on 31/03/2017 | | As on 31/03/2016 | |
|--------------------|----------------------|-----------|----------------------|-----------|
| | O/s | Overdue | O/s | Overdue |
| (a) Bank Loans | 297,91,30,537 | -- | 326,66,09,231 | -- |
| (b) Bonds | 180,64,58,005 | -- | 180,63,67,333 | -- |
| (C) Loan from IFCI | 22,00,81,370 | -- | - | -- |
| TOTAL | 500,56,69,912 | -- | 507,29,76,564 | -- |

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

(f) Provisions and contingencies

(in ₹)

| Particulars | As on 31/03/2017 | As on 31/03/2016 |
|---|------------------|------------------|
| Provisions for depreciation on Investment | 1,18,534 | 1,18,534 |
| Provision towards NPA | 25,13,87,807 | 19,58,46,404 |
| Provision made towards Income tax | 10,14,60,000 | 12,55,54,146 |
| Provision for Standard Assets | 1,88,43,116 | 1,64,37,959 |
| Provision for Re-structured Standard Assets | -- | 52,50,000 |
| Provision for Employee Benefits | 1,30,75,546 | 1,14,79,399 |

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

(in ₹)

| | As on 31/03/2017 | As on 31/03/2016 |
|--|------------------|------------------|
| Total Advances to twenty largest borrowers | 405,71,49,904 | 412,42,73,265 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 62.68% | 66.39% |

Concentration of Exposures

(in ₹)

| | As on 31/03/2017 | As on 31/03/2016 |
|--|------------------|------------------|
| Total Exposure to twenty largest borrowers / customers | 405,71,49,904 | 412,42,73,265 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 62.68% | 66.39% |

(h) Concentration of NPAs

(in ₹)

| | As on 31/03/2017 | As on 31/03/2016 |
|---|------------------|------------------|
| Total Exposure to top four NPA accounts | 71,05,09,523 | 54,18,37,365 |

(i) Sector-wise NPAs

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that Sector | |
|---------|---------------------------------|---|------------------|
| | | As on 31/03/2017 | As on 31/03/2016 |
| 1 | Agriculture & allied activities | Nil | Nil |
| 2 | MSME | Nil | Nil |
| 3 | Corporate borrowers | 16.83% | 11.82% |
| 4 | Services | Nil | Nil |
| 5 | Unsecured personal loans | Nil | Nil |
| 6 | Auto loans | Nil | Nil |
| 7 | Other Personal Loans | Nil | Nil |

(j) Movement of NPA :

(in ₹)

| Particulars | | As on 31/3/2017 | As on 31/03/2016 |
|-------------|--|--------------------|---------------------|
| (i) | Net NPAs to Net Advances (%) | 13.47% | 8.95% |
| (ii) | Movement of NPAs (Gross) | | |
| (a) | Opening balance | 73,45,05,634 | 28,99,92,037 |
| (b) | Additions during the year | 35,50,00,000 | 45,90,95,349 |
| (c) | Reductions/write-offs during the year | 2,46,691 | 1,45,81,752 |
| (d) | Closing balance | 108,92,58,943 | 73,45,05,634 |
| (iii) | Movement of Net NPAs | | |
| (a) | Opening balance | 53,86,59,231 | 19,99,88,741 |
| (b) | Additions during the year | 29,94,58,597 | 35,16,52,241 |
| (c) | Reductions/write-offs during the year | 2,46,691 | 1,29,81,751 |
| (d) | Closing balance | 83,78,71,137 | 53,86,59,231 |
| (iv) | Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| (a) | Opening balance | 19,58,46,404 | 9,00,03,296 |
| (b) | Provisions made during the year | 5,55,41,403 | 10,74,43,108 |
| (c) | Write-off / write-back of excess provisions | -- | 16,00,000 |
| (d) | Closing balance | 25,13,87,807 | 19,58,46,404 |

(k) Details of Loan Assets subjected to Restructuring : NIL**(l)** Details of Borrower Limit-Single & Group exceeded by the NBFC on the basis of Gross Exposure: NIL**(m) Disclosure of restructured assets**

(in ₹)

| Type of restructuring | | Other* | | | |
|--|--------------------|----------------|--------------|----------|------|
| Asset classification | | Standard | Sub-standard | Doubtful | Loss |
| Restructured accounts as on April 1, 2016 | No. of borrowers | 2.00 | 4.00 | - | - |
| | Amount outstanding | 25,50,00,000 | 46,88,79,000 | - | - |
| | Provision thereon | 52,50,000 | 5,92,57,000 | | |
| Fresh restructuring during FY 2016-17 | No. of borrowers | - | - | - | - |
| | Amount outstanding | - | - | - | - |
| | Provision thereon | - | - | - | - |
| Up gradations to restructured standard category during FY 16-17 | No. of borrowers | - | - | - | - |
| | Amount outstanding | - | - | - | - |
| | Provision thereon | - | - | - | - |
| Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | No. of borrowers | 1 | - | - | - |
| | Amount outstanding | 15,00,00,000 | - | - | - |
| | Provision thereon | - | - | - | - |
| Down gradation of restructured accounts during the year | No. of borrowers | (1) | 1 | - | - |
| | Amount outstanding | (10,50,00,000) | 10,50,00,000 | - | - |
| | Provision thereon | (52,50,000) | 52,50,000 | - | - |

| | | | | | |
|---|--------------------|---|--------------|---|---|
| Write offs of restructured accounts during the year | No. of borrowers | - | - | - | - |
| | Amount outstanding | - | - | - | - |
| | Provision thereon | - | - | - | - |
| Restructured accounts as on March 31, 2017 | No. of borrowers | - | 5.00 | - | - |
| | Amount outstanding | - | 57,28,69,082 | - | - |
| | Provision thereon | - | 11,74,85,690 | - | - |

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

(n) Exposure to Capital Market

(in ₹)

| Particulars | | Current Year | Previous Year |
|----------------------------------|--|----------------------|----------------------|
| (i) | Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt | 4,40,00,010 | 4,40,00,010 |
| (ii) | Advances against shares/bonds/debenture or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds | Nil | Nil |
| (iii) | Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary securities | 54,12,25,048 | 108,66,28,892 |
| (iv) | Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances. | Nil | Nil |
| (v) | Secured and unsecured advances to the stockbrokers and guarantees issued on behalf of stockbrokers and market makers. | Nil | Nil |
| (vi) | Loan sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources. | Nil | Nil |
| (vii) | Bridge loans to companies against expected equity flows / issues. | Nil | Nil |
| (viii) | All exposure to Venture Capital Funds both registered and unregistered) | 62,88,69,308 | 63,06,25,399 |
| Total exposure to capital market | | 121,40,94,366 | 176,12,54,301 |

(o) Schedule to the Balance Sheet of a NBFC

(in ₹)

| Particulars | | 31/03/2017 | | 31/03/2016 | |
|----------------|--|---------------------------|-----------------------|---------------------------|-----------------------|
| Liability Side | | | | | |
| (1) | Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid: | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| (a) | Debentures: Secured | 1,00,86,29,513 | | 1,00,86,29,474 | |
| | :Unsecured | 79,78,28,492 | | 79,77,37,859 | |
| | (Other than falling within the meaning of public deposits) | | | | |
| (b) | Deferred Credits | | | | |
| (c) | Term Loans | 2,86,60,72,603 | | 3,21,46,42,542 | |
| (d) | Inter-corporate loans and borrowing | 22,00,81,370 | | - | |
| (e) | Commercial papers | | | | |
| (f) | Public Deposits | | | | |

| | | | | | | |
|-----|---|------------------------------------|--------------------------------|-----|-------------------|-----|
| | (g) | Other Loans –OD/ CC Limit | 11,30,57,934 | | 4,99,93,836 | |
| (2) | Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid): | | N.A | N.A | N.A | N.A |
| | Assets Side | | 31/03/2017 | | 31/03/2016 | |
| (3) | Break-up of Loans and Advances including bills receivables [other than those included in (4) below]: | | | | | |
| | (a) | Secured | 643,04,63,006 | | 6,08,32,45,999 | |
| | (b) | Unsecured | 4,25,43,463 | | 12,88,75,629 | |
| (4) | Break up of leased Assets and stock on hire and other assets counting towards AFC activities | | N.A | N.A | N.A | N.A |
| (5) | Break-up of Investments | | | | | |
| | Current Investments | | | | | |
| | 1. | Quoted | NIL | NIL | NIL | NIL |
| | 2. | Unquoted | | | | |
| | | (i) Shares | | | | |
| | | (a) Equity | 1,18,534 | | 1,18,534 | |
| | | (b) Preference | | | | |
| | | (ii) Debentures and Bonds | | | | |
| | | (iii) Units of Mutual Funds | -- | -- | 9,97,84,226 | -- |
| | | (iv) Government Securities | -- | -- | -- | -- |
| | | (v) Other (please specify) | -- | -- | -- | -- |
| | Long Term Investments | | | | | |
| | 1. | Quoted | | | | |
| | | (i) Shares | -- | -- | -- | - |
| | | (ii) Debentures and Bonds | 15,00,05,000 | -- | 15,00,05,000 | - |
| | 2. | Unquoted | | | | |
| | | (i) Shares | | | | |
| | | (a) Equity | 4,40,00,010 | | 4,40,00,010 | |
| | | (b) Preference | | | | |
| | | (ii) Debentures and Bonds | -- | -- | -- | -- |
| | | (iii) Units of Mutual Funds | -- | -- | -- | -- |
| | | (iv) Government Securities | -- | -- | -- | -- |
| | | (v) Other (Units of Venture Funds) | 67,28,69,318 | -- | 67,46,25,409 | -- |
| (6) | Borrower group-wise classification of assets financed as in (3) and (4) above: Please see Note 2 below | | | | | |
| | Category | | Amount Net of Provision | | | |
| | | | 31/03/2017 | | 31/03/2016 | |
| | 1. | Related Parties ** | | | | |
| | | (a) Subsidiaries | - | | - | |
| | | (b) Companies in the same group | - | | - | |
| | | (c) Other related parties | - | | - | |
| | 2. | Other than related parties | 622,16,18,663 | | 6,01,62,75,224 | |
| | Total | | 622,16,18,663 | | 6,01,62,75,224 | |

| | | | | | | | |
|-----|--|--|--|-------------------------------|--|-------------------------------|----|
| (7) | Investor group wise classification of all investments (Current & Long Term) in shares and securities (both Quoted & Unquoted) | | | | | | |
| | | | 31/03/2017 | | 31/03/2016 | | |
| | Category | | Market Value/Break up or fair value or NAV | Book Value (Net of Provision) | Market Value/Break up or fair value or NAV | Book Value (Net of Provision) | |
| | 1. | Related Parties ** | | | | | |
| | (a) | Subsidiaries | | | | | |
| | (b) | Companies in the same group | 15,00,05,000 | 15,00,05,000 | 15,00,05,000 | 15,00,05,000 | |
| | (c) | Other related parties | | | | | |
| | 2. | Other than related parties | 67,29,87,852 | 67,28,69,318 | 77,45,28,169 | 77,44,09,635 | |
| | Total | | | | | | |
| | ** As per Accounting Standard of ICAI (Please see Note 3) | | | | | | |
| (8) | Other Information | | | | | | |
| | Particular | | 31/03/2017 | | 31/03/2016 | | |
| | (i) | Gross Non Performing Assets | | | | | |
| | | (a) | Related parties | | -- | | -- |
| | | (b) | Other than related parties | 108,92,58,943 | | 73,45,05,634 | |
| | (ii) | Net Non-Performing Assets | | | | | |
| | | (a) | Related parties | -- | | -- | |
| | | (b) | Other than related parties | 83,78,71,137 | | 53,86,59,231 | |
| | (iii) | Assets acquired in satisfaction of debts | | | | | |
| | Notes : | | | | | | |
| 1. | As defined in point xix of paragraph 3 of Chapter-2 of these Directions. | | | | | | |
| 2. | Provision norms shall be applicable as prescribed in these Directions. | | | | | | |
| 3. | All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investment and others assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investment shall be disclosed irrespective of whether they are classified as long term of current in (5) above. | | | | | | |

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

Long Term (Bonds/Term Loans)

| Ratings By | 31/03/2017 | 31/03/2016 |
|------------|--|-------------------------|
| CARE | CARE A-(SO) Negative CARE BBB+ Negative | CARE A(SO) CARE BBB+ |
| Brickwork | BWR A-Stable | BWR A-Stable |

(q) Disclosures related to Customer Complaints:- NIL

| Particulars | 31/03/2017 | 31/03/2016 |
|--|------------|------------|
| No. of complaints pending at the beginning of the year | Nil | Nil |
| No. of complaints received during the year | Nil | Nil |
| No. of complaints redressed during the year | Nil | Nil |
| No. of complaints pending at the end of the year | Nil | Nil |

(r) Disclosure of Specified Bank Notes held and transacted during the period from 8.11.2016 to 30.12.2016 (In terms of MCA Notification dated 30.03.2017) :-

(in ₹)

| | SBNs | | Other Denomination Notes | | Total | |
|--|--------------|-----------|--------------------------|-----------|--------------|-----------|
| | Denomination | Amount | Denomination | Amount | Denomination | Amount |
| Closing Balance as at 8 November 2016 | 500 | 16,000.00 | 100 | 1,200.00 | 500 | 16,000.00 |
| | | | 50 | 50.00 | 100 | 1,200.00 |
| | | | 10 | 30.00 | 50 | 50.00 |
| | | | 1 | 8.00 | 10 | 30.00 |
| | | | | | 1 | 8.00 |
| Transactions between 9th November 2016 and 30th December 2016 | | | | | | |
| Add: Withdrawal from Bank accounts | - | - | 2000 | 40,000.00 | 2000 | 40,000.00 |
| | | | 100 | 70,000.00 | 100 | 70,000.00 |
| Add: Receipts for permitted transactions | - | - | - | - | - | - |
| Add: Receipts for non-permitted transactions (if any) | - | - | - | - | - | - |
| Less: Paid for permitted transactions | - | - | 2000 | 40,000.00 | 2000 | 40,000.00 |
| | | | 100 | 56,600.00 | 100 | 56,600.00 |
| | | | 10 | 20.00 | 10 | 20.00 |
| | | | 1 | 6.00 | 1 | 6.00 |
| Less: Paid for non-permitted transactions (if any) | - | - | - | - | - | - |
| Less: Deposited in bank accounts | 500 | 16,000.00 | - | - | 500 | 16,000.00 |
| Closing balance as at 30 December 2016 | - | - | 100 | 14,600.00 | 100 | 14,600.00 |
| | | | 50 | 50.00 | 50 | 50.00 |
| | | | 10 | 10.00 | 10 | 10.00 |
| | | | 1 | 2.00 | 1 | 2.00 |

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

B.N. Nayak
Director
(DIN: 00144147)

Deepak Mishra
Managing Director
(DIN: 05245002)

Indu Gupta
Chief Finance Officer

Mukesh Girdhar
Company Secretary

Place: New Delhi
Date: May 17, 2017



Registered Office

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