IFCI FACTORS LIMITED

24TH ANNUAL REPORT

2018-19

CONTENTS

IFCI FACTORS LIMITED

Corporate Information

Board of Directors

Dr. Emandi Sankara Rao	Chairman (Nominee of IFCI Ltd.)
Mr. Arvind Kumar Jain	Director
Mr. Padmanabhan Raja Jaishankar	Director
Ms. Madhushree Nanda Agarwal	Director
Mr. Sachikanta Mishra	Nominee Director
Mr. Bikash Kanti Roy	Managing Director

Registered Office

10th Floor, IFCI Tower,
61 Nehru Place,
New Delhi 110019

Website & Email Id

www.ifcifactors.com
manidevsadh@ifcifactors.com

Company Secretary

Mr. Mani Dev Sadh

Chief Financial Officer

Mr. Manish Jain

Principal Officers

Mr. Amit Kaul	Mr. Ravi Ranjan Singh	Mr. Ramesh Babu
Sr. Vice President	Vice President	Vice President

Statutory Auditors

SVP & Associates
Chartered Accountants, New Delhi

Debenture Trustee

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

Bankers

Canara Bank
Vijaya Bank
Andhra Bank
Dena Bank
Exim Bank

CHAIRMAN'S SPEECH

Dear Shareholders,

It is indeed my privilege to welcome you to the 24th Annual General Meeting of Your Company, IFCI Factors Ltd. (IFL) on behalf of the Board of Directors of your Company, I thank you all for your continued trust and support, extended to IFL over the years.

At the outset, I would like to briefly outline the economic overview, performance overview and future scenario.

Economy Overview

The financial year 2018-19 saw an economic performance where India fortified its position as the fastest growing major economy in the world. The Central Statistics Office (CSO) has estimated the GDP growth to be 6.8% in 2018-19 as compared to 7.2% in 2017-18. However, the growth rate slump to five years low. The factors such as Policy Reforms and Development campaigns helped India in maintaining its status quo as the fastest growing nation. Policy Reforms such as increased FDI limits, Goods and Services Tax (GST), etc led to creation of jobs and bringing more businesses into the organized sector. It also improved the ease of doing business, thus benefitting the economy in a major way. Whereas the Government campaigns such as 'Make in India' and 'Start-up India' have been helping India to position itself as a manufacturing hub and promoting entrepreneurship.

The IBC took wing this year, with proceedings seeing large scale action against large loan defaulters. IBC was largely seen as a positive towards resolving the long standing NPA dues.

The Indian economy is projected to grow at 7% in 2019 (2019-20) and 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. A lot depends on critical factors like global oil prices, a good oil prices, a good monsoon, core inflation and a low interest rate regime, NPA resolution, IBC, RBI Policy and on the external side a lot would depend on how the global trade war between US and China plays out.

Performance Overview

Your Company is a major provider of factoring services in India. Your Company also offers Corporate Loan for a tenor of upto five years. The FY 2018-19 has been a tough year for your Company, witnessing a reduction in income due to reduction in FIU. However, things have improved in the later half of the financial year and in Q4 IFL posted PAT of Rs. 3.87 crore. Your Company has also registered no fresh slippages in this quarter & last 5 (five) quarters.

Future Scenario

Your Company would strive to maintain its asset quality through risk management best practices, vigilant monitoring, recovery of its non- performing assets, arrest further slippages of the accounts into NPA and grow its asset base with addition of quality assets.

The challenges and opportunities remain in general to the all the players within the factoring industry, and it hinges to a large extent on the management of NPA's and ensuing recovery made. The Factoring still has a lot of untapped potential, especially within the MSME sector. The government is also backing the development of this product, underlining its importance towards fueling industrial growth.

To conclude, we can say that there are better days in the offing for factoring industry, as we are on the threshold of a new beginning. The Factoring product holds promise and recent developments in the form of credit guarantee scheme under the aegis of Govt of India, revisiting of credit protection clause by IRDA, enhancing the ambit of SARFAESI Act, passing of Banking & Insolvency Bill, 2016 etc., would go a long way towards promoting the overall factoring industry.

Adherence to the Corporate Governance

During the year under report, your Company has made its efforts for voluntarily complying with the conditions of Corporate Governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010, to the extent applicable, if any. Further during the period, the Board constitution w.r.t. Independent Directors could not be met. Since request has been made by IFCI Ltd., holding Company to the Ministry of Finance for the appointment of new Independent Directors in the Company and the response in respect of which is awaited.

Ackowledgement

I take this opportunity to thank all stakeholders for the continued support and guidance provided to your Company. Your Company expresses its gratitude for the professional advice and vision of the Board of Directors. I place on record my sincere thanks to all our esteemed shareholders, clients and investors for their unstinted support to the Company. I also wish to place on record my deep appreciation of the dedicated service of all the employees at all levels of Your Company.

Thanking You

Dr. Emandi Sankara Rao
Chairman

NOTICE

NOTICE is hereby given that the Twenty-Fourth (24th) Annual General Meeting of the Members of IFCI Factors Limited will be held on Tuesday, September 24, 2019 at 12:00 noon at 10th Floor, IFCI Tower, 19, Nehru Place, New Delhi-110019 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt Audited Financial Statements of the Company for the year ended March 31, 2019 and report of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Padmanabhan Raja Jaishankar (DIN: 06711526), who retires by rotation and being eligible, offers himself for re-appointment.

3. To fix the remuneration of Statutory Auditors of the Company for Financial Year 2019-20 as appointed by the Comptroller & Auditor General of India and to pass the following Resolution, with or without modification(s), as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139(5), 142 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditor(s) of the Company appointed by Comptroller and Auditor General of India for the Financial Year 2019-20, as may be deemed fit."

By Order of Board of Directors

August 06, 2019
New Delhi

Manidev Sadh
Manager & CS

IFCI Factors Limited
Registered Office:
10th Floor, IFCI Tower, 61,
Nehru Place, New Delhi – 110019
CIN: U74899DL1995GOI074649
Phone: +91-11-41642805
Website: www.ifcifactors.com
Email: manidevsadh@ifcifactors.com

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "AGM") is entitled to appoint a Proxy to attend and vote on a poll instead of himself and the Proxy need not be a member of the company. The instrument appointing the Proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of AGM. A person can act as a Proxy on behalf of members not exceeding fifty and holding in the 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 a Proxy for any other member
2. During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of Notice in writing is given to the Company.
3. All documents referred to in the accompanying Notice as well as the other documents as required under the provisions of the Companies Act, 2013 are open for inspection at the Registered Office of the Company during normal business hours on working days up to the date of this AGM. The Registers required to be maintained under Section 170 of the Companies Act, 2013, will be available for Inspection at the AGM.
4. Corporate members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified copy of their Board Resolution/s authorising their representative/s to attend and vote on their behalf at the AGM.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the AGM.
6. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
8. 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.
9. Members are requested to kindly communicate immediately any change in their address, if any, to the Company Secretary at the Registered Office of the Company.
10. Members are requested to intimate to the Company any queries regarding the accounts/notices at least ten days before the AGM to enable the management to keep the information ready at the AGM.
11. Brief profile of Mr. Padmanabhan Raja Jaishankar, Director, is also given in the Corporate Governance Report.

Information pursuant to Secretarial Standards 2, pertaining to Director seeking Re-appointment/Appointment:	
Name	Mr. Padmanabhan Raja Jaishankar
Date of Birth, Age	20/11/1965, 53
DIN No.	06711526
Qualifications	B.E., M.Tech, MBA
Date of first appointment on Board	07/11/2017
Experience	Over 30 Year experience in Financial Sector
Terms and condition of Appointment	Appointed as Non-Executive Director
No. of Meetings of the Board attended during FY 2017-18 (Attended/Held)	6/9
Other Directorships	IIFCL Projects Ltd.
Membership/ Chairmanship of Committees of other Boards	Nil
Remuneration	Nil
Shareholding in the Company	Nil

Form No. 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]

IFCI FACTORS LIMITED
CIN: U74899DL1995GOI074649
Registered Office: 10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019
Website: www.ifcifactors.com Email: manidevsadh@ifcifactors.com

Name of the member (s):
……………………………………………………………………………………………………

Registered address:
……………………………………………………………………………………………………

E-mail Id: ……………………………………………………………………………………………………

Folio No/ Client Id:
……………………………………………………………………………………………………

DP ID: ……………………………………………………………………………………………………

I/We, being the member (s) of …………. shares of the above named Company, 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:……………………………

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Tuesday, September 24, 2019 at 10th floor, IFCI Tower, Nehru Place, New Delhi at 12:00 noon and at any adjournment thereof in respect of such resolution/s as are indicated below:

Resolution No.	**Resolution/s Matter**	**Optional**	
Ordinary Business		For	Against
1.	Adoption of Financial Statements for the financial year ended March 31, 2019 and the report of Board of Directors and Auditors thereon.		
2.	Appointment of Mr. Padmanabhan Raja Jaishankar, retiring by rotation		
3.	Fixing the Remuneration of the Statutory Auditors of the Company for the financial year 2018-19 as appointed by the Comptroller & Auditor General of India		

Affix Revenue Stamp not less than Rs. 0.15

Signed this ……… day of ………………………………, 2019

Signature of Shareholder……………………….

Signature of Proxy holder(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 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.
3. Proxyholders may please carry their identity proofs while coming at the Annual General Meeting.

IFCI Factors Limited
CIN : U74899DL1995GOI074649
Registered Office: 10th floor IFCI Tower 61, Nehru Place, New Delhi – 110019
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ATTENDANCE SLIP

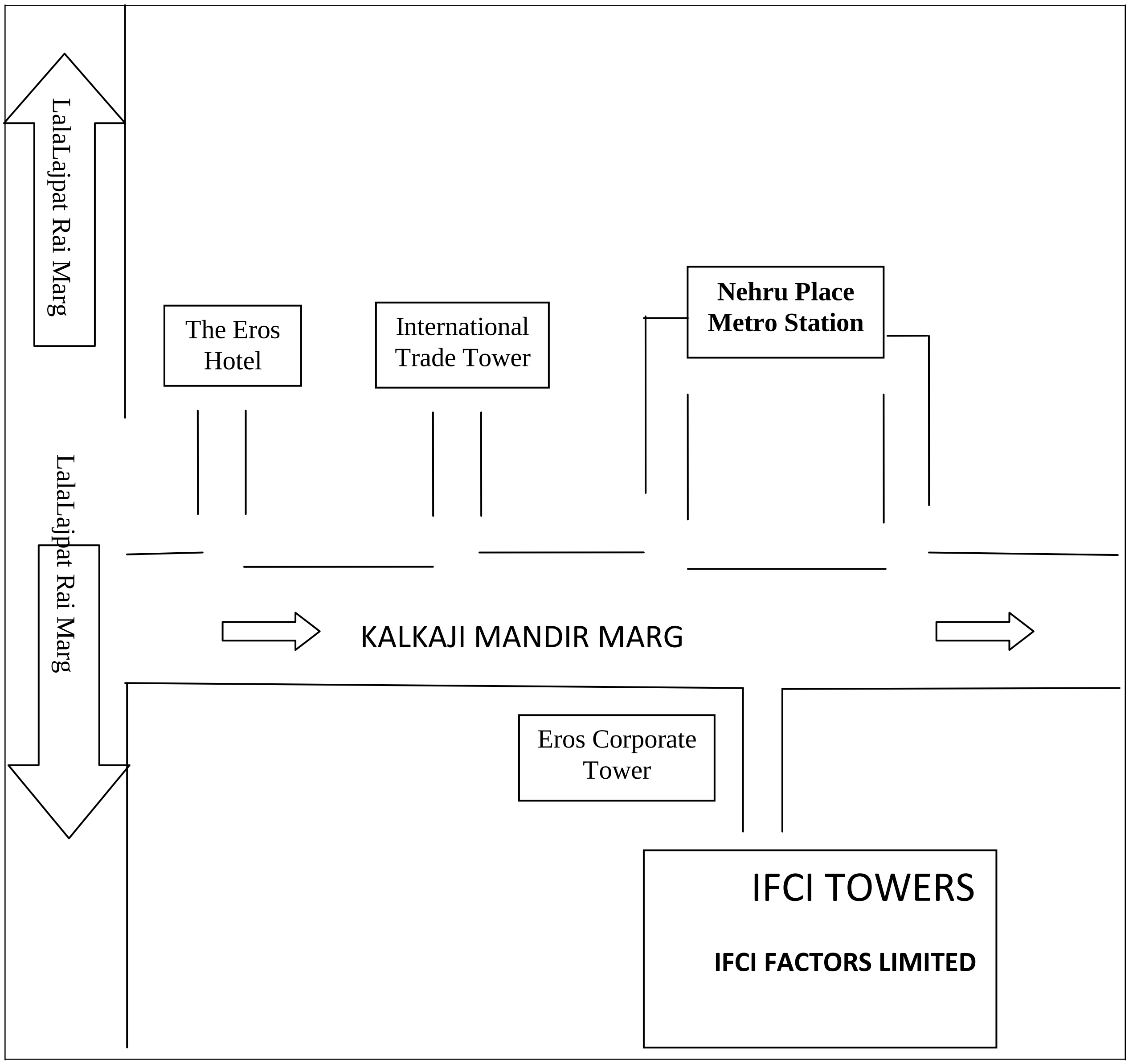
24th Annual General Meeting held on Tuesday, September 24, 2019 at 12:00 noon at 10th Floor, IFCI Tower 61, Nehru Place, New Delhi – 110019.

Name (IN BLOCK LETTERS)	
Address	
Registered Folio No. / Dp Id & Client Id	
Shareholder / Proxy/ Authorised Representative	
Mobile No	
E-Mail Id	

I/We hereby record my/our presence at the 24th Annual General Meeting (AGM) of the Company being held on Tuesday, September 24, 2019 at 12:00 noon at 10th Floor, IFCI Tower 61, Nehru Place, New Delhi – 110019.

……………………………………………………………………………….
Signature of Shareholder / Proxy / Authorised Representative

Route Map



Prominent Land Mark: Nehru Place Metro Station

DIRECTORS' REPORT

TO THE MEMBERS

The Board of Directors of your Company have pleasure in presenting the 24th Annual Report of the Company together with the Audited Financial Statement for the year ended on March 31, 2019.

Financial Results

The Financial Results of the Company for the Financial Year 2018-19 as per Indian Accounting Standard (Ind - AS) are summarized below : (Rs. in lacs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Total Income	5,079.77	6,392.81
Expenditure - Finance Cost - Employee benefits Expenses - Depreciation, amortization & impairment - Other Expenses	 3,500.67 609.01 8.66 551.55	 4,501.14 527.29 8.64 561.57
Total Expenditure	4,669.90	5,598.64
Profit before Provisions/Written Off	409.87	794.17
Provisions & Write-Offs	794.60	6,180.77
Profit / (Loss) Before Tax	(384.73)	(5,386.60)
Tax Expense - Current Tax - Deferred Tax	 - (1,622.51)	 - (1,793.57)
Profit/ (Loss) After Tax	(2,007.24)	(3,593.03)

State of affairs of the Company

Your Company is a major provider of factoring services in India. Your Company also offers Corporate Loan for a tenor of upto five years. The FY 2018-19 has been a tough year for your Company, witnessing a reduction in income due to reduction in FIU. However, things have improved in the later half of the financial year and in Q4 IFL posted PAT of Rs. 3.87 crore. Your Company has also registered no fresh slippages in this quarter & last 5 (five) quarters.

The Government of India has notified a total of one hundred and ninety six systematically important NBFCs (including the Company), as 'Financial Institution' under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI). Your Company is also in that list and is taking necessary steps for realization of debts from the mortgaged asset under SARFAESI Act, 2002.

Your Company is now focusing upon standard factoring deals with quality debtors and has done away with riskier variants. At the same time your Company is also targeting MSME customers having acceptable risk profile having quality debtors.

Certificate of Registration as NBFC-Factor

Your Company holds a Certificate of Registration as NBFC–Factor issued by Reserve Bank of India and is a Non-Deposit taking Systemically Important NBFC Factor (NBFC–ND- SI-Factor).

Dividend

With regard to the performance of your Company for the period ended on March 31, 2019 and in view of the losses for the year, no dividend on Equity Shares has been recommended by the Board for the year ended March 31, 2019. In view of loss incurred by the Company, the dividend on 9% Compulsory Convertible Cumulative Preference Shares and 10% Compulsory Convertible Cumulative Preference Shares amounting to Rs. 57 crore till date stands accumulated to the next year.

Transfer to Reserves

Your Company has not transferred any amount to General Reserve in Financial Year 2018-19, as it has incurred a loss after tax of Rs. (20.07) Crore.

Capital Structure / alteration of Share Capital

The capital structure of your Company is given as under :

Authorized Share Capital

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

Issued, Subscribed and Paid-up

19,94,00,860 Equity Shares of Rs. 10/- each aggregating to Rs. 199,40,08,600 /-
7,50,38,000 9% Compulsory Convertible Cumulative Preference Shares of Rs. 10/- each aggregating to Rs. 75,03,80,000/-.

The Board of Directors on September 29, 2018 had allotted 10,00,43,160 Equity Shares of Rs. 10/- each upon conversion of 10% 10,00,43,160 Compulsory Cumulative Preference Shares of Rs. 10/- each into Equity Shares. The Board Directors on March 28, 2019 had allotted 2,00,00,000 Equity shares of Rs. 10/- each upon conversion of 400 Optionally Convertible Debenture of Rs. 5,00,000/- each into Equity Shares.

During the Financial Year 2018-19, there was no change in the Authorised Capital of your Company.

Change in status of your Company

There is no change in status of your Company, during the financial year ended 31 March, 2019.

Directors and Key Managerial Personnel

The Board of Directors of your Company consists of six Directors as on March 31, 2019, which includes five Non-Executive Directors and one Managing Director. In terms of the provisions of Section 152 of the Companies Act, 2013, Mr. Padmanabhan Raja Jaishankar, Non-Executive Director, will retire by rotation at the Annual General Meeting and being eligible offers himself for reappointment at the ensuing Annual General Meeting. Mr. Bikash Kanti Roy was appointed as Managing Director w.e.f April 02, 2018, in place of Mr. Samik Dasgupta, who ceased as Managing Director w.e.f the said date. Further, Ms. Madhushree Nanda Agrawal was appointed as Director w.e.f May 11, 2018 and Mr. Mani Dev Sadh was appointed as Company Secretary w.e.f July 3, 2018. During the year under review the change in the composition of Board of Directors are as follows:

i) Mr. Bikash Kanti Roy was appointed as Managing Director w.e.f. April 02, 2018 and Mr. Samik Dasgupta ceased as Managing Director w.e.f. said date;
ii) Ms. Madhushree Nanda Agrawal was appointed as Additional Director w.e.f. May 11, 2018;
iii) Mr. Padmanabhan Raja Jaishankar, Mr. Arvind Kumar Jain and Ms. Madhushree Nanda Agarwal, regularized as Director w.e.f. September 24, 2018.

Nomination & Remuneration Policy

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

As Per Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs, the Government companies are exempted to comply with the provisions of sub section (2), (3) and (4) of Section 178 of the Companies Act, 2013. Your Company being a Government Company is not required to disclose the Nomination and Remuneration Policy and carry out the evaluation of every Director's performance.

Particulars of Employees

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

Contracts or arrangements with Related Parties

The Related Party Transactions during the year have been disclosed in the note no. 31 to the Notes to Accounts and as per Form No. AOC-2. The Related Party Transactions were in the normal course of business and were carried out at arm's length basis. There were no materially significant Related Party Transactions during financial year 2018-19. The Policy on Related Party Transactions as approved by the Board of Directors and Form AOC-2 is enclosed as Annexure I. The said Policy is also uploaded on the website of your Company at www.ifcifactors.com.

Extract of Annual Return

The extract of Annual Return as provided under sub-section (3) of Section 92 of the Companies Act, 2013 is enclosed as Annexure-II in the prescribed form MGT-9 and forms part of this Report and placed on the website at www.ifcifactors.com/investors

Corporate Social Responsibility (CSR)

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, your Company has established Corporate Social Responsibility (CSR) Committee and statutory disclosures in this regard are given in Annexure III which forms part of this Report. Further, the details of composition of the Corporate Social Responsibility Committee and other details are also provided in the Corporate Governance Report which forms part of this report.

For the FY 2018-19, your Company does not fulfill the criteria prescribed in Section 135(1) of the Companies Act, 2013, therefore the Company is not mandatorily required to undertake CSR activities and spending the amount thereby. Owing to continued losses being suffered by your Company, no amount could be spent on CSR in respect of deferred CSR expenditure, therefore in accordance with the Guidelines on CSR & Sustainability for CPSEs, issued by the Department of Public Enterprises, your Company has deferred the CSR expenditure of an aggregate amount of Rs.91,92,410/- (Rs.6,68,150/- required to be spent during the Financial Year 2016-17, Rs.32,49,348/- required to be spent during the Financial Year 2015-16 and Rs. 52,74,912, required to be spent during the Financial Year 2014-15).

Human Resource Development

Your Company's people-centric focus provides an open work environment fostering continuous improvement and development of skills. During the year under report, your Company witnessed some attrition. As on March 31, 2019, your Company had thirty employees on its roll vis-à-vis thirty two employees as on March 31, 2019.

Fixed Deposits

During the financial year ended March 31, 2019, your Company has not accepted any deposits from the public.

Number of meetings of the Board

The Board meets at regular intervals and the maximum interval between any two meetings did not exceed one hundred and twenty one days. The Board met nine times in the Financial Year 2018-19 viz., on April 24, 2018, May 11, 2018, July 03, 2018, August 24, 2018, September 29, 2019, November 29, 2018, February 04, 2019, March 6, 2019 and March 28, 2019.

Composition of Audit Committee

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

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

Board Evaluation

Performance evaluation of the Board, its Committees and individual Directors was carried out. Based on the feedback from the Directors, the performance was evaluated at the meeting of the Board. As per Notification dated June 5, 2015, issued by the Ministry of Corporate Affairs, the Nomination and Remuneration Committee of Government Companies have been exempted from carrying out the Performance Evaluation. In view of the said exemption available, no evaluation was carried by Nomination and Remuneration Committee.

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

Your Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. During the Financial Year 2018-19, your Company has not received any complaints on sexual harassment.

Documents Placed on the Website at www.ifcifactors.com/investors

The following documents have been placed on the website of the Company :

i) Details of our contact information of Investor Grievance Officer
ii) Details of unpaid dividend
iii) Contact details of Debenture Trustees
iv) Corporate Social Responsibility Policy
v) Cessation of Directors
vi) Financial Statements

vii) Details of Vigil Mechanism for directors and employees
viii) The terms and conditions of appointment of Independent Directors
ix) The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
x) Related Party Transactions Policy
xi) Policy on Sexual Harassment Of Women At Workplace (Prevention, Prohibition and Redressal) Act, 2013
xii) Document Handling and Preservation Policy
xiii) Code of Business Conduct and Ethics for Board and Senior Management
xiv) Disclosures to the Stock Exchange

Independent Directors' Declaration

Your Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under Sec 149 of the Companies Act, 2013.

Directors' Responsibility Statement

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

i) in the preparation of the annual accounts for the Financial Year 2018-19, the applicable accounting standards have been followed and there are no material departures;
ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv) the directors had prepared the annual accounts on a going concern basis;
v) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly;
vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively; and
vii) no fraud was reported by auditors of the Company during FY 2018-19.

Particulars of Loans, Guarantees and Investments

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

Internal Financial Control

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

Secretarial Audit Report

The Board of Directors of your Company appointed Ms. KPG & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit and their Report is enclosed as Annexure IV. The Observations made by the Secretarial Auditors in their Secretarial Audit Report for the Financial Year 2018-19 and management replies thereon are as follows:-

	Observations	**Management's Reply**
(i)	The Last Company Secretary of the Company had resigned on October 24, 2017, However the Company has appointed Company Secretary only on July 03, 2018, which is beyond the provided stipulated period of 180 days.	Post advertisement of the vacancy, the shortlisted candidates were interviewed by the interview panel at IFCI Factors Limited (IFL) on November 23, 2017. On the basis of merit, Mr. Surinder Kumar Bhatia was selected and Mr.Ashish Srivastava and Ms. Prathama Misra were waitlist no. 1 and 2. On receiving the appointment letter, Mr.Surinder Bhatia refused to join, citing low remuneration as the reason for refusal. Offers were made to the waitlisted candidates and they also refused citing low remuneration. On January 30, 2018, a status note was placed in the Board of Directors provided discretionary power of amount Rs. 25,000/- per month to the Managing Director to negotiate with the shortlisted candidates and try to bridge the gap in the remuneration of the selected / waitlisted candidates. Mr. Surinder Bhatia accepted to join on the revised salary and the appointment letter was issued accordingly. Mr.SK Bhatia also provided the resignation letter that he submitted to his organization and provided his consent to act as Company

		Secretary & Key Managerial Personnel of IFL. However on April 24th 2018, Mr.Surinder Kumar Bhatia declined the offer stating that he has been retained by his current organization.
(ii)	The Composition of Board and the Committees requiring Independent Director was not optimum during the Audit Period. As represented to us, the Company is a Government Company in terms of Companies Act, 2013, and it is mandate to require approval from Ministry of Finance to appoint any Independent Director on the Board of the Company, which is pending.	Request has been made by IFCI Ltd., holding Company to Ministry of Finance for the extension of tenures of Independent Directors or appointment of new Independent Directors in the Company and the response in respect of which is awaited.

Risk Management

Your Company has in place approved Risk Management Policy wherein all material risks faced by your Company are identified and assessed. Further, Risk Management is overseen by the Risk Management and Asset Liability Management Committee/Audit Committee on a continuous basis. The Committee oversees your Company's processes and policies for determining risk tolerance and reviews management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis.

Material changes and commitment affecting financial position of the Company

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year till the date of this report.

Vigil Mechanism

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

Subsidiaries/ Joint Venture/ Associate

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

Rating for Term Borrowings

Your Company's borrowings have been assigned the following ratings by Credit Analysis & Research Ltd. (CARE) and Brickwork during the year ended March 31, 2019:

*Long-Term Bank Facilities	CARE Rating - Care BBB- (SO); Negative [Triple B Minus (Structured Obligation); Outlook: Negative]
*Short-Term Bank Facilities	CARE Rating - Care A3+ (SO) [A Two Plus (Structured Obligation)]
Long Term instruments (NCD)	CARE Rating- Care BBB-; Negative (Triple B Minus; Outlook: Negative) Brickwork BWR BBB (Outlook: Stable)

*backed by Letter of Comfort from IFCI Ltd.

Statutory Auditors & Auditors' Report

The Comptroller and Auditor General of India had appointed M/s. SVP & Associates (DE2217) (Firm Regd. No. 003838N), as Statutory Auditors of your Company for the Financial Year 2018-19. The observations made by the Statutory Auditors in the Independent Auditor's Report on the Financial Statements for the year ended March 31, 2019 and management replies thereon are as follows:

	Qualifications	Management's Reply
1.	**Basis for Disclaimer of opinion**	**-**
(a)	We draw attention to Note no. 7 to the financial statements regarding recognition of Deferred Tax Assets on account of provisions of Non-Performing Assets. In case of Deferred Tax Assets of 79.35 Crores as on 31 March 2019, in the opinion of management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets. Considering the past accumulated losses and further stressed standard assets and nature of factoring business, we are unable to comment on the sufficiency of the future taxable profits of the	As per Accounting Standard 22, Para 15 "Except in the situations stated in paragraph 17, deferred tax assets should be recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized". When DTA is created due to Unabsorbed depreciation and unabsorbed losses only then virtual certainty supported by convincing evidence that sufficient future

	company which can realize the deferred tax assets. As a result of this matter, we have not been able to obtain sufficient appropriate audit evidence on the said matter to state whether any adjustments would be required to the information included in the financial statements and impact thereof.	taxable income will be available, shall be the point of consideration. However in case of IFCI Factors Ltd.(IFL) DTA is due to timing differences other than unabsorbed depreciation and unabsorbed losses, and hence the point of consideration is whether there is REASONABLE CERTAINETY that sufficient future taxable income will be available against which such deferred tax assets can be realized. IFL has approx. Rs.350 cr assets under recovery mechanism, which it hopes to recover in next 2-3years. IFL has recovered Rs.23 cr in FY 16-17 & Rs.41.0 cr in FY 17-18 from NPA and Rs.39.95 crore in FY 2018-19 and further expects to recover Rs.40 to 50 cr (approx.) in current financial year. IFL has been profitable on the Operating level i.e Profit before Provisions and write off. Major losses have been on account of Provisions only, the provisions are being made against the NPA. As compared to the Loss Before Tax of Rs. 56 crore in FY 18, IFL has incurred a Loss before Tax of Rs. 3.85 crore ONLY. This along with the fact that there were NIL NPA in the past 5 quarters should give sufficient clarity on the ability of the Company to become profitable in the immediate future and utilize the DTA in the next 3-5 years. IFL is expected to end FY 2020 with a Net Profit of Rs 20.00 crore, hence starting this financial year taxable income is expected to be available against which the DTA will start getting absorbed.
(b)	The company has deviated from its credit policy/exceeded the limits, though the same has been authorised by the competent authority.	The deviations from the Credit Policy have been authorized/approved by the Competent Authority.
2.	**Emphasis of Matter**	
(a)	We draw attention to the following matters relating to borrowers' accounts: 1) Impact of IL&FS Financial Services Limited payment crisis debacle on IFCI Factors limited on the Company's loan accounts	

	having high risk exposure: A)Exposure on IL&FS Transportation Networks Limited: As per the Information provided to us, the Company has sanctioned exposure on IL&FS Transportation Networks Ltd (as a debtor) In case of two accounts, GHV India Pvt Ltd and Oriental Structural Engineers Pvt Ltd (hereinafter referred to as "OSEPL"). The total sanction amount is Rs. 36.00 Crore till date. In the standalone Ind AS Financial Statements for the year ended 31 March 2019, the outstanding amount in case of OSEPL is Nil and In case of GHV is Rs.17 Crores (approx.). In case of GHV India Pvt Ltd as a client the company has taken cash flow as a security from IRCON International Ltd which is a CARE AAA rated company. GHV India Pvt Ltd is CRISIL A rated. The risk has been sufficiently covered.	There were 2 cases with total exposure of Rs 36 crore on ITNL as debtor. One case Oriental Structures (OSEPL) has been paid in full by ITNL and the outstanding as on March 31 2019 is NIL. In case of the second exposure GHV India Pvt Ltd , IFL has taken the cash flow from the IRCON International (CARE AAA) rated company. M/s GHV India is a CRISIL A rated company. Hence the risk of exposure on ITNL has been mitigated significantly.
b)	In our view, the following accounts of the Company appear to be High risk accounts: **A) Ind Swift Laboratories Limited** The Company has sanctioned exposure of Rs. 18 Crores in the company which had defaulted with all its bankers and public deposit schemes. The company has also defaulted with IFCI Limited. The company was suffering losses since 2012, however the company is now generating sufficient profits to cover its financial obligations. For the 9 months ended 31 December 2018, the company has reported a net profit of Rs. 71.33 Crores (Source moneycontrol.com) **B) Real Estate Industry Exposure** The Company has exposure in the real estate industry. Omaxe Ltd., Vatika Ltd, BPTP Ltd, Ganesh Housing Ltd and GTM Builders	Ind Swift Lab Limited is standard account with IFL. Though the company was suffering losses since FY 2012, however the company is now generating sufficient profits and as on December 31, 2018, the company has reported a net profit of Rs 71.33 crore. Outstanding as on date is Rs. 17.49 crore. IFCI Factors Limited has exposure to the real estate industry such as Omaxe Ltd, Vatika Ltd, BPTP Ltd, Ganesh Housing etc.

	and Promoters Ltd are the clients having credit limits from the company. The real estate industry is struggling in the NCR region. Many clients like Jaypee, Amrapali, Lotus and 3C's have defaulted with banks and financial institutions. The Company has exposure with real estate clients having long track record with them, but the risk is sufficiently covered. **C) Shriram EPC Limited** The account has been by declared NPA Axis Bank, Ves Bank, State Bank of India, ICICI Bank.	The exposure is secured by 2.5 x tangible collateral (distress value) OR 2.5 x Times mix of tangible collateral and shares of listed companies. Hence the risk is sufficiently covered. Shriram EPC was NPA , the same has been restructured and upgraded to standard after regular payments were received from the customer.
3.	**<u>Other Matter</u>**	
a.	1) Complaints received against the Company or its officers During the year under consideration, a series of allegations have been levelled against a few officers of the Company by two retainers of IFCI Factors Limited (hereinafter referred to as the Company"). These allegations consisted of alleged wrong-doings at the Company, which indicated a deficiency in internal controls and misappropriation of the funds of the Company for personal gains of certain key managerial personnel. As the statutory auditors of the Company, we have received the information regarding the same after the issuance of the audit report for the year ended 31 March 2019, and hence we have not performed audit procedures on account of which we are unable to express an opinion on the same. However, the CFO and Board of Directors have assured us that the Company will address the allegations on the basis of an internal inquiry to be conducted by the Company in consultation with the recommendations of the Chief Vigilance Officer. We would also express an opinion on the same in our Report on Internal Financial Controls over Financial	In the third week of March 2019, IFL had fixed April 15, 2019, as the date for conducting the Board Meeting for approval of Annual Accounts for the financial year ended March 31, 2019. On April 04, 2019, Mr.Shailesh Jain and Mr. Sumit Goyal (2 retainers) tried utilizing this as opportunity to extract some monetary benefits/concessions and sent a very unprofessional and harsh email to the Managing Director of IFL. The management found the above complaint totally unprofessional and unacceptable and decided to call off the contract of their services and accordingly letters cancelling their engagements were sent to their email ids and their residences. Post cancellation of services Mr. Shailesh Jain sent an email on April 15, 2019 levelling number of baseless allegations on Chairman of IFL as well as MD, Head HR, CFO and other employees of IFL. With a clear intent of tarnishing and maligning the organization, Mr. Shailesh Jain marked a copy to the CAG, CVC, RBI, ICAI as well as the Banks proving credit facility to IFL.

	Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 after carrying out substantive audit procedures for the quarter ending 30 June 2019, which will be issued as a part of our Limited Review procedures as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to protect the interests of various stakeholders of the Company.	On April 18, 2019, the Chief Vigilance Officer of IFCI Limited, initiated an inquiry, which was conducted by 2 senior most officers of IFL and the report was submitted to the office of the CVO on May 07, 2019. On July 15, 2019, the CVO asked for further information and document. All the required documents/details/information was submitted by IFL to the office of the CVO on July 23, 2019. IFL is awaiting further directions from the CVO on the above.
b.	Cases for the cheque returns (against Section 138) have been running against the below mentioned clients: 1. Ind swift Laboratories limited 2. Manoj Cables Ltd **3.** Unilec Engineers Pvt Ltd.	In case of cheque returns which are not cleared immediately have to be handed to legal department for filing case u/s 138. However on receipt of payment, the cases are withdrawn. Cases against M/s Manoj Cables and M/s BPTP will be withdrawn on the next date of hearing. Similarly in case of M/s Unilec Engineers Ltd and M/s Ind Swift Lab limited, on receipt of payment the cases under section 138 will be withdrawn for the cheque returns in which the case u/s 138 have been filed.
c	**BPTP Limited** Against Its contractor M/s Ahluwalia Contractors (I) Ltd, Cases have been filed under section 304 A (Causing death by negligence), Section 288(Negligent conduct with respect to pulling down or repairing buildings) and Section 338 (Causing grievous hurt by act endangering life or personal safety of others) of the Indian Penal Code for the incident that happened at its construction site located In Sector 94, Noida.	In case of cheque returns which are not cleared immediately have to be handed to legal department for filing case u/s 138. However on receipt of payment, the cases are withdrawn. Cases against M/s BPTP have already been withdrawn.
d.	**Omaxe Limited** A Case in NCLT has been filed by the erstwhile director of the Company, Mr. Sunil Goel against the promoter of Omaxe Limited, Mr.Rohtash Goel	Mr.Sunil Goel erstwhile director of Omaxe Limited (and younger brother of Mr. Rohtash Goel) has filed case in NCLT alleging mismanagement. There is no impact on the security of IFL as the

		mortgage of tangible property and share pledge is by the companies holding the securities. Though the case in NCLT is over a year old, Omaxe has been paying interest and installment on the due date.

Corporate Governance

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

Energy Conservation, technology absorption and foreign exchange earnings and outgo

Since the Company does not own any manufacturing facility, the other particulars relating to conservation of Energy and Technology Absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable. During the year under review, there is expenditure in foreign exchange of Rs. 11.41 Lacs and there is no foreign exchange fluctuation Income during the financial year 2018-19.

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

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

Secretarial Standards

The Company is compliant with applicable Secretarial Standards.

Comments of Comptroller & Auditor General of India

The comments of Comptroller & Auditor General of India (C&AG) are at addendum.

Acknowledgement

The Directors wish to convey their appreciation to all the business associates for their support and contribution during the year. The Directors would also like to thank the employees,

shareholders, customers, suppliers, alliance partners and bankers for the continued support given by them to the Company and their confidence reposed in the management.

For and on behalf of the Board of Directors

	Bikash Kanti Roy	Sachikanata Mishra
Date : 06.08.2019	Managing Director	Nominee Director
Place : New Delhi	DIN: 02171876	DIN : 02755068

Address : 10th Floor, IFCI Tower
61, Nehru Place,
New Delhi 110019

Annexure-I

Form AOC-2

[pursuant to section 134(3)(h) of the Companies Act, 2 013 and Rule 8(2) of Companies (Accounts) Rules, 2014]

1. Details of contracts or arrangements or transaction not at arm's length basis. - NIL

(a) Name(s) of the related party and nature of relationship
(b) Nature of contracts/arrangements/transactions
(c) Duration of contracts/arrangements/transactions
(d) Salient terms of the contracts or arrangements or transactions including the value
(e) Justification for entering into such contracts or arrangements or transactions
(f) Date(s) of approval by the Board
(g) Amount paid as advances
(h) Date on which the special resolution was passed in the General Meeting as required under first proviso to Section 188

2. Details of material contracts or arrangements or transaction at arm's length basis. – There were no contracts or arrangements or transactions at arm's length basis which were material in nature.

(a) Name(s) of the related party and nature of relationship
(b) Nature of contracts/arrangements/transactions
(c) Duration of the contracts/arrangements/transactions
(d) Salient terms of the Contracts or arrangements or transactions including the value, if any.
(e) Date(s) of approval by the Board:
(f) Amount paid as advances

For and on behalf of the Board of Directors

	Bikash Kanti Roy	Sachikanata Mishra
Date : 06.08.2019	Managing Director	Nominee Director
Place : New Delhi	DIN: 02171876	DIN : 02755068

Address : 10th Floor, IFCI Tower
61, Nehru Place,
New Delhi 110019

Policy on Related Party Transactions

Introduction

This Policy deals with the Related Party Transactions (RPTs) in terms of RBI guidelines, Companies Act, 2013 and other applicable laws prescribing for formulation of RPT Policy.

Definitions

"Associate Company", in relation to another company, means a company in which that other company has significant influence, but which is not a subsidiary company of the company having such influence and includes a joint Venture company.

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

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

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

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

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

"Company" means IFCI Factors.

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

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

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

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

"Policy" means Policy on Related Party Transactions

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

i. a director or his relative;

ii. a key managerial personnel or his relative;

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

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

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

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

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

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

viii. any body corporate which is:

(a) a holding, subsidiary or an associate company of such company; or

(b) a subsidiary of a holding company to which it is also a subsidiary;

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

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

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

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

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:
(i) has control or joint control of the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:
(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

"Relative" with reference to any person, means anyone who is related to another, if-

(i) They are members of a Hindu Undivided Family;
(ii) They are husband and wife; or
(iii) One person is related to the other in such manner as may be prescribed

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

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

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

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

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

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

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

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

"Joint Ventures" – A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Dealing with Related Party Transactions

A. Approvals

I. Approval by Audit Committee

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

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

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

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

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

c. Such omnibus approval shall specify:

i. The name(s) of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into.

ii. The indicative base price/current contracted price and the formula for variation in the price if any, and

iii. Such other conditions as Audit Committee may deem fit.

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

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

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

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

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

II. Approval by Board of Directors

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

i. Sale, purchase or supply of any goods or materials;

ii. Selling or otherwise disposing of, or buying, property of any kind;

iii. Leasing of property of any kind;

iv. Availing or rendering of any services;

v. Appointment of any agent for purchase or sale of goods, materials, services or property;

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

Explanation-

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

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

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

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

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

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

III. Approval by Shareholders

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

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

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

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

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

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

Identification of Potential Related Party Transactions

Identification of Potential Related Party Transactions

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

Pre-requisites for entering into Potential Related Party Transactions

A. <u>Audit Committee / Board Level Pre-requisites</u>

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

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

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

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

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

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

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

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

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

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

B. Shareholders' Level Pre-requisites

For the approval of shareholders, a notice calling the General Meeting will be sent along with the explanatory statement to the Shareholders.

The Explanatory Statement to be annexed to the notice of a General Meeting convened for approval of the RPTs shall contain the following particulars, namely:-

Name of the Related party;
Name of the Director or Key Managerial Personnel who is related, if any;
Nature of relationship;

Nature, material terms, monetary value and particulars of the contract or arrangement;
Any other information relevant or important for the members to take a decision on the proposed resolution;

Transactions not previously approved

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

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

Disclosure Requirements

A. Disclosure by Board of Directors

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

B. Disclosure on Website

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

C. Disclosure in Board's Report

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

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

i. Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting under sub-section (1) and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

ii. Without prejudice to anything in the above para, it shall be open to the Company to proceed against a director or a KMP any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.

For and on behalf of the Board of Directors

	Bikash Kanti Roy	Sachikanata Mishra
Date : 6.08.2019	Managing Director	Nominee Director
Place : New Delhi	DIN: 02171876	DIN : 02755068

Address : 10th Floor, IFCI Tower
61, Nehru Place, New Delhi 110019

ANNEXURE-II

FORM MGT-9

Extract of Annual Return as on the financial year ended on 31 March, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

SI. No.	Particulars	Details
1.	CIN	U74899DL1995GOI074649
2.	Registration Date	14 December, 1995
3.	Name of the Company	IFCI Factors Limited
4.	Category / Sub-Category of the Company	Company limited by Shares/Government Company
5.	Address of the Registered office and contact details	10th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019. Tel: 011-46412805 Fax: +91-11-46521435-36 email: manidevsadh@ifcifactors.com
6.	Whether listed company Yes / No	No (only Bonds of the Company are listed)
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, is providing electronoic connectivity for the securities of the Company.

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:-

SI. No	Name and description of main products / services	NIC code of the product/ service	% to total turnover of the Company
1.	Factoring	64990	72.40%
2.	Corporate Loans	64920	27.60%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No	Name and address of the company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	IFCI limited	L74899DL1993GOI053677	Holding Company	99.90%	2(46) of the Companies Act, 2013

IV. SHAREHOLDING PATTERN (Equity share capital breakup as percentage of total equity)

I. Category-wise shareholding

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	8	-	8	0.00	8	-	8	0.00	-
b)Central Govt.	-	-	-	-	-	-	-	-	-
c)State Govt.	-	-	-	-	-	-	-	-	-
d)Bodies Corporate	-	-	-	-	-	-	-	-	-
e)Bank/FI	7,91,54,692	-	7,91,54,692	99.74	19,91,54,692	-	19,91,54,692	99.88	0.14
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A)(1)	7,91,54,700	-	7,91,54,700	99.74	19,91,54,700	-	19,91,54,700	99.88	0.14
(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)	7,91,54,700	-	7,91,54,700	99.74	19,91,54,700	-	19,91,54,700	99.88	0.14
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	-	90,000	90,000	0.11	-	90,000	90,000	0.04	(0.07)
i)Indian	-	-	-	-	-	-	-	-	-

ii)Overseas	-	-	-	-	-	-	-	-	-
b)Individuals	-	-	-	-	-	-	-	-	-
i)Individual shareholders holding nominal share capital upto Rs. 1 Lakh	5,000	75,000	80,000	0.10	5,260	75,000	80,260	0.04	(0.06)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	33,000	-	33,000	0.04	75,900	-	75,900	0.04	-
c)Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B) (2):	38,000	1,65,000	2,03,000	0.25	81,160	1,65,000	2,46,160	0.12	(0.13)
Total Public Shareholding (B)=(B)(1)+(B)(2)	38,000	1,65,000	2,03,000	0.25	81,160	1,65,000	2,46,160	0.12	(0.13)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	7,91,92,700	1,65,000	7,93,57,700	100	19,92,35,860	1,65,000	19,94,00,860	100	-

II. Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
	No. of Shares	% of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	% change in share holding during the year
IFCI Limited*	7,91,54,700	99.74%	-	19,91,54,700	99.88%	-	0.14
Total	7,91,54,700	99.74%	-	19,91,54,700	99.98%	-	0.14

*Including 8 shares held by nominees of IFCI Ltd.

III. Change in Promoters' 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
i.	At the beginning of the year	7,91,54,700	99.74	7,91,54,700	99.74
ii.	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)				
a.	Allotment of equity shares to IFCI Ltd. on conversion of CCCPS on 29.09.2018	10,00,00,000	126.01	17,91,54,700	99.86
b.	Allotment of equity shares to IFCI Ltd. on conversion of OCD on 28.03.2019	2,00,00,000	11.14	19,91,54,700	99.88
iii.	At the end of the year	-	-	19,91,54,700	99.88

IV. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2018		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2019	
		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.	Puri Constructions Pvt Ltd.	90000	0.114	Nil	(0.069)	90000	0.045
2.	Mr. Brij Kapoor	33000	0.042	42,900	(0.004)	75,900	0.038
3.	Mr. Sushant Chabra	10000	0.013	Nil	(0.008)	10000	0.005
4.	Mr. GP Singh	10000	0.013	Nil	(0.008)	10000	0.005
5.	Mr. Vijay Roop Chand	10000	0.013	Nil	(0.008)	10000	0.005
6.	Mr. Daljit Singh	10000	0.013	Nil	(0.008)	10000	0.005
7.	Mrs. Deep Kaur	10000	0.013	Nil	(0.008)	10000	0.005
8.	Mr. Sanjay Kumar	5000	0.006	Nil	(0.004)	5000	0.002
9.	Mr. Amit Vadhera	5000	0.006	Nil	(0.004)	5000	0.002
10.	Mr. A.K. Mehta	5000	0.006	Nil	(0.004)	5000	0.002
11.	Mr. Bal Krishna Jaggi	5000	0.006	Nil	(0.004)	5000	0.002
12.	Mr. Rishi Talwar	5000	0.006	Nil	(0.004)	5000	0.002

V. Shareholding of Directors and Key Managerial Personnel:

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

V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2018)				
i) Principal Amount	27,058.65	9956.21	-	37,014.86
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	800.76	757.48	-	1558.24
TOTAL (i+ii+iii)	**27,859.41**	**10,713.69**	-	**38,573.10**
Change in Indebtedness during the financial year				
Addition	(8360.05)	6.76	-	-
Reduction	(204.97)	-	-	11,132.20
Exchange Difference	-	-	-	-
Net Change	**(8565.02)**	**6.76**	**-**	**(11,132.20)**
Indebtedness at the end of the financial year (31.03.2019)				
i) Principal Amount	18,698.60	9962.97	-	28,661.57
ii) Interest due but not paid	-	-	-	-

iii) Interest accrued but not due	595.79	757.48	-	1,353.27
TOTAL (i+ii+iii)	**19,294.39**	**10,720.45**	-	**30,014.84**

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in Rs.)

Sr. No	Particulars of Remuneration		Mr. Bikash Kanti Roy (Managing Director)
1	Gross Salary		
	1(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	27,48,690/-
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	12,91,814/-
	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	58,332/-
2		Stock Option	-
3		Sweat Equity	-
4		Commission	-
		-as a % of profit	-
		-others (specify)	-
5		Others, please specify : Retirement Benefits	-
		Total	**40,98,836/-**

B. Remuneration to other directors:

(Amount in Rs.)

S No.	Name of the Directors	Fee for attending board/ committee meetings	Commission	Total
1.	Dr. Emandi Sankara Rao	-	-	-
2.	Mr. Sachikanta Mishra	-	-	-
3.	Mr. Arvind Kumar Jain	2,58,000	-	2,58,000
4.	Mr. Padmanabhan Raja Jaishankar	1,54,500	-	1,54,500
5.	Ms. Madhushree Nanda Agarwal	1,54,500	-	1,54,500

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD :

(Amount in Rs.)

Sr. No	Particulars of Remuneration		Key Managerial Personnel	
			Chief Financial Officer (CFO) Mr. Manish Jain	**Company Secretary (CS) Mr. Manidev Sadh (w.e.f July 3, 2018)**
1.	Gross Salary			
	1(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,30,175/-	-
	1(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	1(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2		Stock Option	-	-
3		Sweat Equity	-	
4		Commission		-
		-as a % of profit	-	-
		-others (specify)	-	-
5		Others, please specify : Contractual Remuneration	-	4,66,667/-
		Total	**16,30,175/-**	**4,66,667/-**

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board of Directors

	Bikash Kanti Roy	Sachikanata Mishra
Date : 06.08.2019	Managing Director	Nominee Director
Place : New Delhi	DIN: 02171876	DIN : 02755068

Address : 10th Floor, IFCI Tower
61, Nehru Place,
New Delhi 110019

ANNEXURE-III

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY POLICY - OVERVIEW

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: http://www.ifcifactors.com/investors.html.

In line with the CSR policy and in accordance of Schedule VII of the Companies Act, 2013, the Company shall undertake the Corporate Social Responsibility Activities as defined under the Schedule VII to the Act.

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 your Company and help reinforce a positive & socially responsible image of your Company 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 (i) above; and

(iii) To monitor the Corporate Social Responsibility Policy of the company from time to time.

Composition of CSR Committee

Members of the committee as on March 31, 2019 are:

Mr. Padmanabhan Raja Jaishankar, Chairman
Ms. Madhushree Nanda Agarwal, Member
Mr. Bikash Kanti Roy, Member

1. Average Net Profit of the Company for last three financial years

N.A (For the FY 2018-19, the CSR provisions are not applicable as the Company does not fulfill the criteria prescribed in Section 135(1) of the Companies Act, 2013)

2. Prescribed CSR Expenditure (two percent of the amount as in Item 3 above): N.A (For the FY 2018-19, the CSR provisions are not applicable as the Company does not fulfill the criteria prescribed in Section 135(1) of the Companies Act, 2013)

3. Details of CSR Activities/Projects undertaken during the year:

a. Total amount to be spent for the financial year:

Rs. 91,92,410/- (including Rs. 6,68,150/- required to be spent during the Financial Year 2016-17, Rs.32,49,348/- required to be spent during the Financial Year 2015-16 and Rs. 52,74,912, required to be spent during the Financial Year 2014-15)

b. Amount unspent, if any: Rs. 91,92,410/- (including Rs. 6,68,150/- required to be spent during the Financial Year 2016-17, Rs.32,49,348/- required to be spent during the Financial Year 2015-16 and Rs. 52,74,912, required to be spent during the Financial Year 2014-15)

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/ Proggramme was undertaken**	**Amount outlay (budget) project or Programme wise (in Rs.)**	**Amount spent on the project/ programme** **1.Direct expenditure on project or programmes** **2.Overheads (in Rs.)**	**Cumulative expenditure upto to the reporting period** **(in Rs.)**	**Amount spent:** **Direct/ through implementing agency**
			NIL				

In case the Company has failed to spend the two per cent of the average net profits of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Boards' Report

During the FY 2017-18, the CSR expenditure of Rs. 10 lakh was transferred by the Company to IFCI Social Foundation and the IFCI Social Foundation had allocated the CSR amount for construction of Individual House Hold Toilets (IHHT) to Rashtriya Gramin Vikas Nigam under Swachhta Action Plan. The construction of IHHT has commenced after completion of phase I of the project which completed after March 31, 2019, as per achievement of milestone. The construction of 30 IHHT in Palamu, Jharkhand from CSR fund of the Company is expected to be completed by September 15, 2019.

For the FY 2018-19, the CSR provisions are not applicable since the Company does not fulfill the criteria prescribed in Section 135(1) of the Companies Act, 2013. In compliance with the CSR & Sustainability Guidelines issued by the Department of Public Enterprises, the Company has deferred CSR expenditure of Rs. 91,92,410 /-(including Rs. 6,68,150/- required to be spent during FY 2016-17, Rs. 32,49,348/- required to be spent during FY 2015-16 and Rs. 52,74,912/- required to spent during FY 2014-15).

Pursuant to the provisions of Companies Act, 2013 and Companies Rules (Corporate Social Responsibility Policy) Rules, 2014, Mr. Padmanabhan Raja Jaishankar, Chairman and Mr. Bikash Kanti Roy, Member of CSR Committee, do hereby confirm that the implementation and monitoring of CSR policy, is in compliance with the CSR objectives and policy of the Company.

Date : 06.08.2019	Bikash Kanti Roy	Padmanabhan Raja Jaishankar
Place : New Delhi	Managing Director	Chairman of the CSR Committee
	DIN- 02171876	DIN- 06711526

Address : 10th Floor,
IFCI Tower
61, Nehru Place,
New Delhi 110019

ANNEXURE-IV

KPG & Associates

Company Secretaries

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 2019

[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 FACTORS LIMITED
10th Floor, IFCI Tower,
61, Nehru Place,
New Delhi – 110019

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IFCI FACTORS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the **IFCI FACTORS 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, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2019** 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:

ASSOCIATES NEW DELHI SECRETARIES

Office Address: AG-87, 1st Floor, Shalimar Bagh, New Delhi - 110088
Email: prashanthgupta2804@gmail.com, **Mob:** 9711131937

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **IFCI FACTORS LIMITED** ("the Company") for the financial year ended on **31st March, 2019**, 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; **(Not applicable to the company during the audit period)**

(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 (listing obligations and disclosure requirements) regulations 2015;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the company during the audit period)**

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) 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;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the company during the audit period)** and

KPG & ASSOCIATES
NEW DELHI
COMPANY SECRETARIES

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
(Not applicable to the company during the audit period)

(vi) Other Laws as applicable to the Industry:

a) Guidelines Issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India for Central Public Sector Enterprises (CPSE) i.e. DPE Guidelines;

b) The Factoring Regulation Act, 2011;

c) All the relevant Circulars and guidelines of Reserve Bank of India applicable to the Company.

d) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate affairs.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

a) The Last Company Secretary of the Company had resigned on October 24, 2017, However the Company appointed a Company Secretary only on July 03, 2018, which is beyond the provided stipulated period of 6 months.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors except Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

KPG & ASSOCIATES
NEW DELHI
COMPANY SECRETARIES

Majority decision are carried out with unanimous consent, so therefore dissenting members' views are not required to be captured and recorded as part of the minutes.

We 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.

1. ***The Composition of Board and the Committees requiring Independent Director was not optimum during the Audit Period. As represented to us, the Company is a Government Company in terms of Companies Act, 2013, and a prior approval is mandatory from the Ministry of Finance to appoint any Independent Director on the Board of the Company, which is pending.***

We further report that during the audit period:

1. The Company has allotted 10,00,43,160 Equity shares of Rs. 10 each pursuant to conversion of 10,00,43,160 CCCPS (10% Cumulative Compulsorily Preference Shares) issued on rights basis vide Board Resolution dated September 29, 2018, which were due for conversion.
2. The members of the Company has vide Special Resolution in Extra Ordinary General Meeting dated March 06, 2019, converted 500 Perpetual Debt Instrument (12.50% Unsecured Non-Convertible Debentures) of Face value Rs.5,00,000/- into 500 OCD (0% Unsecured Optionally Convertible debentures) of Face value Rs.5,00,000/- and further issued 500 OCD (0% Unsecured Optionally Convertible debentures) of Face value Rs.5,00,000/- with consideration being the conversion made.
3. The Company has Unspent CSR amount of Rs. 91,92,410 /-, which was required to be spent as per Section 135 for previous years. The Company as per DPE Guidelines has deferred the expenditure of CSR Amount.
4. The Company has allotted 2,00,00,000 Equity Shares of Rs. 10 each pursuant to conversion of 400 OCD (0% Unsecured Optionally Convertible debentures) of Rs. 5,00,000/- each vide Board Resolution dated March 28, 2019, pursuant to Special Resolution in Extra Ordinary General Meeting dated March 06, 2019.

ASSOCIATES NEW DELHI COMPANY SECRETARIES

5. The Company has transferred 10500 shares to IEPF which is related to the Financial Year 2010-11.
6. The Company has proposed Reclassification of Authorised Share Capital vide Board Resolution dated September 29, 2018 and Resolution passed by the members of the Company in Extra Ordinary General Meeting on March 6, 2019. However, the same was not taken on Record by ROC.
7. The Audit Committee and the Board of Directors have approved all the Related Party Transaction. In view of the Board all the transactions with Related Parties are at Arm's Length Price.

For KPG & Associates

Company Secretaries

Prashanth Gupta

Prashanth Kumar Gupta
Proprietor
ACS- 37201
C.P.No.:13958

Date : 30th July, 2019
Place: New Delhi

*This Report is to be read with our letter of even date which is annexed as Annexure A and forms an Integral Part of this Report.

'Annexure A'

The Members
IFCI Factors Limited
10th Floor, IFCI Tower
61, Nehru Place
New Delhi – 110019

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

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 process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process 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. Wherever 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.

For KPG & Associates
Company Secretaries
KPG & ASSOCIATES NEW DELHI COMPANY SECRETARIES
Prashanth Gupta
Prashanth Kumar Gupta
Proprietor
ACS- 37201
C.P.No.:13958

Date : 30th July, 2019
Place: New Delhi

Addendum

संख्या / No.: एम एबी-II/सीएडी-I/17-3/2019-20/190

भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा
एवं पदेन सदस्य लेखा परीक्षा बोर्ड–II
नई दिल्ली

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

दिनांक / DATE 21-08-2019

सेवा में,

प्रबंध निदेशक,
आई.एफ.सी.आई फैक्टर्स लिमिटेड
आई.एफ.सी.आई. टावर, 10वाँ तल,
61, नेहरू प्लेस,
नई दिल्ली-110 019

विषय- कंपनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2019 को समाप्त वर्ष के लिए आई.एफ.सी.आई फैक्टर्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एंव महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

मैं कम्पनी अधिनियम 2013 की धारा 143 (6)(b) के अधीन 31 मार्च 2019 को समाप्त हुए वर्ष के लिए आई.एफ.सी.आई फैक्टर्स लिमिटेड, के वार्षिक लेखों पर भारत के नियंत्रक एंव महालेखापरीक्षक की टिप्पणियाँ अग्रेषित करती हूँ। इन टिप्पणियों को कम्पनी की वार्षिक रिपोर्ट में प्रकाशित किया जाए।

भवदीया,

प्राची पा.
21.8.2019

(प्राची पाण्डेय)
प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य लेखा परीक्षा बोर्ड-II
नई दिल्ली

संलग्नक:- यथोपरि

4th & 5th Floor, Annexe Building, CAG Office, 10, Bahadur Shah Zafar Marg, New Delhi - 110002
Tel. : 011-23239438 Fax : 011-23239433 E-mail : mabnewdelhi2@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IFCI FACTORS LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of IFCI Factors Limited for the year ended 31 March 2019 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 Revised Audit Report dated 11 July, 2019 which supersedes their earlier Audit Report dated 15 April, 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of IFCI Factors Limited for the year ended 31 March, 2019 under Section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to three of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Prachi Pandey
21.8.XIX
(Prachi Pandey)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi

Place: New Delhi
Date:

ANNEXURE TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance envisages attainment of better transparency and accountability in all facets of operations and all its interactions with its stakeholders including shareholders, employees, bankers and the auditors. The Company constantly endeavors to achieve standards of Corporate Governance in order to enhance the long term stakeholders' value and maintain good Corporate Governance. The Company has well established, transparent and fair administrative set up to provide for professionalism and accountability.

2. BOARD OF DIRECTORS:

Composition, Category and Attendance of the Board of Directors

As on March 31, 2019, the Board of the Company consisted of six Directors, out of whom five are Non-Executive Directors while one is Executive Director being the Managing Director.

The composition of the Board, number of Board Meetings held, attendance, number of Directorship and Chairmanship/ Membership of Committees in other Companies in respect of each Director as on March 31, 2019 is reproduced herein below:

Sl No	Name of Director	Category	Attendance Particulars			No. of Directorships/ Committee Memberships/ Chairmanships of other Companies		
			No. of Board Meetings during the tenure of Director		At AGM held on September 24, 2018	Other directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	Dr. Emandi Sankara Rao	Non-Executive Chairman	9	9	Yes	4	2	2
2.	Mr. Sachikanta Mishra	Non-Executive Director	9	7	Yes	-	-	-
3.	Mr. Arvind Kumar Jain	Non-Executive Director	9	9	No	3	-	-
4.	Mr. Padmanabhan Raja Jaishankar	Non-Executive Director	9	6	No	1	-	-
5.	Ms. Madhushree Nanda Agarwal*(a)*	Non-Executive Director	8	6	No	-	-	-
6.	Mr. Bikash Kanti Roy*(b)*	Managing Director	9	9	Yes	1	-	-

(a) Ms. Madhushree Nanda Agarwal was appointed as Additional Director w.e.f. May 11, 2018
(b) Mr. Bikash Kanti Roy was appointed as Managing Director w.e.f. April 02, 2018

Notes:

(i) Number of Meetings represents the Meetings held during the period in which the Director was member of the Board.
(ii) The details of Committees include only the Audit Committee and Stakeholders' Relationship Committee.
(iii) None of the Directors of the Company were members of more than ten committees or acted as Chairperson of more than five committees across all the Companies in which they were Directors.
(iv) Number of other Directorship is exclusive of companies under Section 8 of the Companies Act, 2013.

The Board met nine times during the Financial Year 2018-2019 viz., on April 24, 2018, May 11, 2018, July 03, 2018, August 24, 2018, September 29, 2018, November 29, 2018, February 04, 2019, March 6, 2019 and March 28, 2019. The maximum interval between any two meetings did not exceed one hundred and twenty days.

Brief resume of the Director seeking re-appointment

Mr. P. R. Jaishankar aged 53 years is a Non-Executive Director of the Company. He is currently serving as Chief General Manager in IIFCL. He has been looking after Infrastructure Project Finance, Take-out Finance, Credit Enhancement, development of Innovative products and Corporate Planning. He comes with a rich experience of over 30 years in the Development Banking and Financial Sectors with specialized exposure in Infrastructure, Mortgage and Capital markets domains with Top Management and Board Level roles. He is leading the initiative of setting up of a dedicated Credit Enhancement Company for the infrastructure sector, on behalf of IIFCL, pursuant to an announcement in the Union Budget 2016-17. He is presently serving as Director & CEO of IIFCL Projects Limited and Chairman (Board of Trustee) of IIFCL Asset Management Company Limited (IAMCL). He does not hold any securities in his own name and no share or convertible instrument in the Company is held by him, either in his name or in the name of any other person, on a beneficial basis.

AUDIT COMMITTEE

TERMS OF REFERENCE

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

COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Audit Committee met five times during the financial year 2018-19 at regular intervals on May 11, 2018, July 03, 2018, August 24, 2018, November 29, 2018 and February 04, 2019 and not more than four months lapsed between two meetings. The composition of the Audit Committee and attendance of Directors as on March 31, 2019 is shown below:

Name/ category	Position in Audit Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Arvind Kumar Jain(a) Non-Executive Director	Chairman	5	5
Mr. Padmanabhan Raja Jaishankar Non- Executive Director	Member	5	3
Mr. Sachikanata Mishra Non- Executive Director	Member	5	4

(a) Mr. Arvind Kumar Jain was inducted as Chairman w.e.f. April 24, 2018.

3. NOMINATION & REMUNERATION COMMITTEE

TERMS OF REFERENCE

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

COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

During the Financial Year 2018-19, five meetings of Nomination and Remuneration Committee were held on May 10, 2018, July 3, 2018, August 24, 2018, November 29, 2018 and February 4, 2019. The composition of the Nomination and Remuneration Committee and attendance of Directors as on March 31, 2019 is shown below:

Name/ category	Position in Committee	No. of meetings during the tenure of member	
		Held	Attended
Mr. Arvind Kumar Jain(a) Non-Executive Director	Chairman	5	5
Mr. Sachikanata Mishra Non- Executive Director	Member	5	3
Ms. Madhushree Nanda Agarwal*(b)* Non-Executive Director	Member	2	2
DIRECTORS WHO CEASED TO BE MEMBER DURING FY 2018-19			
Mr. Padmanabhan Raja Jaishankar*(c)* Non- Executive Director	Member	3	2

(a) Mr. Arvind Kumar Jain was inducted as Chairman w.e.f. April 24, 2018.
(b) Ms. Madhushree Nanda Agarwal was inducted as Member w.e.f. September 29, 2018.
(c) Mr. Padmanabhan Raja Jaishankar ceased as Member w.e.f. September 29, 2018.

Details of remuneration paid to Directors

The details of salary and sitting fees paid to the Directors for the year ended 31st March, 2019 are as under:

(Amount in Rs.)

Sl. No.	Name	Salary	Perquisite	Profit In lieu of Salary	Sitting Fees	Total
1.	Dr. Emandi Sankara Rao Non-Executive Chairman	-	-	-	-	-
2.	Mr. Sachikanta Mishra Non-Executive Director	-	-	-	-	-
3.	Mr. Arvind Kumar Jain Non-Executive Director	-	-	-	2,58,000/-	2,58,000 /-
4.	Mr. Padmanabhan Raja Jaishankar Non-Executive Director	-	-	-	1,54,500 /-	1,54,500/-
5.	Ms. Madhushree Nanda Agarwal Non-Executive Director				1,54,500 /-	1,54,500/-
6.	Mr. Bikash Kanti Roy Non-Executive Director	27,48,690/-	12,91,814/-	58,332/-	-	40,98,836/-

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

TERMS OF REFERENCE

The terms of reference of the Corporate Social Responsibility (CSR) Committee are to formulate and recommend to the Board, a Corporate Social Responsibility Policy, to recommend the activities, the amount of expenditure to be incurred on the activities referred in Corporate Social Responsibility Policy and to monitor Corporate Social Responsibility Policy etc.

COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

During the Financial Year 2018-19, the CSR Committee of Directors met on March 06, 2019. The composition of the CSR Committee and attendance of Directors as on March 31, 2019 is shown below:

Name/ category	**Position in Committee**	**No. of meetings during the tenure of member**	
		Held	Attended
Mr. Padmanabhan Raja Jaishankar*(a)* Non- Executive Director	Chairman	1	1
Mr. Bikash Kanti Roy*(b)* Non-Executive Director	Member	1	1
Ms. Madhushree Nanda Agarwal*(c)* Non-Executive Director	Member	1	1

(a) Mr. Padmanabhan Raja Jaishankar was inducted as Chairman w.e.f. September 29, 2018.
(b) Mr. Bikash Kanti Roy was inducted as Member w.e.f. April 24, 2018.
(c) Ms. Madhushree Nanda Agarwal was inducted as Member w.e.f. September 29, 2018.

5. COMMITTEE OF DIRECTORS

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

The Committee of Directors met ten times during the Financial Year 2018-19 on April 24, 2018, May 10, 2018, June 22, 2018, July 03, 2018, July 10, 2018, July 18, 2018, November 29, 2018, February 04, 2019, March 06, 2019 and March 28, 2019. The composition of the Committee of Director and attendance of Directors as on March 31, 2019 is shown below:

Name/ category	**Position in Committee of Directors**	**No. of meetings during the tenure of member**	
		Held	Attended
Mr. Sachikanta Mishra Non-Executive Director	Chairman	10	8
Mr. Arvind Kumar Jain(a) Non-Executive Director	Member	4	4
Mr. Bikash Kanti Roy Managing Director*(b)*	Member	10	10
Ms. Madhushree Nanda Agarwal *(c)* Non-Executive Director	Member	8	8
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2018-19			
Mr. Padmanabhan Raja Jaishankar*(d)* Non- Executive Director	Member	6	3

(a) Mr. Arvind Kumar Jain was inducted as Member w.e.f. September 29, 2018.
(b) Mr. Bikash Kanti Roy was inducted as Member w.e.f. April 24, 2018.
(c) Ms. Madhushree Nanda Agarwal was inducted as Member w.e.f. May 11, 2018.
(d) Mr. Padmanabhan Raja Jaishankar was inducted as Member w.e.f. April 24, 2018 & ceased as Member w.e.f. September 29, 2018.

6. RECOVERY COMMITTEE

The terms of reference of Recovery Committee are to oversee the NPA recovery. The Committee met four times during the Financial Year 2018-19 at regular intervals on May 10, 2018, August 24, 2018, November 29, 2018 and February 04, 2019. The composition of the Recovery Committee and attendance of Directors as on March 31, 2019 is shown below:

Name/ category	**Position in Committee of Directors**	**No. of meetings during the tenure of member**	
		Held	Attended
Mr. Sachikanta Mishra Non-Executive Director	Chairman	4	2
Mr. Bikash Kanti Roy *(a)* Managing Director	Member	4	4
Mr. Arvind Kumar Jain(b) Non-Executive Director	Member	2	2
DIRECTORS WHO CEASED TO BE ON THE COMMITTEE DURING FY 2017-18			
Mr. Padmanabhan Raja Jaishankar*(c)* Non- Executive Director	Member	2	1

(a) Mr. Bikash Kanti Roy was inducted as a Member w.e.f. April 24, 2018.
(b) Mr. Arvind Kumar Jain was inducted as a Member w.e.f. September 29, 2018.
(c) Mr. Padmanabhan Raja Jaishankar was inducted as Member w.e.f. April 24, 2018 & ceased as Member w.e.f. September 29, 2018.

7. RISK MANAGEMENT AND ASSET LIABILITY MANAGEMENT COMMITTEE

The Risk Management and Asset Liability Management Committee was constituted on July 3, 2018. The terms of reference of Risk Management and Asset Liability Management Committee are to identify and monitoring key risk areas, devise the policy and strategy for integrated risk management, to critically assess the Company's business strategies and plans from a risk perspective, manage risks to which the Company is exposed, including credit, market, operational and reputational risks and to review the Statement of Short Term Dynamic Liquidity, Structural Liquidity, Interest Rate Sensitivity etc. The Risk Management & Asset Liability Management Committee met three times During the Financial Year 2018-19, i.e. on August 24, 2018, November 29, 2018 and February 4, 2019. The composition of the Risk Management and Asset Liability Management Committee and attendance of Directors as on March 31, 2019 is shown below:

Name/ category	**Position in Committee**	**No. of meetings during the tenure of member**	
		Held	Attended
Mr. Arvind Kumar Jain (a) Non- Executive Director	Chairman	3	3

Mr. Sachikanata Mishra *(b)* Non-Executive Director	Member	3	1
Mr. Bikash Kanti Roy*(c)* Managing Director	Member	3	3

(a) Mr. Arvind Kumar Jain was inducted as Chairman w.e.f. July 03, 2018.
(b) Mr. Sachikanata Mishra was inducted as Member w.e.f. July 03, 2018.
(c) Mr. Bikash Kanti Roy was inducted as Member w.e.f. July 03, 2018.

8. RISK MANAGEMENT COMMITTEE

The Risk Management Committee was integrated into Risk Management and Asset Liability Management Committee on July 3, 2018. The terms of reference of Risk Management Committee was to identify and monitoring key risk areas, devise the policy and strategy for integrated risk management, to critically assess the Company's business strategies and plans from a risk perspective, manage risks to which the Company is exposed, including credit, market, operational and reputational risks, etc. During the Financial Year 2018-19, the Risk Management Committee met twice on May 10, 2018 and July 03, 2018. The composition of the Risk Management Committee and attendance of Directors as on July 3, 2018 is shown below:

Name/ category	**Position in Committee**	**No. of meetings during the tenure of member**	
		Held	Attended
Mr. Padmanabhan Raja Jaishankar Non- Executive Director	Chairman	2	1
Mr. Sachikanata Mishra Non- Executive Director	Member	2	2
Mr. Bikash Kanti Roy*(a)* Managing Director	Member	2	2

(a) Mr. Bikash Kanti Roy was inducted as Member w.e.f. April 24, 2018.

9. ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee was integrated into Risk Management and Asset Liability Management Committee on July 3, 2018. The terms of reference of Asset Liability Management Committee is to review the Statement of Short Term Dynamic Liquidity, Structural Liquidity, Interest Rate Sensitivity, to review the current and prospective risk arising when the Company is unable to meet its obligations as they come due without adversely affecting the Company's financial conditions etc. During the Financial Year 2018-19, the Asset Liability Management Committee met once on May 10, 2018. The composition of the Asset Liability Management Committee and attendance of Directors as on July 3, 2018 is shown below:

Name/ category	**Position in Committee**	**No. of meetings during the tenure of member**	
		Held	Attended
Mr. Sachikanata Mishra Non- Executive Director	Chairman	1	1
Mr. Arvind Kumar Jain(a) Non-Executive Director	Member	1	1
Mr. Bikash Kanti Roy*(b)* Managing Director	Member	1	1

(a) Mr. Arvind Kumar Jain was inducted as Member w.e.f. April 24, 2018.
(b) Mr. Bikash Kanti Roy was inducted as Member w.e.f. April 24, 2018.

10. GENERAL BODY MEETING

Financial Year	**Date & time of AGM**	**Venue of the AGM**
2017-18	24th September 2018/ 11:00 A.M	IFCI Tower, 61 Nehru Place, New Delhi-110019
2016-17	06th September 2017/ 11.00 A.M	IFCI Tower, 61 Nehru Place, New Delhi-110019
2015-16	15th September 2016/ 11.00 A.M	IFCI Tower, 61 Nehru Place, New Delhi-110019

Following Special Resolutions were passed at the above AGMs:

AGM Date	**Particulars of Special Resolutions**
24th September 2018	NIL
06th September, 2017	NIL
15th September, 2016	NIL

11. DISCLOSURES

(i) The Company did not enter into transactions with the related parties that may potentially conflict with the interests of the Company at large during the year under review. Further, all the related party transactions were in the ordinary course of business and arm length price & have been disclosed in note no.31 of the Notes to Accounts of the Balance Sheet for the year ended March 31, 2019.

(ii) There has been no non-compliance by the Company nor any penalties imposed on the Company by any authorities.

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

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

(v) There is no change in percentage of Administrative and Office Expenses during the year to the total expenses as against 10% for the last year. Further, the Financial Expenses are 64.06% of the total expenses as against 38% for the last year.

12. MEANS OF COMMUNICATION

The Annual Report and other statutory information are being sent to shareholders. The financial results of the Company are generally published in Business Standard / Financial Express newspaper.

13. TRAINING OF BOARD OF DIRECTORS

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

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A separate section on Management Discussion and Analysis Report forms part of this report.

CODE OF CONDUCT

The Board of Directors have laid down a Code of Business Conduct and Ethics for all Board members and Senior Management Personnel of the Company. The Code of Conduct has also been posted on the website of the Company viz. www.ifcifactors.com The members of the Board and Senior Management Personnel have on 31st March, 2019 affirmed compliance with the Code of Business Conduct and Ethics. A declaration to this effect, duly signed by the Managing Director is annexed and forms part of this Report

DECLARATION BY THE MANAGING DIRECTOR

I hereby confirm that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct and Ethics framed for Directors and Senior Management, as approved by the Board, for the year ended 31st March, 2019.

Place : New Delhi
Date : 06.08.2019

Bikash Kanti Roy
Managing Director
DIN : 02171876

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. ECONOMY OVERVIEW

1.1 Global Economy

Global growth is projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020. Fiscal support in the form of US$1.5 trillion tax cuts and enhanced Government spending enabled the US economy to advance strongly. However, the protectionist policies by the US, uncertainty over Brexit and slowing GDP growth in other advanced economies including Euro Zone, Japan, the UK, Canada accentuated the slowdown. Meanwhile continued easing in China's GDP growth also pulled down overall growth of the developing world. The financial markets also witnessed increased volatility in 2018. Oil prices remained volatile throughout the year. However, with supply cuts by OPEC and sanctions by the US on Venezuela and Iran, crude prices are now showing an upward bias. Financial volatility that eased somewhat after the adoption of dovish stance by the Fed has increased recently amidst enhanced trade tensions between the US and China. Looking ahead, global economic growth is expected to decelerate to around 3% in 2019.

Outlook

The International Monetary Fund (IMF) expects the global economy to slow down further in 2019 before stabilizing at 3.6% in 2020. This is mainly due to significant revisions in the eurozone, especially in Germany, where production difficulties in the auto sector and lower external demand will weigh on growth in 2019.

1.2 Indian Economy

The financial year 2018-19 saw an economic performance where India fortified its position as the fastest growing major economy in the world. The Central Statistics Office (CSO) has estimated the GDP growth to be 6.8% in 2018-19 as compared to 7.2% in 2017-18. However, the growth rate slump to five years low. The factors such as Policy Reforms and Development campaigns helped India in maintaining its status quo as the fastest growing nation. Policy Reforms such as increased FDI limits, Goods and Services Tax (GST), etc led to creation of jobs and bringing more businesses into the organized sector. It also improved the ease of doing business, thus benefitting the economy in a major way. Whereas the Government campaigns such as 'Make in India' and 'Start-up India' have been helping India to position itself as a manufacturing hub and promoting entrepreneurship.

The IBC took wing this year, with proceedings seeing large scale action against large loan defaulters. IBC was largely seen as a positive towards resolving the long standing NPA dues.

Outlook

The Indian economy is projected to grow at 7% in 2019 (2019-20) and 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. A lot depends on critical factors like global oil prices, a good oil prices, a good monsoon, core inflation and a low interest rate regime, NPA resolution, IBC, RBI Policy and on the external side a lot would depend on how the global trade war between US and China plays out.

1.3 NBFC Industry

The NBFC sector is expected to remain at the forefront and drive new credit disbursals for India's underserved retail and MSME space. In the last five years the lending book of NBFCs has grown nearly by 18% due to a deep understanding of target consumer segments, technological advancements, lean cost structures and differential business model to reach credit-starved customer segments. The year 2018 was a year of crisis for some of the NBFCs. To occupy the space vacated by Public Sector Banks (PSBs), certain NBFCs went into a frenzy of credit expansions without considering the asset-liability scenario. This resulted in huge defaults on the part of such companies and intensified fears that the funding cost for NBFCs will zoom and result in a sharp deterioration of their margins. However, the government took several quick measures not letting this crisis turn into a contagion and spilling over to other sectors. These measures included altering operating mechanism and making relevant changes in the risk management framework. Though the outlook for NBFCs for 2019 seems weak, a gradual improvement in the liquidity situation indicates that there could be a stabilisation in the coming days.

The Union Budget for fiscal year 2019-2020, has key measures for revival of non-banking finance companies (NBFCs) and a recapitalisation plan for state-run banks. In a major step aimed at easing the ongoing stress in the NBFCs, the Central Governmemt will lend a helping hand to top-rated entities. To enhance liquidity access for the sector, the government will provide one-time six-month partial guarantee of Rs 1 lakh crore to state-run banks for purchasing consolidated high-rated pooled assets of financially-sound NBFCs. This will cover their first loss of up to 10 percent. Post Union Budget, the Reserve Bank of India (RBI) also eased some liquidity norms to enable lenders to finance the troubled shadow banking sector. Further, Finance Minister has announced that to bring more participants, especially NBFCs, not registered as NBFCs-Factor, on the TReDS platform, amendment in the Factoring Regulation Act, 2011 is necessary and steps will be taken to allow all NBFCs to directly participate on the TReDS platform.

1.4 Factoring Industry

Factoring industry has shown an overall growth with an increase in the number of factors as well as prospective clients across the globe. Since the last decade, industry has seen a tremendous growth due to better client awareness. As per the recorded numbers, factoring industry has been growing at an average 3% every year, globally. Last year, however, has been an especially good one for the factoring industry and as per FCI, global factoring volume has shown an overall increase of 6% in the calendar year 2018 over 2017. As per FCI data, Indian Factoring industry, too, has shown a global trend with a growth of about 6% over last year, turning volumes of Euro 4.53 Billion in 2018.

As per FCI, preliminary world factoring statistics indicate that the industry has overall held its pace with many markets, showing significant continued growth.

The largest factoring market continues to be Europe with 66.10% market share in 2018, followed by Asia Pacific with an increased share of 25.24%, while the Americas showed a declining trend with a total share of only about 7.64 last year.

The factoring business in India has shown a rising trend and is still evolving. While globally, it remains a widely acceptable proposition within the ambits of transaction banking; in India the business has witnessed several stumbling blocks during its course so far. However, the Indian government has made several efforts to provide a facilitating regulatory environment for factoring business to develop and the desired effects are now emerging, with the SME segment being the biggest beneficiary, where the banks do not readily extend credit without tangible collaterals.

2. Operational Performance

Amidst the challenging macroeconomic environment, your company witnessed a decrease in Funds In Use (FIU). This coupled old baggage of NPA's led to the Company incurring losses during the current financial year. During the year, your Company achieved a turnover of Rs. 1,092.60 crore (an increase of 5.99% Y-O-Y) and a gross income of Rs. 50.80 crore. Further, your Company incurred a loss before tax of Rs. 3.85 crore and a loss after tax of Rs. 20.07 crore.

The major financial parameters for the financial year ended 31.03.2019 vis-à-vis the previous financial year are tabulated below:

(Rs. in Crore)

Parameters	Year ended 31.03.2019	Year ended 31.03.2018
Turnover	1092.60	1030.87
Funds in Use		
Factoring Business	503.61	548.64
Other Business	129.34	156.77
Total Funds in use	632.95	705.41
Total Income	50.80	63.93
Profit / (Loss) Before Tax	(-)3.85	(-)53.87
Profit / (Loss) After Tax	(-)20.07	(-)35.93

Segment wise / Product –wise Performance

The Company has extended both factoring and non-factoring facilities to its clients. The product wise exposure of the Company as on March 31, 2019 is as under:

Sr. No.	Particulars	Amount (Rs. in crore)
A.	**Factoring**	
1.	Domestic Sales Bill Factoring	445.89
2.	Export Sales Bill Factoring	2.68
3.	Advance Against Future Receivables	30.92
4.	Purchase Bill Factoring	24.12
	Total (A)	**503.61**
B.	**Non Factoring**	
	Corporate Loan	129.34
	Total (B)	**129.34**
	Total (A+B)	**632.95**

The Company has extended facilities across industry segment. Industry wise exposure of the Company as on March 31, 2019 is as under:

Sr. No.	Particulars	Amount (Rs. crore)
1.	Small Scale Industries	24.88
2.	Medium & Large Industries	43.31
3.	Construction	56.56
4.	Advance to Capital Market	17.66
5.	Retail Trade	-
6.	Commercial Real Estate	59.11
7.	Infrastructure	107.91
8.	Transport Operators	28.26
9.	Consumer Durables	-
10.	Others	295.28
	Total	**632.95**

3. Opportunities

i) The Company is only operating in working capital space for the entire IFCI Group.
ii) The Company has been extended rights under SARFAESI.

iii) RBI has been indicating a favorable intent for factoring industry through various enabling circulars. To name a few RBI has prescribed Factoring to Non factoring product ratio of 50:50 and waived limits on amount to be extended on non-recourse Export Factoring.
iv) The Company has joined Credit Guarantee Fund Scheme for Factoring, having a corpus of Rs. 500 crore, introduced by Ministry of Finance, to facilitate factoring transactions for MSMEs.
v) Funding gap in more than 45 million SME's in the Country gives enormous opportunity as banks have not been able to meet the funding needs to this sector.

4. Threats

i) The Company does not have DRT access.
ii) Provisioning requirement for the impaired assets to the extent of 100% is required to be made within 12 months due to unsecured nature of facilities which has adverse impact on the profitability of the Factoring entities.

5. Outlook

The Company would strive to maintain its asset quality through vigilant monitoring, recovery of its non- performing assets, arrest further slippages of the accounts into NPA and grow its asset base with addition of quality assets.

The challenges and opportunities remain in general to the all the players within the factoring industry, and it hinges to a large extent on the management of NPA's and ensuing recovery made. The Factoring still has a lot of untapped potential, especially within the MSME sector. The government is also backing the development of this product, underlining its importance towards fueling industrial growth.

To conclude, we can say that there are better days in the offing for factoring industry, as we are on the threshold of a new beginning. The Factoring product holds promise and recent developments in the form of credit guarantee scheme under the aegis of Govt of India, revisiting of credit protection clause by IRDA, enhancing the ambit of SARFAESI Act, passing of Banking & Insolvency Bill, 2016 etc., would go a long way towards promoting the overall factoring industry.

6. Risks and concerns

i) More than 70% of overall asset base of the Company is unsecured.
ii) Increased competition from banks consequent to permission to banks to undertake business of factoring in India.
iii) Prolonged litigation involved in recovery of dues through cheque bouncing and civil cases.
iv) Cost of funds for an NBFC is higher than banks resulting into shrinking margins and limited offtakes.

7. Internal Control Systems

The Company has an Internal Control System which is commensurate with the size, scale and complexity of its operations.

8. Material developments in Human Resources / Industrial Relations front, including number of people employed

The Company has continuously adopted structures that help attract best external talent and promote internal talent to higher roles and responsibilities. The Company's people centric focus providing an open work environment fostering continuous improvement and development helped several employees realize their career aspirations during the year.

During the year under report, your Company had witnessed some attrition. The Company had thirty employees on its roll as on March 31, 2019 vis-à-vis thirty two employees as on March 31, 2018.

9. Other disclosures

Details of Environmental protection and conservation, technological conservation, renewable energy developments, foreign exchange and CSR are mentioned in the Directors' Report.

SVP & ASSOCIATES
CHARTERED ACCOUNTANTS

1209, New Delhi House
27, Barakhamba Road,
Connaught Place, New Delhi-110001
Tel. :011-23351538-39-40, 41516079

REVISED AUDITOR'S REPORT

Independent Auditors' Report on the Standalone Ind AS Financial Statements

TO THE MEMBERS OF IFCI FACTORS LIMITED

Opinion

We have audited the accompanying standalone Ind AS financial statements of IFCI Factors Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

This Revised Audit Report has been issued in supersession of our earlier Audit Report dated 03.06.2019 pursuant to revision in Audit Report format as per SA 700, issued by the Institute of Chartered Accountants of India. There is no change in the financial statements and in our opinion expressed therein.

In our opinion and to the best of our information and according to the explanations given to us,except for the possible effects of the matter described in the Basis for Disclaimer of Opinion section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ('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 31 March 2019, its Loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Disclaimer ofOpinion

1. We draw attention to note no. 7 to the financial statements regarding recognition of Deferred tax Assets on account of provisions of Non-Performing Assets. In case of Deferred Tax Assets of Rs.79.35 Crores as on 31st March 2019, in the opinion of management there is reasonable certainty of availability of future taxable income to realize the deferred tax assets. Considering the past accumulated losses and further stressed standard assets and nature of factoring business,we are unable to comment on the suffieciency of the future taxable profits of the company which can realize the deferred tax assets.

   As a result of this matter, we have not been able to obtain sufficient appropriate audit evidence on the said matter to state whether any adjustments would be required to the information included in the financial statements and impact thereof.

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2. The company has deviated from its credit policy/exceeded the limits, though the same has been authorised by the competent authority.

Disclaimer of Opinion

Because of the significance of matters described in the basis for Disclaimer of Opinion paragraph, we are unable to express an audit opinion on the same.

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

Emphasis of Matter

We draw attention to the following matters relating to borrowers' accounts:

1) Impact of IL&FS Financial Services Limited payment crisis debacle on IFCI Factors Limited on the Company's loan accounts having high risk exposure:

A) Exposure on IL&FS Transportation Networks Limited:

As per the information provided to us, the Company has sanctioned exposure on IL&FS Transportation Networks Ltd (as a debtor) in case of two accounts, GHV India Pvt Ltd and Oriental Structural Engineers Pvt Ltd (hereinafter referred to as "OSEPL"). The total sanction amount is Rs. 36.00 Crore till date. In the standalone Ind AS Financial Statements for the year ended 31 March 2019, the outstanding amount in case of OSEPL is Nil and in case of GHV is Rs.17 Crores (approx.).In case of GHV India Pvt Ltd as a client the company has taken cash flow as a security from IRCON International Ltd which is a CARE AAA rated company. GHV India Pvt Ltd is CRISIL A rated. The risk has been sufficiently covered.

2) In our view, the following accounts of the Company appear to be High risk accounts:

A) Ind Swift Laboratories Limited

The Company has sanctioned exposure of Rs. 18 Crores in the company which had defaulted with all its bankers and public deposit schemes. The company has also defaulted with IFCI Limited.

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The company was suffering losses since 2012, however the company is now generating sufficient profits to cover its financial obligations. For the 9 months ended 31 December 2018, the company has reported a net profit of Rs. 71.33 Crores (Source moneycontrol.com)

B) Real Estate Industry Exposure

The Company has exposure in the real estate industry. Omaxe Ltd, Vatika Ltd, BPTP Ltd, Ganesh Housing Ltd and GTM Builders and Promoters Ltd are the clients having credit limits from the company. The real estate industry is struggling in the NCR region. Many clients like Jaypee, Amrapali, Lotus and 3C's have defaulted with banks and financialinstitutions. The Company has exposure with real estate clients having long track record with them, but the risk is sufficiently covered.

C) Shriram EPC Limited

The account has been by declared NPA Axis Bank, Yes Bank, State Bank of India, ICICI Bank.

Our opinion is not modified in respect of this above stated matter.

Other Matter

We draw attention to the following other matters;

The list of total active clients has been analysed for their working and professional conduct. Though we have relied on the information provided by the Company w.r.t. the conduct of account with them, information has been gathered from the public domain and other sources. Efforts have been made to update on the legal cases that IFL clients have been facing, that may impact the business and overall working of the clients and in a broader perspective may impact the right use of public money. The information will also help IFL management in making risk analysis of the portfolio and in taking steps going forward.

1)Complaints received against the Company or its officers

During the year under consideration, a series of allegations have been levelled against a few officers of the Company by two retainers of IFCI Factors Limited (hereinafter referred to as "the Company"). These allegations consisted of alleged wrong-doings at the Company, which indicated a deficiency in internal controls and misappropriation of the funds of the Company for personal gains of certain key managerial personnel. As the statutory auditors of the Company, we have received the information regarding the same after the issuance of the audit report for the year ended 31 March 2019, and hence we have not performed audit procedures on account of which we are unable to express an opinion on the same. However, the CFO and Board of Directors have assured us that the Company will address the allegations on the basis of an internal inquiry to be conducted by the Company in consultation with the recommendations of the Chief Vigilance Officer. We would also express an opinion on the same in our Report on Internal Financial Controls over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 after carrying out substantive audit procedures for the quarter ending 30 June 2019, which will be issued as a part of our Limited Review procedures as per the SEBI

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(Listing Obligations and Disclosure Requirements) Regulations, 2015 to protect the interests of various stakeholders of the Company.

2) Cases for the cheque returns (against Section 138) have been running against the below mentioned clients

i. Ind swift Laboratories limited

ii. Manoj Cables Ltd

iii. Unilec Engineers Pvt Ltd.

Other cases

3)BPTP Limited

Against its contractor M/s Ahluwalia Contractors (I) Ltd, Cases have been filed under section 304 A (Causing death by negligence), Section 288(Negligent conduct with respect to pulling down or repairing buildings) and Section 338 (Causing grievous hurt by act endangering life or personal safety of others) of the Indian Penal Code for the incident that happened at its construction site located in Sector 94, Noida.

4)Omaxe Limited

A Case in NCLT has been filed by the erstwhile Director of the Company, Mr. Sunil Goel against the promoter of Omaxe limited, Mr.Rohtash Goel.

Our opinion is not modified in respect of this above stated matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2019. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

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Key audit matters	How our audit addressed the key audit matter
(a) Transition to Ind AS accounting framework (as described in note 52 of the Ind AS financial statements)	
The Company has adopted Ind AS from 1 April 2018 with an effective date of 1 April 2017 for such transition. For periods up to and including the year ended 31 March 2018, the Company had prepared and presented its financial statements in accordance with the erstwhile generally accepted accounting principles in India (Indian GAAP). To give effect of the transition to Ind AS, these financial statements for the year ended 31 March 2019, together with the comparative financial information for the previous year ended 31 March 2018 and the transition date Balance Sheet as at 1 April 2017 have been prepared under Ind AS.	• Read the Ind AS impact assessment performed by the Management and the resultant changes made to the accounting policies considering the requirements of the new framework. • Evaluated the exemptions and exceptions allowed by Ind AS and applied by the Management in applying the first-time adoption principles of Ind AS 101 in respect of fair valuation of assets and liabilities existing as at transition date.
The transition has involved significant change in the Company's policies and processes for financial reporting, including generation of supportable information and applying estimates to inter alia determine impact of Ind AS on accounting and disclosure requirements prescribed under extant Reserve Bank of India (RBI) directions. In view of the complexity involved, Ind AS transition and the preparation of financial statements subsequent to the transition date have been areas of key focus in our audit.	• Tested the accounting adjustments posted as at the transition date and in respect of the previous year to convert the financial information reported under erstwhile Indian GAAP to Ind AS. • Tested the disclosures prescribed under Ind AS.
(b) Impairment of financial assets (expected credit losses) (as described in note 50 of the Ind AS financial statements)	
Ind AS 109 requires the Company to recognise impairment loss allowance towards its financial assets (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: • unbiased, probability weighted outcome under various scenarios; • time value of money; • impact arising from forward looking	• We read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109. • We tested the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3 and vice versa.

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macro-economic factors and; • availability of reasonable and supportable information without undue costs. Applying these principles involves significant estimation in various aspects, such as: • grouping of borrowers based on homogeneity by using appropriate statistical techniques; • staging of loans and estimation of behavioral life; • determining macro-economic factors impacting credit quality of receivables; • estimation of losses for loan products with no/minimal historical defaults. Considering the significance of such allowance to the overall financial statements and the degree of estimation involved in computation of expected credit losses, this area is considered as a key audit matter.	• We evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Audited disclosures included in the Ind AS financial statements in respect of expected credit losses.

Other information

The company's management is responsible for the preparation of the other information. The other information comprises the information included in director's report and annexure but does not include the standalone financial statements and our auditor's report thereon. The director's report and annexure is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read

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with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone Ind AS Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended 31 March 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 purposes of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

SVP & ASSOCIATES
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c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B' to this report;

g) In our opinion, the managerial remuneration for the year ended 31 March 2019 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

   i) The Company does not have any pending litigations on its financial position in its standalone Ind AS financial statements.

   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

   iv) As per the direction/sub directions issued by the CAG of India under section 143(5) of the Companies Act,2013 and on the basis of such verification of the books and records as considered appropriate and available and according to explanations given to us and as per declaration given by the company, we have enclosed in Annexure-C a statement on the matters specified in directions issued by The Comptroller and Auditor General of India.

For **SVP & Associates**
Chartered Accountants
ICAI Firm registration number: 003838N

SVP & ASSOCIATES * Chartered Accountants * FRN: 003838N New Delhi

CA Tarun Kansal
Partner
Membership number: 084751

Place: New Delhi
Date :11.07.2019
UDIN:- 19084751AAAAAK1940

ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF IFCI FACTORS LIMITED FOR THE YEAR ENDED MARCH 31, 2019

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, all fixed assets have been physically verified by the management in phased manner during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) The Company does not own any immovable property, hence clause not applicable.

ii) The Company does not have any inventory. Therefore, the provisions of clause 3 (ii) of the Order, are not applicable.

iii) As informed to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clause 3(iii) (a) to (c) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees or securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable to the Company. The company has complied with the provision of section 186 of the Act with respect to the investments made.

v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as per the directions issued by the Reserve Bank of India from the public in accordance with relevant provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph (v) of the Order is not applicable to the Company.

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

vii) a) According to the information and explanations given to us and according to the records produced before us for verification, the Company is regular in depositing, with appropriate authorities, the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, custom duty, excise duty, cess and any other material statutory dues applicable to it. As explained to us, the company did not have any dues on account of employees' state insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Custom duty, excise duty, cess and any other statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no material dues of income tax, excise duty, sales tax, custom duty and service tax, which have not been deposited with appropriate authorities on account of any dispute except the following:

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Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	3,73,044	A/Y 2002-03	AO/TRO
Income Tax Act, 1961	Income Tax	2,66,464	A/Y 2003-04	AO/TRO
Income Tax Act, 1961	Income Tax	9,42,182	A/Y 2004-05	AO/TRO
Income Tax Act, 1961	Income Tax	5,38,440	A/Y 2011-12	AO/TRO

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, banks, Government (both state and Central) or debenture holders.

ix) The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. On the basis of information and explanations given to us, the money raised by way of term loans have been applied for the purposes for which they were obtained.

x) According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

xi) To the best of our knowledge and belief and according to the information and explanations given to us, Section 197 read with schedule V of the Act is not applicable to the company.

xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi company. Accordingly, paragraph 3(xii) of the order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties' are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the company, the company has made following Allotments:

i) Allotment of 2,00,00,000 Equity Share of Rs.10/- each to IFCI Ltd on Preferential basis on March28, 2019.

ii) Allotment of 500 optionally convertible debentures of Rs.5,00,000/- each to IFCI Ltd. on Preferential basis on March 06, 2019.

The requirement of section 42 of Companies Act, 2013 has been complied with.

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xv) According to the information and explanations given to us and based on our examination of the records of the company, the company has not been entered into non cash transaction with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.

xvi) According to the information and explanations given to us and based on our examination of the records of the company, the company has received registration certificate dated 3rd June, 2009 from RBI under section 45-IA of the Reserve Bank of India Act, 1934 and is permitted to carry on the business as NBFC-Factors in accordance with the Factoring Regulation Act, 2011.

For **SVP & Associates**
Chartered Accountants
ICAI Firm Registration Number: 003838N

SVP & ASSOCIATES
FRN 003838N
New Delhi
Chartered Accountants

CA Tarun Kansal
Partner
Membership No.: 084751

Place: New Delhi
Date: 11 July 2019

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF IFCI FACTORS LIMITED

Report on the Internal Financial Controls over Financial Reporting 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 Factors Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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. 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.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

SVP & ASSOCIATES
FRN 003838N
New Delhi
Chartered Accountants

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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.

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 March 31, 2019, 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 **SVP & Associates**
Chartered Accountants
ICAI Firm Registration Number: 003838N

SVP & ASSOCIATES * Chartered Accountants * FRN : 003838N New Delhi

CA Tarun Kansal
Partner
Membership No.: 084751

Place: New Delhi
Date: 11 July 2019

ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

Statements on the matters Specified in directions issued by the Comptroller and Audit General of India in accordance with Section 143(5) of the Companies Act, 2013

1. According to information and explanations given to us and based on the information available, the company is not having any Property.

2. According to information and explanations given to us and based on the information available and as per declaration given by the company, the Cases of Restructure/waiver/write off of debtors/loan/interest etc. as approved by the Board of Directors during the year ended 31March 2019 are as follows:

S. No.	List of cases of write off/ waiver of debtors/loans/Interest During the financial year 2018-2019	Amount Involved (₹ in Crores)		
		Principal Waiver	Interest Waiver	Total Waiver
1	Sahney Associates	1.25	1.94	3.19
2	Maven Industries Limited	3.25	11.52	14.77
3	Maxx Moblink Private Limited	10.05	3.49	13.54
4	Bharath Salt Refineries Limited	1.46	0.85	2.31
5	Kalyani Engineering Works	2.18	7.27	9.45
6	Gangotri Iron & Steel Co. Limited	4.5	11.7	16.2
7	Evinix Industries Limited	0	10.14	10.14
8	Ind Swift Limited	4.5	4.54	9.04
9	Jakhau Salt Co. Private Limited	2.59	0.11	2.7
10	Krishna Ferro Products Limited	1.72	5.69	7.41
	Total	**31.5**	**57.25**	**88.75**

3. According to information and explanations given to us and based on the information available, the company does not have inventory lying with third parties and no assets have been received as gift/grants from the Government or other authorities.

4. According to information and explanations given to us and based on the information available, the company has well established IT system in place for processing of accounting transactions. The company has Trade Free system for recording factoring transactions and Oracle for term loan and Accounting entries. The company also has requisite maker checker concept in place for recording the transactions there will not be any dilution in the integrity of accounting transaction, if the transaction is processed outside the IT system.

5. According to information and explanations given to us and based on the information available, the Trial Balance of the company is generated from Oracle and the Balance Sheet is prepared on excel, the data are transported from oracle to excel, and further processing is done manually.

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FRN: 003838N
New Delhi
Chartered Accountants

Sub-Directions

1. According to information and explanations given to us and based on the information available, there is no investment in CGS/SGS/Bonds/Debentures, hence the verification of titles of ownership in respect of CGS/SGS/Bonds/Debentures etc. are not applicable.

2. According to information and explanations given to us and based on the information available, there is a system of periodical assessment of realisable value of securities available against all restructured (except Critical Mass Multilink Limited), rescheduled and renegotiated loan and adequate provision has been created during the year.

For **SVP & Associates**
Chartered Accountants
ICAI Firm Registration Number: 003838N

SVP & ASSOCIATES * FRN: 003838N New Delhi * Chartered Accountants

CA Tarun Kansal
Partner
Membership No.: 084751

Place: New Delhi
Date: 11 July 2019

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

BALANCE SHEET AS AT MARCH 31, 2019

Particulars	Note No.	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs	As at April 01, 2017 ₹ in Lakhs
Assets				
Financial Assets				
Cash and Cash Equivalents	1	1,060.16	3,504.09	3,819.96
Bank Balance other than above	2	1.02	1.02	1.02
Loans	3	38,090.75	44,206.80	55,985.96
Investments	4	937.55	937.55	987.51
Other Financial assets	5	17.25	17.07	5.28
Total		**40,106.73**	**48,666.52**	**60,799.72**
Non-financial Assets				
Current tax assets (Net)	6	1,244.25	1,007.75	1,514.78
Deferred tax Assets (Net)	7	7,920.44	9,542.64	7,749.30
Property, Plant and Equipment	8	13.53	16.95	15.64
Other Intangible assets	9	13.29	15.82	20.68
Other non-financial assets	10	62.22	40.40	27.69
Total		**9,253.73**	**10,623.56**	**9,328.10**
Total Assets		**49,360.45**	**59,290.09**	**70,127.82**
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Payables				
(I) Other Payables				
(i) total outstanding dues of creditors other than micro enterprises and small enterprises		299.27	367.34	485.05
Debt Securities	11	15,747.80	15,736.06	19,910.50
Borrowings (Other than Debt Securities)	12	12,913.76	21,278.80	22,684.62
Other financial liabilities	13	6,546.89	6,079.99	7,172.72
Total		**35,507.72**	**43,462.19**	**50,252.90**
Non-Financial Liabilities				
Provisions	14	588.24	444.02	705.30
Other non-financial liabilities	15	46.57	156.39	299.66
Total		**634.81**	**600.40**	**1,004.96**
EQUITY				
Equity Share capital	16A	19,940.09	7,935.77	7,935.77
Instruments Entirely Equity in Nature	16B	7,503.80	17,508.12	17,508.12
Other Equity	16C	(14,225.96)	(10,216.39)	(6,573.92)
Total		**13,217.92**	**15,227.50**	**18,869.97**
Total Liabilities and Equity		**49,360.45**	**59,290.09**	**70,127.82**

Summary of Significant Accounting Policies
The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached
For SVP & Associates
Chartered Accountants
Firm Registration No. 003838N

SVP & ASSOCIATES FRN: 003838N New Delhi Chartered Accountants

(Tarun Kansal)
Partner
Membership No. 084751

Date: April 15, 2019
Place: New Delhi

IFCI FACTORS LTD. NEW DELHI

For and on behalf of Board of Directors

(Bikash Kanti Roy)
Managing Director
DIN: 02171876

(Sachikanta Mishra)
Nominee Director
DIN: 02755068

(Manish Jain)
Chief Financial Officer

Manidev Sadh
(Company Secretary)

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2019

Particulars	Note No.	Period Ended March 31, 2019 ₹ in Lakhs	Period Ended March 31, 2018 ₹ in Lakhs
Revenue from operations			
Interest Income	17	1,285.46	2,156.49
Discount and Service Charges		3,304.49	3,763.74
Application and Administration Charges		138.92	118.77
Total Revenue from operations		**4,728.87**	**6,039.00**
Other Income	18	350.90	353.81
Total Income		**5,079.77**	**6,392.81**
Expenses			
Finance Costs	19	3,500.67	4,501.14
Employee Benefits Expenses	20	609.01	527.29
Depreciation, amortization and impairment	8	8.66	8.64
Impairment on Financial Instruments	21	794.60	6,180.77
Others expenses	22	551.55	561.57
Total Expenses		**5,464.50**	**11,779.41**
Profit / (loss) before exceptional items and tax (III-IV)		-384.73	-5,386.60
Exceptional Items		-	-
Profit/(loss) before tax		**-384.73**	**-5,386.60**
Tax Expense:			
(1) Current Tax		-	-
(2) Deferred Tax		-1,622.51	1,793.57
Profit / (loss) for the period		**-2,007.24**	**-3,593.03**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	23	-2.65	-49.21
Income tax relating to items that will not be reclassified to profit or loss		0.31	-0.23
		-2.33	**-49.44**
Total Comprehensive Income for the period		**-2,009.57**	**-3,642.47**
Earnings Per Equity Share			
Basic (₹)		(1.54)	(4.53)
Diluted (₹)		(0.73)	(1.41)

Summary of Significant Accounting Policies
The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached
For SVP & Associates
Chartered Accountants
Firm Registration No. 003838N

(Tarun Kansal)
Partner
Membership No. 084751

Date: April 15, 2019
Place: New Delhi

For and on behalf of Board of Directors

(Bikash Kanti Roy)
Managing Director
DIN: 02171876

(Sachikanta Mishra)
Nominee Director
DIN: 02755068

(Manish Jain)
Chief Financial Officer

Manidev Sadh
(Company Secretary)

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2019

	Period Ended March 31, 2019 ₹ in Lakhs	Period Ended March 31, 2018 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	(384.73)	(5,386.60)
Adjustments for:		
Depreciation/Amortisation	8.66	8.64
Bad Debts Written Off	1,251.18	677.87
Reversal of Provision for Doubtful Debts	(1,399.29)	(2,129.56)
Provision for Standard Assets	(16.45)	(291.15)
Allowance for Bad and Doubtful Debts and Loans	959.16	7,923.61
Provision for Gratuity	12.88	8.77
Provision for Leave Encashment	8.09	8.96
(Income)/Loss From Mutual Fund	(72.54)	(237.35)
Non Cash adjustments	(5.64)	(10.73)
Operating Profit Before Working Capital Changes	**361.33**	**572.45**
Movement in Working Capital		
Increase/(Decrease) in Borrowings	(8,365.04)	(5,595.82)
Increase/ (Decrease) in Trade Payables & Other Financial/Non-Financial liabilities	426.60	(1,340.83)
(Increase)/Decrease in Factoring	3,767.02	2,445.81
(Increase)/Decrease in Loans & Advances, Other Current & Non-Current Assets	1,296.86	3,370.25
Net Cash Used in Operations	**(2,513.22)**	**(548.13)**
Direct Tax Paid	-	-
Net Cash Flow From Operating Activities	**(2,513.22)**	**(548.13)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property Plant and Equipment / Capital Advance	(2.72)	(5.09)
Provision for Diminution in value of Non-Current Investments		-
Investment in Current and Non Current Investments		-
Income From Mutual Fund	72.54	237.35
Net Cash Flow From Investing Activities	**69.82**	**232.26**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(0.53)	-
Net Cash Flow From Financing Activities	**(0.53)**	**-**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,443.93)**	**(315.87)**
Opening Cash and Cash Equivalents	3,504.09	3,819.96
Closing Cash and Cash Equivalents	**1,060.16**	**3,504.09**

Note:

1 Components of Cash and Cash Equivalents:	Period Ended March 31, 2019 ₹	Period Ended March 31, 2018 ₹
Cash on Hand	0.07	0.39
Balances with Banks	1,060.09	3,503.70
	1,060.16	**3,504.09**

As per our Audit Report of even date attached
For SVP & Associates
Chartered Accountants
Firm Registration No. 003838N

SVP & ASSOCIATES FRN 003838N New Delhi Chartered Accountants

(Tarun Kansal)
Partner
Membership No. 084751

Date: April 15, 2019
Place: New Delhi

IFCI FACTORS LTD. NEW DELHI

(Bikash Kanti Roy)
Managing Director
DIN: 02171876

(Sachikanta Mishra)
Nominee Director
DIN: 02755068

(Manish Jain)
Chief Financial Officer

Manidev Sadh
Company Secretary)

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

Statement of Changes in Equity

A. Equity Share Capital

(₹ in Lakhs)

Balance at the 01.04.2017	Changes in equity share capital during the year	Balance at the 31.03.2018	Changes in equity share capital during the year	Balance at the 31.03.2019
7,935.77	-	7,935.77	12,004.32	19,940.09

B. Instruments entirely equity in nature
Compulsarily Convertible Preference Shares

Balance at the 01.04.2017	Changes during the year	Balance at the 31.03.2018	Changes during the year	Balance at the 31.03.2019
17,508.12	-	17,508.12	(10,004.32)	7,503.80

C. Other Equity

(₹ in Lakhs)

Particulars	Equity component of Financial Instruments		Reserves and Surplus				Other Comprehensive Income		Total
	Perpetual Non-Convertible Debentures	Optionally Convertible Debentures	Statutory Reserves	General Reserve	Securities Premium Reserve	Retained Earnings	Equity Instruments through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	
April, 01 2017	2,500.00	-	1,755.73	31.65	1,008.20	(11,660.08)	(203.59)	(5.83)	(6,573.92)
Total Comprehensive Income for the year	-		-	-	-	(3,593.03)	(49.96)	0.52	(3,642.47)
March 31, 2018	2,500.00	-	1,755.73	31.65	1,008.20	(15,253.11)	(253.55)	(5.31)	(10,216.39)
Total Comprehensive Income for the year	-	-	-	-	-	(2,007.24)	-	(2.33)	(2,009.57)
Conversion from NCD to OCD	(2,500.00)	2,500.00	-	-	-	-	-	-	-
Conversion in Equity Shares		(2,000.00)							(2,000.00)
March 31, 2019	-	500.00	1,755.73	31.65	1,008.20	(17,260.35)	(253.55)	(7.65)	(14,225.96)

Summary of Significant Accounting Policies
The accompanying notes are an integral part of the financial statements

As per our Audit Report of even date attached
For SVP & Associates
Chartered Accountants
Firm Registration No. 003838N

(Tarun Kansal)
Partner
Membership No. 084751

Date: April 15, 2019
Place: New Delhi

For and on behalf of Board of Directors

(Bikash Kanti Roy)
Managing Director
DIN: 02171876

(Sachikanta Mishra)
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(Manish Jain)
Chief Financial Officer

(Manidev Sadh)
(Company Secretary)

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Particulars	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs	As at April 01, 2017 ₹ in Lakhs
1. Cash and cash equivalents			
Cash on hand	0.07	0.39	0.31
Balances with Banks	1,060.09	3,503.70	3,819.65
	1,060.16	**3,504.09**	**3,819.96**
2. Bank Balance other than above			
Earmarked balances for Unpaid Dividend	1.02	1.02	1.02
	1.02	**1.02**	**1.02**

IFCI FACTORS LTD. * NEW DELHI *

SVP & ASSOCIATES * FRN: 003838N New Delhi * Chartered Accountants

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

3. Loans

Particulars	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs	As at April 01, 2017 ₹ in Lakhs
At Amortised Cost			
(A) Product Type			
Term Loans	12,927.86	14,465.84	17,327.27
Factoring	55,554.21	60,572.41	63,696.09
Total - Gross	**68,482.07**	**75,038.25**	**81,023.36**
Less: Impairment loss allowance	-30,391.32	-30,831.45	-25,037.40
Total Net	**38,090.75**	**44,206.80**	**55,985.96**
(B) Secured/Unsecured			
(i) Secured by assets	9,947.49	15,368.36	16,945.47
(ii) Covered by Bank/Government Guarantees	4,391.07	6,688.95	8,476.34
(iii) Unsecured	54,143.51	52,980.94	55,601.55
Total (B)-Gross	**68,482.07**	**75,038.25**	**81,023.36**
Less: Impairment loss allowance	-30,391.32	-30,831.45	-25,037.40
Total (B) Net	**38,090.75**	**44,206.80**	**55,985.96**
(C) Loans in India			
(i) Others	68,482.07	75,038.25	81,023.36
Total (C)- Gross	**68,482.07**	**75,038.25**	**81,023.36**
Less: Impairment loss allowance	-30,391.32	-30,831.45	-25,037.40
Total (C) Net	**38,090.75**	**44,206.80**	**55,985.96**

4. Investment

Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 01, 2017 ₹
Fair Value through Other Comprehensive Income			
Equity Instruments			
- J M Financial Asset Reconstruction Company Pvt. Ltd.			
26,605 Security Receipts of Rs. 1000 each fully paid up (Backed by NPA sold by the Company)	266.05	266.05	266.05
- Raytheon Assets Reconstruction Pvt. Ltd.			
67150 Security Receipts of Rs. 1000 each fully paid up (Backed by NPA sold by the Company)	671.50	671.50	671.50
- Net 4 India Limited			
3,232,874 Equity Shares of Rs. 10 each fully paid up	-	-	48.49
- KEW Industries Limited			
2,931,558 Equity Shares of Rs. 10 each fully paid up	0.00	0.00	1.47
Total – Gross (A)	**937.55**	**937.55**	**987.51**
(i) Investments in India	937.55	937.55	987.51
Total (B)	**937.55**	**937.55**	**987.51**
Less: Allowance for Impairment loss (C)	-	-	-
Total – Net D= (A)-(C)	**937.55**	**937.55**	**987.51**

IFCI FACTORS LTD. * NEW DELHI *
SVP & ASSOCIATES * FRN 003838N New Delhi Chartered Accountants

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Particulars	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs	As at April 01, 2017 ₹ in Lakhs
5. Other Financial Assets			
Advance to Employess	15.52	16.32	3.24
Security Deposits	1.08	0.08	0.08
Others	0.66	0.67	1.96
	17.25	**17.07**	**5.28**
6. Current Tax Assets (Net)			
Advance Income Tax (including earlier years) (Net of Provisions)	1,244.25	1,007.75	1,514.78
	1,244.25	**1,007.75**	**1,514.78**
7. Deferred Tax Assets (net)			
Deferred Tax Assets	7,922.76	9,545.95	7,749.30
Less:- Deferred Tax Liabilities	2.33	3.32	-
	7,920.44	**9,542.64**	**7,749.30**
10. Other Non-Financial Assets			
Advance recoverable in cash or in kind	17.03	17.83	3.19
Indirect Taxes Recoverable	29.91	6.78	9.37
Prepaid expenses	15.28	15.79	15.13
	62.22	**40.40**	**27.69**

IFCI FACTORS LTD. ★ NEW DELHI ★

SVP & ASSOCIATES ★ FRN 003838N New Delhi ★ Chartered Accountants

IFCI FACTORS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

8. Property, Plant and Equipment (₹ in Lakhs)

Gross Block	Furniture and Fixtures	Office equipment	Computer Hardware	Total
As on 01.04.17	8.47	3.19	105.63	117.29
Additions	0.70	1.05	3.34	5.09
As on 31.03.18	9.17	4.24	108.97	122.38
Additions	-	-	0.26	0.26
As on 31.03.19	9.17	4.24	109.23	122.64
Accumulated depreciation as on 01.04.17	3.33	2.29	96.03	101.65
Additions	0.91	0.25	2.61	3.78
As on 31.03.18	4.24	2.55	98.64	105.43
Additions	0.92	0.29	2.47	3.68
As on 31.03.19	5.16	2.84	101.11	109.11
Carrying value as on 31.03.19	4.01	1.40	8.12	13.53
Carrying value as on 31.03.18	4.93	1.69	10.32	16.95
Carrying value as on 01.04.17	5.14	0.90	9.60	15.64

9. Other Intangible Assets

Gross Block	Computer software	Total
As on 01.04.17	83.61	83.61
Additions	-	-
As on 31.03.18	83.61	83.61
Additions	2.45	2.45
As on 31.03.19	86.06	86.06
Accumulated depreciation as on 01.04.17	62.93	62.93
Additions	4.86	4.86
As on 31.03.18	67.79	67.79
Additions	4.98	4.98
As on 31.03.19	72.77	72.77
Carrying value as on 31.03.19	13.29	13.29
Carrying value as on 31.03.18	15.82	15.82
Carrying value as on 01.04.17	20.68	20.68

IFCI FACTORS LTD. * NEW DELHI *

SVP & ASSOCIATES * FRN 003838N New Delhi * Chartered Accountants

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

11. Debt Securities

Particulars	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs	As at April 01, 2017 ₹ in Lakhs
At Amortised Cost			
Secured#			
Redeemable, Non-Convertible Bonds	5,784.83	5,779.85	9,960.40
Unsecured			
Redeemable, Non-Convertible Bonds	9,962.97	9,956.21	9,950.11
Total (A)	**15,747.80**	**15,736.06**	**19,910.50**
Debt securities in India	15,747.80	15,736.06	19,910.50
Debt securities outside India		-	-
Total (B) to tally with (A)	**15,747.80**	**15,736.06**	**19,910.50**

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

12. Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2019 ₹ in Lakhs	As at March 31, 2018 ₹ in Lakhs	As at April 01, 2017 ₹ in Lakhs
At Amortised Cost			
Secured			
From banks			
- Working Capital Demand Loan- From Banks*	10,000.00	13,000.00	17,500.00
- Cash Credit - From Banks*	2,014.51	3,714.52	324.25
- Term loans	899.26	4,564.28	4,860.37
Total (A)	**12,913.76**	**21,278.80**	**22,684.62**
Borrowings in India	12,913.76	21,278.80	22,684.62
Borrowings outside India			
Total (B) to tally with (A)	**12,913.76**	**21,278.80**	**22,684.62**

*** Credit facilities are secured by pari passu charge on factored receivables by way of hypothecation.**

IFCI FACTORS LTD. * NEW DELHI *

SVP & ASSOCIATES * FRN 003838N New Delhi Chartered Accountants *

IFCI FACTORS LIMITED
CIN NO:-U74899DL1995GOI074649
10th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
13. Other Financial Liabilities			
Contractual liability against Factoring	5,193.13	4,520.73	5,580.32
Interest accrued and not due on borrowing	1,353.27	1,558.24	1,591.38
Unpaid dividend	0.49	1.02	1.02
	6,546.89	**6,079.99**	**7,172.72**
14. Provisions			
Provision for employee benefits			
- Gratuity	71.34	55.81	47.80
- Leave Encashment	69.69	61.60	52.64
Contingent Provisions against Standard Assets	447.21	326.60	604.86
	588.24	**444.02**	**705.30**
15. Other Non-financial liabilities			
Sundry Liabilities Account (Interest Capitalisation)	-	137.06	149.95
Income received in advance	-	0.68	130.74
Service Tax	-	-	4.90
TDS Payble	12.26	12.83	9.67
GST Payable	29.70	1.59	-
Other Taxes	4.61	4.23	4.40
	46.57	**156.39**	**299.66**

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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Note No 16A	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
I. Equity Share Capital			
a. Authorised Share Capital			
200,000,000 (200,000,000) (200,000,000) Equity Shares of Rs.10 each	20,000.00	20,000.00	20,000.00
	20,000.00	**20,000.00**	**20,000.00**
b. Issued Share Capital			
79,357,700 (79,357,700) (79,357,700) Equity Shares of Rs.10 each fully paid up	7,935.77	7,935.77	7,935.77
Addition/Conversion during the year:- 120,043,160(Nil) (Nil) Equity Shares of Rs. 10 each fully paid up	12,004.32	-	-
199,400,860 (Nil) (Nil) Equity Shares of Rs.10 each fully paid up	**19,940.09**	**7,935.77**	**7,935.77**
c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year			
Equity Shares			
At the beginning of the year	7,935.77	7,935.77	7,935.77
Converted from CCPS and OCD's during the year	7,504.32	-	-
Outstanding at the end of the year	**15,440.09**	**7,935.77**	**7,935.77**
d. Details of shareholders holding more than 5% shares in the company			
Equity shares of Re 10 each fully paid			
Name of Shareholder			
IFCI Limited	99.88%	99.74%	99.74%
e. Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates			
Out of equity shares issued by the company, shares held by its Holding company are stated below:			
IFCI Limited	199,154,692	79,154,700	79,154,700
Note No 16B			
II. Instruments entirely Equity in Nature			
Compulsarily Convertible Preference Shares			
Opening Balance	17,508.12	17,508.12	17,508.12
Less: Converted into Equity Shares	-10,004.32	-	-
Closing Balance	**7,503.80**	**17,508.12**	**17,508.12**

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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Note No 16A	**₹ in Lakhs**	**₹ in Lakhs**	**₹ in Lakhs**
Note No 16C			
III. Other Equity			
a. Equity Component of Financial Instruments			
Perpetual Non-Convertible Debentures			
Opening Balance	2,500.00	2,500.00	2,500.00
Less: Converted into OCD's	-2,500.00	-	-
Closing Balance	-	**2,500.00**	**2,500.00**
Optionally Convertible Debentures			
Opening Balance	-	-	-
Add:- Converted from NCD to OCD	2,500.00	-	-
Less: Converted into Equity Shares	-2,000.00		
Closing Balance	**500.00**	-	-
b. Security Premium			
Opening Balance	1,008.20	1,008.20	1,008.20
Add/Less during the year	-	-	-
Closing Balance	**1,008.20**	**1,008.20**	**1,008.20**
c. Statutory Reserve Fund			
(under section 45 IC of Reserve Bank of India Act)			
Opening Balance	1,755.73	1,755.73	1,755.73
Add: Transfer from Surplus Balance in Statement of Profit and Loss	-	-	-
Closing Balance	**1,755.73**	**1,755.73**	**1,755.73**
d. General Reserve			
Opening Balance	31.65	31.65	31.65
Less: Transfer to Statement of Profit and Loss	-	-	-
Closing Balance	**31.65**	**31.65**	**31.65**
e. Retained Earnings			
Opening Balance	-15,253.11	-11,660.08	-11,660.08
Add: Profit / (Loss) for the period	-2,007.24	-3,593.03	
Less: Appropriations			
Transfer to Statutory Reserve Fund	-	-	-
Transitional Depreciation	-	-	
Closing Balance	**-17,260.35**	**-15,253.11**	**-11,660.08**
f. Other Comprehensive Income			
I. Equity Instruments through Other Comprehensive Income			
Opening Balance	-253.55	-203.59	-203.59
Add: Other Comprehensive income for the year	-	-49.96	
Closing Balance	-253.55	-253.55	-203.59
II. Remeasurement of Defined Benefit Plans			
Opening Balance	-5.31	-5.83	-5.83
Add: Other Comprehensive income for the year	-2.33	0.52	
Closing Balance	-7.65	-5.31	-5.83
Total Comprehensive Income	**-261.20**	**-258.87**	**-209.43**
Total Other Equity	**-14,225.96**	**-10,216.39**	**-6,573.92**

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NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2019

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Note No 16A	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs

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NOTES TO THE PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2019

17. Interest Income

Particulars	Period Ended March 31, 2019 ₹ in Lakhs	Period ended March 31, 2018 ₹ in Lakhs
Financial assets measured at Amortised Cost		
Interest on Loans	1,285	2,156
Total	**1,285**	**2,156**

18. Other Income

Particulars	Period Ended March 31, 2019	Period ended March 31, 2018
Factoring Bad Debts Recovered	278	32
Income from Mutual Funds	73	237
Miscellaneous Income	1	84
Total	**351**	**354**

19. Finance Costs

Particulars	Period Ended March 31, 2019	Period ended March 31, 2018
Financial liabilities measured at Amortised Cost		
Interest on Borrowings	3,391.54	4,261.74
Other Borrowing Costs	109.13	239.40
Total	**3,500.67**	**4,501.14**

20. Employee Benefits Expenses

Particulars	Period Ended March 31, 2019	Period ended March 31, 2018
Salaries and wages	561.42	487.26
Contribution to provident and other funds	27.32	26.21
Staff welfare expenses	20.26	13.82
Total	**609.01**	**527.29**

21. Impairment on Financial Instruments

Particulars	Period Ended March 31, 2019	Period ended March 31, 2018
Bad Debts Written Off	1,251.18	677.87
Provision for Bad and Doubtful Debts Written Back	-1,399.29	-2,129.56
Standard Assets	-16.45	-291.15
Bad and Doubtful Debts and Loans	959.16	7,923.61
Total	**794.60**	**6,180.77**

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NOTES TO THE PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2019

22. Other Expenses

Particulars	**Period Ended March 31, 2019**	**Period ended March 31, 2018**
	₹ in Lakhs	**₹ in Lakhs**
Rent, Rates and Taxes	317.28	293.89
Repairs and maintenance	24.54	35.43
Printing and stationery	10.10	7.33
Postage, Telephone and Fax	14.23	10.72
Travelling & Conveyance	22.35	25.18
Conferences & Seminar	1.17	1.17
Legal and Professional charges	104.45	119.53
Business Promotion	10.58	26.28
Import Factor Commission	19.78	12.90
Miscellaneous Expenses	27.06	29.15
Total	**551.55**	**561.57**

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

Particulars	**Period Ended March 31, 2019**	**Period ended March 31, 2018**
Remeasurements of the defined benefit plans	(2.65)	0.75
Equity Instruments through Other Comprehensive Income	-	(49.96)
Total	**(2.65)**	**(49.21)**

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IFCI FACTORS LIMITED
Notes to financial statements for the year ended 31 March 2019
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		For the year ended 31 March 2019	For the year ended 31 March 2018
24	**Payment to Auditors**		
	Audit Fees	7.00	7.95
	Certification and other services		
	Reimbursement of Expenses	0.62	0.20
	Total	**7.62**	**8.15**
25	**Details of corporate social responsibility expenditure**		
	a) Gross amount required to be spent by the company for respective financial year		
	b) Construction/acquisition of any assets		
	c) Yet to be paid in cash		
	d) Amount spent during the period -		
	- Development of Human Capital		
	- Development of Rural areas & sustainable development actvities		
	- Promotion of sports		
	- Other welfare activities		
	- Corpus to the IFCI Social Foundation	-	10.00
	- Admin & other expenses		
	Total	-	**10.00**

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
26	**Contingent liabilities and commitments (to the extent not provided for)**			
	A. Contingent Liabilities			
	(i) Claims not acknowledged as debts	-	-	-
	(ii) Bank Guarantees Provided	-	-	-
	(iii) Guarantee/Letter of comfort Issued on behalf of third parties	-	-	-
	(iv) Guarantee/Letter of comfort Issued on behalf of subsdiaries companies	-	-	-
	(v) **Tax Matters :**			
	Income Tax	21.20	21.20	21.20
	Service tax	-	-	-
	Total	**21.20**	**21.20**	**21.20**
	B. Commitments			
	(i) Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	NIL	NIL	NIL
	(ii) Undrawn Commitments	84.82	86.21	343.53
	Total	**84.82**	**86.21**	**343.53**
27	**Expenditure in Foreign Currencies:**			
	Membership Fee and Subscription Fee	6.37	5.72	5.55
	Import Factor Commission	5.04	12.90	52.53
	Others	-	-	3.63
	Total	**11.41**	**18.62**	**61.70**
28	**Earnings in Foreign Currency:**			
	Earnings in Foreign Currency	Nil	Nil	Nil

29 Arrear of Dividend on Compulsorily Convertible Cumulative Preference Shares is INR 5,700 lakhs (2018: INR 4528.96 lakhs) which has not been provided for as per sanction terms & conditions.

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IFCI FACTORS LTD. NEW DELHI

IFCI FACTORS LIMITED
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30 Employee benefits
The Company operates the following post-employment plans -

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
Provident Fund and Family Pension Schemes	27.32	26.21

ii. Defined Benefit plan

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability	71.34	55.81	47.80

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

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**	**Defined benefit obligation**	**Fair value of plan assets**	**Net defined benefit (asset)/ liability**
Balance at the beginning of the year	55.81		55.81	47.80		47.80
Included in profit or loss			-			-
Current service cost	8.57		8.57	7.60		7.60
Past service cost including curtailment Gains/Losses			-			-
Interest cost (income)	4.30		4.30	3.52		3.52
	12.88	-	**12.88**	**11.12**	-	**11.12**
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions			-			-
- financial assumptions	2.65		2.65	(0.75)		(0.75)
- experience adjustment			-			
– on plan assets			-			
	2.65	-	**2.65**	**(0.75)**	-	**(0.75)**
Other						
Contributions paid by the employer			-			
Benefits paid			-	(2.36)		(2.36)
	-	-	-	**(2.36)**	-	**(2.36)**
Balance at the end of the year	**71.34**	-	**71.34**	**55.81**	-	**55.81**

(c) Plan assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Investment	NIL	NIL	NIL

(d) Actuarial assumptions

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	7.65%	7.71%	7.37%
Future salary growth	6.00%	6.00%	6.00%
Withdrawal rate:			
Up to 30 years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%
Retirement Age (in year)	60	60	60
Expected rate of return on plan assets	0.00%	0.00%	0.00%
Mortality	IALM (2006-2008)	IALM (2006-2008)	IALM (2006-2008)

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

	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(3.89)	4.25	(3.15)	3.44
Future salary growth (0.50% movement)	4.29	(3.97)	3.48	(3.21)

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

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1 year	1.50		
Between 2-5 years	15.50		
Between 5-6 years	1.06		
Over 6 years	53.29		
Total	71.34	-	-

(g) Discreption of risk exposures
Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

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

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

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

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

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

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Net defined benefit liability	69.69	61.60	52.64

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

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

	As at 31 March 2019			As at 31 March 2018		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance at the beginning of the year	61.60	-	61.60	52.64		52.64
Included in profit or loss						
Current service cost	8.75		8.75	8.76		8.76
Past service cost including curtailment Gains/Losses						-
Interest cost	4.75		4.75	3.88		3.88
	13.50	-	13.50	12.64	-	12.64
Included in Other comprehensive income						
Remeasurements loss (gain)						
– Actuarial loss (gain) arising from:						
- demographic assumptions			-			-
- financial assumptions	8.35		8.35	5.73		5.73
- experience adjustment			-			-
– on plan assets			-			-
	8.35	-	8.35	5.73	-	5.73
Other						
Contributions paid by the employer			-			-
Benefits paid	(13.76)		(13.76)	(9.40)		(9.40)
	(13.76)	-	(13.76)	(9.40)	-	(9.40)
Balance at the end of the year	69.69	-	69.69	61.60	-	61.60

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

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

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(d) Actuarial assumptions

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	7.65%	7.71%	7.37%
Future medical cost increase	6.00%	6.00%	6.00%
Withdrawal rate:			
Up to 30 years	3.00%	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%
Retirement Age (in year)	60	60	60
Expected rate of return on plan assets	0.00%	0.00%	0.00%
Mortality	IALM (2006-2008)	IALM (2006-2008)	IALM (2006-2008)

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

	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(3.12)	3.39	(3.51)	3.82
Future salary growth (0.50% movement)	3.43	(3.18)	3.87	(3.58)

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

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1 year	1.61		
Between 2-5 years	18.66		
Between 5-6 years	0.86		
Over 6 years	48.56		
Total	69.69	-	-

(g) Discreption of risk exposures
Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such company is exposed to various risks as follow -

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

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

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

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

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

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Notes to financial statements for the year ended 31 March 2019
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31 Related party disclosure

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

A. Nature of Relationship	Name of the Related Party
Holding	IFCI Limited
Subsidiaries	IFCI Infrastructure Development Limited IFCI Financial Service Limited IFCI Venture Capital Funds Limited MPCON Limited Stock Holding Corporation of India Limited IFCI Commodity Limited IFIN Credit Limited IIDL Realtors Private Limited IFIN Securities Finance Limited
Associates	Assets Care & Reconstruction Enterprise Limited Himachal Consultancy Organisation Limited North India Technical Consultancy Organisation Limited HARDICON Limited
Joint venture	Rajasthan Consultancy Organisation Limited IFCI Sycamore Capital Advisors Private Limited
Key Managerial Personnel	Mr. Bikash Kanti Roy (Managing Director) (w.e.f. 02nd April 2018) Mr. Samik Dasgupta (Managing Director) (17th April, 2017 – 28 March 2018) Mr. Satbir Singh (Managing Director) (till 16th April 2017) Mr. Samir Raheja (Company Secretary) (17th July, 2015 – 24 Oct 2017) Mr. Manish Jain (Chief Financial Officer) (w.e.f February 05, 2016)

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

	Name of related party		Nature of transaction	For the year ended 31 March 2019	For the year ended 31 March 2018	As at 1 April 2017
A.	**Holding:**					
	IFCI Limited	(i)	Rent Paid	284.68	269.07	279.54
		(ii)	Loan Repayment/Conversion	2,000.00	-	2,500.00
		(iii)	Loan - Outstanding	500.00	2,500.00	2,500.00
		(iv)	Interest Paid	-	-	265.31
		(v)	**Reimbursement of Expenses**			
			- Managerial Remuneration	48.72	39.30	36.01
			- Others	9.94	9.70	7.42
			- Commission against Letter of comfort to Banks	25.30	99.25	140.24
B.	**Subsidiaries:**					
	IFCI Venture Capital Fund Ltd.	(i)	Loan Given	-	1,500.00	-
		(ii)	Interest paid	-	23.16	-
	IFCI Financial Services Limited	(i)	Reimbursement of Expenses	-	2.89	5.23
C.	**Associates:**					
	NITCON Limited	(i)	Reimbursement of Expenses	-	-	0.60
D.	**Trust incorporated for CSR activity:**					
	IFCI Social Foundation Trust	(i)	Contribution for CSR activities			
		(ii)	Salaries/ Other Estt. Exp. recovered/ recoverable for employees deputed by IFCI			
E.	**Key Managerial Personnel : Managerial renumeration**					
	Mr. Samir Raheja					
	Mr. Manish Jain					
(a)	**Compensation of key managerial personnel**					
	Short-term employee benefits		Samir Raheja	-	8.67	13.96
	Short-term employee benefits		Manish Jain	17.37	13.90	12.49
	Total			17.37	22.57	26.44

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

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32 Leases

A. Lease as lessee

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

	For the year ended 31 March 2019	For the year ended 31 March 2018
i. Future minimum lease payments		
At year end, the future minimum lease payments to be made under non-cancellable operating leases are as follows:		
(a) Not later than one year	NIL	NIL
(b) Later than one year but not later than five years	NIL	NIL
(c) Later than five years	NIL	NIL

ii. Amounts recognised in profit or loss
During the year ended 31 March 2019, rental expenses of ₹ 284.68 Lakhs (31 March 2018: ₹ 269.07 Lakhs) have been recognised in profit and loss statement.

33 Earnings per share (EPS)

		Particulars	Units	As at 31 March 2019	As at 31 March 2018
i	(a)	Profit Computation for Equity shareholders			
		Net profit as per Statement of Profit & Loss	₹ in Lakhs	(2,007.24)	(3,593)
		Less: Preference Dividend	₹ in Lakhs		-
		Net profit for Equity Shareholders	₹ in Lakhs	(2,007)	(3,593)
	(b)	Weighted Average Number of Equity Shares outstanding	Nos	1,300	794
ii	(a)	Profit Computation for Equity shareholders (including potential shareholders)			
		Net profit as per Statement of Profit & Loss	₹ in Lakhs	(2,007.24)	(3,593.03)
		Less: Preference dividend	₹ in Lakhs		
		Net profit for equity shareholders (including potential shareholders)*	₹ in Lakhs	(2,007.24)	(3,593.03)
	(b)	Weighted Average Number of Equity Shares outstanding	Nos	1,300	794
		Earnings Per Share (Weighted Average)			
		Basic	₹	**(1.54)**	**(4.53)**
		Diluted	₹	**(0.73)**	**(1.41)**

* There are no potential equity shares outstanding as on March 31, 2019.

34 As on March 31, 2019 there were no events or changes in circumstances which indicate any impairment in the assets as defined by Ind AS 36 - "Impairment of Assets".

35 Operating segments

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

a. Information about geographical areas:
The Company operates in one geographical segment and no further disclosures are required to be made.

b. Information about major customers (from external customers):
The Company does not earn revenues from the customers which amount to 10 per cent or more of Company's revenues.

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36 Transfers of financial assets

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

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

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

Sale of NPA loans to asset reconstruction companies (ARCs)

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

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

	Financial assets at amortised cost
	Loans and advances to customers
As at 31 March 2019	
(i) Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Carrying amount of assets	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Carrying amount of associated liabilities	-
(ii) For those liabilities that have recourse only to the transferred financial assets	
Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	-
Fair value of assets	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	-
Fair value of associated liabilities	-
As at 31 March 2018	
(i) Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	-
Carrying amount of assets	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	-
Carrying amount of associated liabilities	-

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	Financial assets at amortised cost
	Loans and advances to customers
(ii) For those liabilities that have recourse only to the transferred financial assets	
Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Fair value of assets	-
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Fair value of associated liabilities	-
As at 1 April 2017	
(i) Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	436.16
Carrying amount of assets	**436.16**
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Carrying amount of associated liabilities	-
(ii) For those liabilities that have recourse only to the transferred financial assets	
Assets	
Sale of NPA loans to asset reconstruction companies (ARCs)	937.55
Fair value of assets	**937.55**
Associated liabilities	
Sale of NPA loans to asset reconstruction companies (ARCs)	
Fair value of associated liabilities	-

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37 Financial instruments - fair value and risk management

A. Financial instruments by category

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

Particluars	As at 31 March 2019 FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents			1,060.16
Bank balance other than above			1.02
Loans			38,090.75
Investments		937.55	
Other financial assets			17.25
	-	**937.55**	**39,169.18**
Financial liabilities:			
Debt securities			15,747.80
Borrowings (other than debt securities)			12,913.76
Other financial liabilities			6,546.89
	-	-	**35,208.45**

Particluars	As at 31 March 2018 FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents			3,504.09
Bank balance other than above			1.02
Loans			44,206.80
Investments		937.55	-
Other financial assets			17.07
	-	**937.55**	**47,728.97**
Financial liabilities:			
Debt securities			15,736.06
Borrowings (other than debt securities)			21,278.80
Other financial liabilities			6,079.99
	-	-	**43,094.85**

Particluars	As at 1 April 2017 FVTPL	FVTOCI	Amortised cost
Financial assets:			
Cash and cash equivalents			3,819.96
Bank balance other than above			1.02
Loans			55,985.96
Investments		987.51	-
Other financial assets			5.28
	-	**987.51**	**59,812.21**
Financial liabilities:			
Debt securities			19,910.50
Borrowings (other than debt securities)			22,684.62
Other financial liabilities			7,172.72
	-	-	**49,767.85**

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

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

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

As at 31 March 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments			937.55	937.55
	-	-	**937.55**	**937.55**

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

As at 31 March 2019	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	1,060.16			1,060.16	1,060.16
Bank balance other than above	1.02			1.02	1.02
Loans	38,090.75			38,090.75	38,090.75
Investments	-			-	-
Other financial assets	17.25			17.25	17.25
	39,169.18	-	-	**39,169.18**	**39,169.18**
Financial liabilities:					
Trade payables	-			-	-
Debt securities	15,747.80			15,747.80	15,747.80
Borrowings (other than debt securities)	12,913.76			12,913.76	12,913.76
Subordinated liabilities	-			-	-
Other financial liabilities	6,546.89			6,546.89	6,546.89
	35,208.45	-	-	**35,208.45**	**35,208.45**

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

As at 31 March 2018	Level 1	Level 2	Level 3	Total
Financial assets:				
Derivative financial instruments		-		-
Investments			937.55	937.55
	-	-	**937.55**	**937.55**
Financial liabilities:				
Derivative financial instruments		-		-
	-	-	-	-

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

As at 31 March 2018	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	3,504.09			3,504.09	3,504.09
Bank balance other than above	1.02				-
Loans	44,206.80			44,206.80	44,206.80
Other financial assets	17.07			17.07	17.07
	47,728.97	-	-	**47,727.96**	**47,727.96**
Financial liabilities:					
Debt securities	15,736.06				-
Borrowings (other than debt securities)	21,278.80			21,278.80	21,278.80
Other financial liabilities	6,079.99			6,079.99	6,079.99
	43,094.85	-	-	**27,358.79**	**27,358.79**

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

As at 1 April 2017	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments			987.51	987.51
	-	-	**987.51**	**987.51**

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

As at 1 April 2017	Amortised cost	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	3,819.96			3,819.96	3,819.96
Bank balance other than above	1.02			1.02	1.02
Loans	55,985.96			55,985.96	55,985.96
Other financial assets	5.28			5.28	5.28
	59,812.21	-	-	**59,812.21**	**59,812.21**
Financial liabilities:					
Debt securities	19,910.50				-
Borrowings (other than debt securities)	22,684.62			22,684.62	22,684.62
Other financial liabilities	7,172.72			7,172.72	7,172.72
	49,767.85	-	-	**29,857.34**	**29,857.34**

C. Valuation framework

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the group's quarterly reporting periods. Specific controls include :

- verification of observable pricing
- re-performance of model valuations
- review and approval process for new models and chages to models
- review of significant unobservable imputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments

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

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

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

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

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

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

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

Financial instruments valued at carrying value

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

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38 Financial risk management

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

A. Risk management framework

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

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

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

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

B. Credit risk

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

The carrying amounts of financial assets represent the maximum credit risk exposure.

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

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

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

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

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

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

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

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

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

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

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

	As at 31 March 2019				
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**
Loans and advances at amortised cost					
Low-fair risk	25,956.12				25,956.12
Higher risk		3,821.64			3,821.64
Loss			33,517.66		33,517.66
	25,956.12	3,821.64	33,517.66	-	63,295.41
Loss allowance					
Carrying value	**25,956.12**	**3,821.64**	**33,517.66**	**-**	**63,295.41**

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	As at 31 March 2018				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost					
Low-fair risk	28,510.61				28,510.61
Higher risk		3,834.97			3,834.97
Loss			38,195.79		38,195.79
	28,510.61	3,834.97	38,195.79	-	70,541.37
Loss allowance					-
Carrying value	**28,510.61**	**3,834.97**	**38,195.79**	**-**	**70,541.37**

	As at 1 April 2017				
	Stage 1	Stage 2	Stage 3	POCI	Total
Loans and advances at amortised cost					
Low-fair risk	30,961.55				30,961.55
higher risk		9,172.68			9,172.68
Loss			35,358.95		35,358.95
	30,961.55	9,172.68	35,358.95	-	75,493.18
Loss allowance					-
Carrying value	**30,961.55**	**9,172.68**	**35,358.95**	**-**	**75,493.18**

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

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

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

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

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

Cash and cash equivalents

The Company holds cash and cash equivalents of INR 1060.16 Lakhs at 31 March 2019 (31 March 2018: INR 3594.09 Lakhs; 01 April 2017: INR 3819.96 Lakhs). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+, based on CRISIL ratings.

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

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

k) Collateral held and other credit enhancements

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

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

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

As at March 31, 2019	Maximum exposure to credit risk	Securties	Bank and government guarantees	Tangible assets	Total Collateral	Net Exposure
Loans and advances	38,090.75	-	4,391.07	9,947.49	14,338.56	23,752.19
Total financial assets at amortised cost	**38,090.75**	**-**	**4,391.07**	**9,947.49**	**14,338.56**	**23,752.19**

As at March 31, 2018	Maximum exposure to credit risk	Securties	Bank and government guarantees	Tangible assets	Total Collateral	Net Exposure
Loans and advances	44,206.80	-	6,688.95	15,368.36	22,057.32	22,149.48
Total financial assets at amortised cost	**44,206.80**	**-**	**6,688.95**	**15,368.36**	**22,057.32**	**22,149.48**

As at April 01, 2017	Maximum exposure to credit risk	Securties	Bank and government guarantees	Tangible assets	Total Collateral	Net Exposure
Loans and advances	55,985.96	-	8,476.34	16,945.47	25,421.81	30,564.15
Total financial assets at amortised cost	55,985.96	-	8,476.34	16,945.47	25,421.81	30,564.15

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C. Liquidity risk

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

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

As at 31 March 2019	Contractual cash flows						
	Carrying amount	Gross nominal inflow/ (outflow)	6 month or less	6-12 months	1-2 years	3-5 years	More than 5 years
Non - derivative financial liabilities							
Borrowings	28,661.57	28,661.57	12431.173	416.67	66.67	15747.8	
Non-derivative financial assets							
Cash and cash equivalents	1,060.16	1,060.16	1,060.16				
Bank balances other than cash and cash equivalen	1.02	1.02	1.02				
Loans	38,090.75	38,090.75	22164.09	3048.98	2302.11	5762.57	4,813.00
Investment securities	937.55	937.55					937.55

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As at 31 March 2018	Contractual cash flows						
	Carrying amount	Gross nominal inflow/ (outflow)	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non - derivative financial liabilities							
Borrowings	37,014.86	37,014.86	6,953.97	13,416.67	833.33	1,700.89	14,110.00
Non-derivative financial assets							
Cash and cash equivalents	3,504	3,504.09	3,504.09	-	-	-	-
Bank balances other than cash and cash equivalen	1.02	1.02	1.02	-	-	-	-
Loans	44,206.80	44,206.80	22,232.41	4,822.97	3,785.85	3,295.05	10,070.52
Investment securities	938	937.55	-	-	-	-	937.55

As at 1 April 2017	Contractual cash flows						
	Carrying amount	Gross nominal inflow/ (outflow)	6 month or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non - derivative financial liabilities							
Borrowings	42,595.12	42,595.12	18,866.29	3,438.89	3,667.11	812.84	15,810.00
Non-derivative financial assets							
Cash and cash equivalents	3,819.96	3,819.96	3,819.96	-	-	-	-
Bank balances other than cash and cash equivalen	1.02	1.02	1.02	-	-	-	-
Loans	55,985.96	55,985.96	29,548.62	6,160.02	3,781.78	5,480.52	11,015.02
Investment securities	987.51	987.51	-	-	-	-	987.51

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D. Market risk

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

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

		Market risk measure	
	Carrying amount	Trading portfolios	Non-trading portfolios
As at 31 March 2019			
Assets subject to market risk			
Cash and cash equivalents	1,060.16	-	1,060.16
Bank balance other than above	1.02	-	1.02
Loans	38,090.75	-	38,090.75
Investments	937.55	-	937.55
Other financial assets	17.25	-	17.25
	40,106.73	-	**40,106.73**
Liabilities subject to market risk			
Debt securities	15,747.80	-	15,747.80
Borrowings (other than debt securities)	12,913.76	-	12,913.76
Other financial liabilities	6,546.89	-	6,546.89
	35,208.45	-	**35,208.45**
As at 31 March 2018			
Financial assets:			
Cash and cash equivalents	3,504.09	-	3,504.09
Bank balance other than above	1.02	-	1.02
Loans	44,206.80	-	44,206.80
Investments	937.55	-	937.55
Other financial assets	17.07	-	17.07
	48,666.52	-	**48,666.52**
Financial liabilities:			
Debt securities	15,736.06	-	15,736.06
Borrowings (other than debt securities)	21,278.80	-	21,278.80
Other financial liabilities	6,079.99	-	6,079.99
	43,094.85	-	**43,094.85**
As at 1 April 2017			
Financial assets:			
Cash and cash equivalents	3,819.96	-	3,819.96
Bank balance other than above	1.02	-	1.02
Loans	55,985.96	-	55,985.96
Investments	987.51	-	987.51
Other financial assets	5.28	-	5.28
	60,799.72	-	**60,799.72**
Financial liabilities:			
Debt securities	19,910.50	-	19,910.50
Borrowings (other than debt securities)	22,684.62	-	22,684.62
Other financial liabilities	7,172.72	-	7,172.72
	49,767.85	-	**49,767.85**

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b. Market risk - Non-trading portfolios

(i) Interest rate risk

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

Particulars	31 March 2019	31 March 2018	01 April 2017
Fixed rate instruments			
Financial assets	38,090.75	44,206.80	55,985.96
Financial liabilities	15,747.80	15,736.06	19,910.50
Variable rate instruments			
Financial assets	12,913.76	21,278.80	22,684.62
Financial liabilities			

c. *Operational Risk*

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

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

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

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

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

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39 Capital management

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

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

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

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

i. Regulatory capital

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

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Common equity Tier 1 (CET1) capital			
Ordinary share capital	19,940.09	7,935.77	7,935.77
Share premium	1,008.20	1,008.20	1,008.20
Retained earnings	(17,260.35)	(15,253.11)	(11,660.08)
PDI	-	1,284.63	1,915.49
Other reserves	9,529.98	19,036.63	19,086.07
Deductions:			
Intangible assets	(13.29)	(15.82)	(20.68)
Defeered tax other than temporary differnces	(7,920.44)	(9,542.64)	(7,749.30)
	5,284.19	4,453.67	10,515.47
Tier 2 capital instruments			
PDI	-	1,215.37	584.51
Provision against Standard Assets	447.21	463.66	754.81
	447.21	1,679.03	1,339.32
Total regulatory capital	5,731.41	6,132.70	11,854.80
Risk weighted assets	33,088.61	38,126.89	53,478.00
CRAR (%)	17.32%	16.08%	22.17%
CRAR -Tier I Capital (%)	15.97%	11.68%	19.66%
CRAR -Tier II Capital (%)	1.35%	4.40%	2.50%

ii. Capital allocation

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

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

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40 First time adoption of Ind AS

Explanation of transition to Ind AS

These financial statements for the year ended 31 March 2019, are the first financial statements, the Company has prepared in accordance with Ind AS. For the periods up to and including the year ended 31 March 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

Accordingly, the Company has prepared its financial statements to comply with Ind AS for the year ended 31 March 2019, together with comparative data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies. All applicable Ind AS have been applied consistently and retrospectively subject to Ind AS 101 exemptions and exceptions availed by the Company. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS.

'In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions
In preparing the financial statements, the company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions:

(i) Property plant and equipment, intangible assets and investment properties
As per Ind AS 101 an entity may elect to:
a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date; or
b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

The elections under (a) and (b) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market); or

(c) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

The Company has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all of its property, plant and equipment, intangible assets and investment properties as recognised in the financial statements as at the date of transition to Ind ASs, as deemed cost as at the date of transition (i.e. 1 April 2017).

(ii) Compound financial instruments
Ind AS 101 permits a first-time adopter not to split the compound financial instrument into separate liability and equity components in accordance with Ind AS 32 Financial Instruments: Presentation, if the liability component is no longer outstanding at the date of transition to Ind AS.

Accordingly, as the liability component of compound financial instrument was no longer outstanding at the date of transition to Ind AS, the Company has elected not to apply Ind AS 32 retrospectively to split the liability and equity components of the instrument..

(v) Leases
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

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B. Mandatory exceptions:

(i) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively from 01 April 2017.

(ii) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Fair value of financial instruments carried at fair value through profit and loss and/ or fair value through other comprehensive income
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively.

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C. **Reconciliation of total comprehensive income for the year ended 31 March 2018**
Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(i) **Reconciliation of equity**

Particulars	Notes to first-time adoption	As at date of transition 1st April 2017			As at 31st March 2018		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Assets							
Financial assets							
Cash and cash equivalents		3,819.96	-	3,819.96	3,505.10	(1.02)	3,504.09
Bank balance other than (a) above		1.02	-	1.02		1.02	1.02
Loans	(b)	56,036.10	(50.14)	55,985.96	44,230.65	(23.85)	44,206.80
Investments	(d)	991.10	(3.59)	987.51	937.55	-	937.55
Other financial assets		5.28	-	5.28	17.07	(0.00)	17.07
Non-financial assets							
Current tax assets (net)		1,514.78	-	1,514.78	1,007.75	-	1,007.75
Deferred tax assets (net)	(e)	7,761.46	(12.16)	7,749.30	9,558.12	(15.48)	9,542.64
Property, plant and equipment		15.64	-	15.64	16.95	-	16.95
Other intangible assets		20.68	-	20.68	15.82	-	15.82
Other non-financial assets		27.69	-	27.69	40.40	0.00	40.40
Total assets		70,193.72	(65.90)	70,127.82	59,329.41	(39.33)	59,290.09
Equity and liabilities							
Financial liabilities							
Payables							
(I) Other payables							
(i) total outstanding dues of micro enterprises and small enterprises		-					
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		485.05	-	485.05	367.34	-	367.34
Debt securities		22,500.00	(2,589.50)	19,910.50	18,310.00	(2,573.94)	15,736.06
Borrowings (Other than Debt Securities)	(a)	22,684.62	-	22,684.62	21,278.80	-	21,278.80
Other financial liabilities		7,172.72	-	7,172.72	6,079.99	-	6,079.99
Non-Financial Liabilities							
Provisions		705.30	-	705.30	444.02	-	444.02
Other non-financial liabilities		299.66	(0.00)	299.66	156.39	-	156.39
Total liabilities		53,847.35	(2,589.50)	51,257.85	46,636.53	(2,573.94)	44,062.59
Equity							
Equity share capital		25,443.89	(17,508.12)	7,935.77	25,443.89	(17,508.12)	7,935.77
Other equity							
Securities premium reserve		1,008.20	-	1,008.20	1,008.20	-	1,008.20
General reserve		31.65	-	31.65	31.65	-	31.65
Equtiy Components of Financial Instruments			20,008.12	20,008.12		20,008.12	20,008.12
Retained earnings	(f)	(11,893.11)	233.03	(11,660.08)	(15,546.59)	293.48	(15,253.11)
Statutory Reserve Fund		1,755.73	-	1,755.73	1,755.73	-	1,755.73
Equity Instruments through other Comprehensive Income	(g)		(203.59)	(203.59)		(253.55)	(253.55)
Remeasurements of the defined benefit plans	(c)		(5.83)	(5.83)		(5.31)	(5.31)
Total equity		16,346.36	2,523.60	18,869.97	12,692.88	2,534.61	15,227.50
Total equity and liabilities		70,193.72	(65.90)	70,127.82	59,329.41	(39.33)	59,290.09

**The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note*

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(ii) Reconciliation of total comprehensive income for the year ended 31 March 2018

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue from operations				
Interest Income		2,130.20	-	2,130.20
Discount and Service Charges		3,763.74	-	3,763.74
Application and Administration Charges		118.77	-	118.77
Total Revenue from operations		**6,012.70**	-	**6,012.70**
Other income	(b)	353.81	26.29	380.10
Total Income (I+II)		**6,366.52**	**26.29**	**6,392.81**
Expenses				
Finance Costs	(a)	4,485.58	15.56	4,501.14
Employee Benefits Expenses	(c)	526.53	0.75	527.29
Depreciation, amortization and impairment		8.64	-	8.64
Others expenses	(d)	6,795.89	(53.55)	6,742.34
Total Expenses (IV)		**11,816.65**	**(37.24)**	**11,779.41**
Profit / (loss) before tax (III-IV)		**(5,450.14)**	**63.54**	**(5,386.60)**
Tax expense:				
Current tax - current year				
Current tax - earlier year				
Deferred tax	(e)	(1,796.65)	3.08	(1,793.57)
Profit / (loss) for the year		**(3,653.48)**	**60.45**	**(3,593.03)**
Other comprehensive income				
(i) Items that will not be reclassified to profit or loss (specify items and amounts)				
- Fair value changes on FVTOCI - Equity securities			(49.96)	(49.96)
- Actuarial gain/(loss) on Defined benefit obligation	(c)		0.75	0.75
(ii) Income tax relating to items that will not be reclassified to profit or loss				
-Tax on Fair value changes on FVTOCI - Equity securities				
-Tax on Actuarial gain/(loss) on Defined benefit obligation	(c)		0.23	0.23
Subtotal (A)			**(49.44)**	**(49.44)**
(i) Items that will be reclassified to profit or loss (specify items and amounts)				
- Fair value changes on FVTOCI - Debt securities				
(ii) Income tax relating to items that will be reclassified to profit or loss				
-Tax on Fair value changes on FVTOCI - Debt securities				
Subtotal (B)		-	-	-
Other comprehensive income (A + B)		-	**(49.44)**	**(49.44)**
Total comprehensive income for the period		**(3,653.48)**	**11.01**	**(3,642.47)**

**The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note*

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(iii) Reconciliation of total equity as at 31 March 2017 and 1 April 2016

Particulars	As at 31st March 2018	As at date of transition 1st April 2017
Total equity (shareholder's funds) as per previous GAAP	**12,692.88**	**16,346.36**
Adjustments:		
NCD classified as Equity Component of Financial Instruments	-	2,500.00
Fair Value of Investments	3.59	(3.59)
Upfront fees Adjustment using EIR	10.73	39.36
Deferred tax impact on Ind AS adjustments	(3.32)	(12.16)
Total adjustments on transition to Ind AS	**11.01**	**2,523.60**
Net impact brought forward from Opening balance sheet	2,523.60	-
Total equity as per Ind AS	**15,227.50**	**18,869.97**

(iv) Reconciliation of total comprehensive income for the year ended 31 March 2018

Particulars	Notes to first-time adoption	For the year ended 31 March 2018
Profit after tax under India GAAP		**(3,653.48)**
Adjustments:		
Fair Value of Investments		53.55
Upfront fees Adjustment using EIR		10.73
Remeasurements of post-employment benefit obligations		(0.75)
Deferred tax impact on Ind AS adjustments		(3.08)
Profit after tax as per Ind AS		**(3,593.03)**
Remeasurements of post-employment benefit obligations		0.75
Unrealised gain/(loss) on FVTOCI debt securities		
Unrealised gain/(loss) on FVTOCI equity securities		(49.96)
Deferred tax impact on above items		(0.23)
Total Comprehensive income for the year		**(3,642.47)**

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Notes to financial statements for the year ended 31 March 2019

(All amounts are in INR Lakhs unless otherwise stated)

Notes to the Reconciliations

(a) Borrowings

Under previous GAAP, transaction costs incurred on borrowings were charged to profit or loss as and when incurred. While Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

(b) Loans

Under previous GAAP, these transaction costs charged to customers were charged to profit or loss as and when incurred. Under Ind AS 109 requires transaction costs incurred towards origination of loans to be deducted from the carrying amount of loans on initial recognition. These costs are recognised in the profit or loss over the tenure of the loans as part of the interest expense by applying the effective interest rate method.

(c) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses on post employment defined benefit plan are recognised in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. The concept of other comprehensive income did not exist under previous GAAP. However, this has no impact on the total comprehensive income and total equity.

(d) Fair valuation of investments

Under the previous GAAP, investments in equity instruments were classified as long-term investments or current investments based on intention of management at the time of purchase. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investments.

In accordance with Ind AS, investment in equity shares other than subsidiaries, associates and joint ventures and security receipts, preference shares, venture capital fund, mutual funds have been fair valued with changes in fair value recognised in profit and loss account.
Investment in debt securities and certain identified equity securities has been classified as at fair value through other comprehensive income (FVTOCI) and accordingly fair valued with changes in fair value recognised in other comprehensive income.

(e) Deferred tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, Company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

(f) Retained earnings

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

(g) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes remeasurements of defined benefit plans, and fair value gains or (losses) on FVTOCI debt and equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

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

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

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

(iii) Ratings assigned by credit rating agencies and migration of ratings during the period ended March, 2018

Long Term (Bonds/NCDs/Term Loans)

Ratings by	31-Mar-19	31-Mar-18	31-Mar-17
CARE	CARE BBB (SO); Negative (Triple B (Structured Obligation); Outlook: Negative)	CARE BBB (SO); Negative (Triple B (Structured Obligation); Outlook: Negative)	CARE BBB+ (SO); Negative (Triple B Plus (Structured Obligation); Outlook: Negative)

Short Term (Commercial Paper/Short term borrowings)

Ratings by	31-Mar-19	31-Mar-18	31-Mar-17
CARE	CARE A3+ (SO) [A Three Plus (Structured Obligation)]	CARE A2+ (SO) ((A two Plus (Structured Obligation))	CARE A1 (SO) ((A One (Structured Obligation))

Long Term Non-Convertible Debentures

Ratings by	31-Mar-19	31-Mar-18	31-Mar-17
Brickwork	BWR BBB : Pronounced BWR BBB PLUS (Outlook NEGATIVE)	BWR BBB : Pronounced BWR BBB PLUS (Outlook NEGATIVE)	BWR A : Pronounced BWR A Minus (Outlook Stable)
CARE	CARE BBB- ; Negative (Triple B Minus; Outlook: Negative)	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)

(iv) Disclosures relating to Customer Complaints

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
a)	No. of complaints pending at the beginning of the period	-	-	-
b)	No. of complaints received during the period	-	-	-
c)	No. of complaints redressed during the period	-	-	-
d)	No. of complaints pending at the end of the period	-	-	-

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

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
(a)	Capital to Risk Assets Ratio (CRAR)	17.32%	16.08%	22.17%
(i)	Core CRAR	15.97%	11.68%	19.66%
(ii)	Supplementary CRAR	1.35%	4.40%	2.50%
(b)	Subordinated debt raised, outstanding as Tier II Capital	-	1,215	585
(c)	Risk-weighted assets	33,089	38,127	53,478
(i)	On-Balance Sheet Items	33,089	38,127	53,478
(ii)	Off-Balance Sheet Items	-	-	-

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

	Particulars	As on 31/03/2019		As on 31/03/2018		As on 31/03/2017	
		Outstanding	Overdue	Outstanding	Overdue	Outstanding	Overdue
(a)	**Debentures:**						
(i)	Secured	6,301.74		8,645.43		10,806.24	
(ii)	Unsecured	10,720.45		13,257.48		13,257.48	
(b)	**Deferred Credits**						
(c)	Term Loans	10,978.15		15,424.28		22,388.03	
(d)	Inter Corporate loans & borrowing						
(e)	CBLO/ Commercial Paper						
(f)	Other Loans (Cash Credit and Overdraft)	2,014.51		3,714.52		324.25	
(g)	Funds placed with IFCI						
(h)	Bonds						

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

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

	Category	31-Mar-19		31-Mar-18		31-Mar-17	
		Market/ Break- up/ Fair Value/ NAV	Book Value	Market/ Break- up/ Fair Value/ NAV	Book Value	Market/ Break- up/ Fair Value/ NAV	Book Value
	Related Parties						
(a)	Subsidiaries	-	-	-	-	-	-
(b)	Companies in same group	-	-	-	-	-	-
(c)	Joint Venture	-	-	-	-	-	-
(d)	Other than Related Parties	93,755,000	93,755,000	97,005,137	93,755,000	98,750,889	99,110,246
	Total	**93,755,000**	**93,755,000**	**97,005,137**	**93,755,000**	**98,750,889**	**99,110,246**

(viii) Details of investment and movement in provision :

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
A)	**Value of Investment in India**			
	Provisions for Depreciation	253.55	253.55	200.00
	Net Value of Investments	937.55	937.55	991.10
B)	**Movement of provisions held towards depreciation on investments**			
(i)	Opening balance	253.55	200.00	267.00
(ii)	Add : Provisions made during the year	-	53.55	125.00
(iii)	Less : Write-off / write-back of excess provisions during the year	-	-	192.00
(iv)	Closing balance	253.55	253.55	200.00

(ix)

Particulars	31-Mar-19	31-Mar-18	31-Mar-17
Leased Assets and stock on hire and other assets counting towards Loan activities	-	-	-

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

	Category	31-Mar-19	31-Mar-18	31-Mar-17
1	Related Parties			
(a)	Subsidiaries			
(b)	Companies in same group			
2	Other than Related Parties	38,090.75	44,230.65	56,031.10
	Total	**38,090.75**	**44,230.65**	**56,031.10**

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

(xi)

	Details of Single Borrower Limit - exceeded by the NBFC on the basis of Gross Exposure	31-Mar-19	31-Mar-18	31-Mar-17
	Concern Name	**CONCAST STEEL & POWER LIMITED**	**CONCAST STEEL & POWER LIMITED**	**CONCAST STEEL & POWER LIMITED**
(a)	Loan Total Outstanding	2,500.08	2,500.08	2,500.08
(b)	%of owned funds			
(c)	Investment outstanding			
(d)	% of owned funds			
(e)	Total Exposure			
(f)	% of owned funds			

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(xii)	Details of Group Borrower Limit - exceeded by the NBFC on the basis of Gross Exposure	31-Mar-19	31-Mar-18	31-Mar-17
	Group Name			
	(a) Loan Total Outstanding	-	-	-
	(b) %of owned funds	-	-	-
	(c) Investment outstanding	-	-	-
	(d) % of owned funds	-	-	-
	(e) Total Exposure	-	-	-
	(f) % of owned funds	-	-	-

(xiii)	Concentration of Advances	31-Mar-19	31-Mar-18	31-Mar-17
	Total Advances to top twenty largest borrowers / customers	29,398.26	30,182.73	30,493.27
	Percentage of Advances to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	46.45%	42.78%	40.39%

(xiv)	Concentration of Exposures	31-Mar-19	31-Mar-18	31-Mar-17
	Total Exposure to top twenty largest borrowers / customers	28,958.06	30,294.60	30,744.46
	Percentage of Exposures to top twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	38.80%	37.49%	32.57%

(xv)	Concentration of NPAs	31-Mar-19	31-Mar-18	31-Mar-17
	Total Exposure to top Four NPA Accounts	7,604.79	6,641.51	6,639.90

(xvi) **Status of Non-Performing Assets**

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
1	**Gross Non-Performing Assets**			
(a)	Related Parties	-	-	-
(b)	Other than Related parties		38,194.06	35,358.95
2	**Net Non-Performing Assets**			
(a)	Related Parties	-	-	-
(b)	Other than Related parties		7,362.61	10,321.55
	Assets acquired in satisfaction of debt	-	-	-

(xvii) Movement of NPA :

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
(i)	**Net NPAs to Net Advances (%)**	18.54%	18.54%	20.46%
(ii)	**Movement of NPAs (Gross)**			
(a)	Opening balance	38,195.79	35,358.95	31,908.65
(b)	Additions during the year		6,443.35	7,634.26
(c)	Reductions during the year	4,678.13	3,606.51	4,183.97
(d)	Closing balance	**33,517.66**	**38,195.79**	**35,358.95**
(iii)	**Movement of Net NPAs**			
(a)	Opening balance	7,364.33	10,321.55	10,398.40
(b)	Additions during the year	-	(1,480.27)	859.29
(c)	Reductions during the year	4,238.00	1,476.95	936.14
(d)	Closing balance	**3,126.34**	**7,364.33**	**10,321.55**
(iv)	**Movement of provisions for NPAs (excluding provisions on standard assets)**			
(a)	Opening balance	30,831.45	25,037.40	21,510.26
(b)	Provisions made during the year	2,754.39	7,923.61	6,774.97
(c)	Write-off / write-back of excess provisions	3,194.52	2,129.56	3,247.83
(d)	Closing balance	**30,391.32**	**30,831.45**	**25,037.40**

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(xviii) Sector-Wise NPA

	Sector	% of NPAs to Total Advances		
		31-Mar-19	31-Mar-18	31-Mar-17
1	MSME	13,483.83	4,862.88	1,936.98
2	Corporate Borrowers	17,535.37	28,841.36	25,762.77
3	Services	2,498.46	4,491.55	7,659.20
5	Other personal loans	-	-	-

(xix) Provisions and contingencies

Break up of Provisions and Contingencies	31-Mar-19	31-Mar-18	31-Mar-17
Provisions for depreciation on Investment			(192.00)
Provision for Diminution in value of Non-Current Investments	-	53.55	125.00
Provision towards NPA	(440.13)	5,794.05	3,527.14
Provision for Standard Assets	(16.45)	(291.15)	157.60

(xx) Exposure to Real Estate Sector

	Category	31-Mar-19	31-Mar-18	31-Mar-17
a)	**Direct Exposure**			
(ii)	**Commercial Real Estate-** Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	5,911.01	7,477.16	8,759.29

(xxi) Exposure to Capital Market

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	253.55	253.55	253.55
(ii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	911.76	1,880.09	1,092.98
(iii)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	2,525.34	3,299.35	1,541.74
	Total Exposure to Capital Market	**3,690.65**	**5,432.99**	**2,888.27**

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

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
1	Number of Accounts	-	-	2
2	Aggregate outstanding of accounts sold to SC/ RC	-	-	436.16
3	Aggregate consideration	-	-	1,103.00
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
5	Aggregate gain/ (loss) over net book value	-	-	666.84

(xxiii)

Particulars	31-Mar-19	31-Mar-18	31-Mar-17
Assignment transactions undertaken	-	-	-

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

Particulars	31-Mar-19	31-Mar-18	31-Mar-17
Number of accounts purchased during the year		-	-
Aggregate Outstanding (` crore)		-	-
Of the above number of accounts restructured during the year		-	-
Aggregate Outstanding (` crore)		-	-

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

	Particulars	31-Mar-19	31-Mar-18	31-Mar-17
1	Number of Accounts		-	2
2	Aggregate outstanding of accounts sold to SC/ RC		-	3,110.21
3	Aggregate consideration		-	1,103.00

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

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

Particulars	1 day to 30 days	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
LIABILITIES									
Borrowing from Banks	69.44	10,069.44	69.44	208.33	2,426.35	66.67			12,909.67
Market borrowings							15,810.00		15,810.00
TOTAL	**69.44**	**10,069.44**	**69.44**	**208.33**	**2,426.35**	**66.67**	**15,810.00**	**-**	**28,719.67**
ASSETS									
Advances	4,722.41	9,223.61	4,747.04	3,471.03	7,613.66	-	3,500.00	30,017.66	63,295.41
Investments								937.55	937.55
TOTAL	**4,722**	**9,224**	**4,747**	**3,471**	**7,614**	**-**	**3,500**	**30,955**	**64,232.96**

(xxxv) Disclosure of Restructured Accounts

(₹ in Crore)

Sl. No.	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
	Details																					
1	Restructured Accounts as on April, 1 of the FY (opening figures)*	No. of borrowers	1				1							1	1	2	4	1	1	1	2	5
		Amount outstanding	1,237.87				1,237.87							4.25	1,159.08	2,013.17	3,176.51	1,237.87	4.25	1,159.08	2,013.17	4,414.38
		Provision thereon	311.28				311.28							3.42	977.00	2,013.17	2,993.59	311.28	3.42	977.00	2,013.17	3,304.88
2	Fresh restructuring during the year	No. of borrowers					-										-	-	-	-	-	-
		Amount outstanding					-										-	-	-	-	-	-
		Provision thereon					-										-	-	-	-	-	-
3	Upgradations to restructured standard category during the FY	No. of borrowers															-	-	-	-	-	-
		Amount outstanding															-	-	-	-	-	-
		Provision thereon															-		-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers																	-	-	-	-
		Amount outstanding																	-	-	-	-
		Provision thereon																	-	-	-	-
5	Downgradations of restructured accounts during the FY	No. of borrowers					-										-	-	-	-	-	-
		Amount outstanding					-										-	-	-			-
		Provision thereon					-										-	-	-	-		-
6	Write-offs of restructured accounts during the FY**	No. of borrowers					-										-	-	-	-	-	-
		Amount outstanding					-										-	-	-	-	-	-
		Provision thereon					-										-	-	-	-	-	-
7	Reduction in Principal/Provision	No. of borrowers	1				1								1		1	1	-	1	-	2
		Amount outstanding	62.25				62.25								3.00		3.00	62.25	-	3.00	-	65.25
		Provision thereon	7.09				7.09								3.00		3.00	7.09	-	3.00	-	10.09
8	Restructured Accounts as on March, 31 of the FY (closing figures)*	No. of borrowers	1				1							1	1	2	4	1	1	1	2	5
		Amount outstanding	1,175.62				1,175.62							4.25	1,156.08	2,013.17	3,173.51	1,175.62	4.25	1,156.08	2,013.17	4,349.13
		Provision thereon	304.19				304.19							3.42	974.00	2,013.17	2,990.59	304.19	3.42	974.00	2,013.17	3,294.79

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Notes to financial statements for the year ended 31 March 2019
(All amounts are in Rupees crores unless otherwise stated)

42 Maturity analysis of assets and liabilities

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

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
I. ASSETS									
(1) Financial Assets									
(a) Cash and cash equivalents	10.60	-	10.60	35.04	-	35.04	38.20	-	38.20
(b) Bank Balance other than (a) above	-	0.01	0.01	-	0.01	0.01	-	0.01	0.01
(c) Derivative financial instruments	-	-	-	-	-	-	-	-	-
(d) Receivables	-	-	-	-	-	-	-	-	-
(e) Loans	319.21	61.70	380.91	315.67	126.40	442.07	400.67	159.19	559.86
(f) Investments	-	9.38	9.38	-	9.38	9.38	-	9.88	9.88
(g) Other Financial assets	0.16	0.02	0.17	0.16	0.01	0.17	0.03	0.02	0.05
Total financial assets	**329.96**	**71.11**	**401.07**	**350.88**	**135.79**	**486.67**	**438.90**	**169.09**	**608.00**
(2) Non-financial Assets									
(a) Investment in subsidiaries	-	-	-	-	-	-	-	-	-
(b) Equity accounted investees	-	-	-	-	-	-	-	-	-
(c) Current tax assets (Net)	-	12.44	12.44	-	10.08	10.08	-	15.15	15.15
(d) Deferred tax Assets (Net)	-	79.20	79.20	-	95.43	95.43	-	77.49	77.49
(e) Investment Property	-	-	-	-	-	-	-	-	-
(f) Property, Plant and Equipment	-	0.14	0.14	-	0.17	0.17	-	0.16	0.16
(g) Capital work-in-progress	-	-	-	-	-	-	-	-	-
(h) Other Intangible assets	-	0.13	0.13	-	0.16	0.16	-	0.21	0.21
(i) Other non-financial assets	0.62	-	0.62	0.40	-	0.40	0.28	-	0.28
Total non-financial assets	**0.62**	**91.92**	**92.54**	**0.40**	**105.83**	**106.24**	**0.28**	**93.00**	**93.28**
Assets held for sale	-	-	-	-	-	-	-	-	-
Total assets	**330.58**	**163.02**	**493.61**	**351.28**	**241.63**	**592.91**	**439.18**	**262.10**	**701.28**
II. LIABILITIES AND EQUITY									
LIABILITIES									
(1) Financial Liabilities									
Derivative financial instruments									
(a)Payables									
(I) Trade Payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small	-	-	-	-	-	-	-	-	-
(II) Other Payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small	2.99	-	2.99	3.67	-	3.67	4.85	-	4.85
(b) Debt Securities	-	157.48	157.48	-	157.36	157.36	-	199.11	199.11
(c) Borrowings (Other than Debt Securities)	8.33	120.80	129.14	36.68	176.11	212.79	24.31	202.54	226.85
(d) Subordinated Liabilities	-	-	-	-	-	-	-	-	-
(e) Other financial liabilities	65.47	-	65.47	60.80	-	60.80	71.73	-	71.73
Total financial liabilities	**76.79**	**278.28**	**355.08**	**101.15**	**333.47**	**434.62**	**100.88**	**401.65**	**502.53**
(2) Non-Financial Liabilities									
(a) Provisions	0.02	5.86	5.88	1.26	3.18	4.44	4.05	3.00	7.05
(b) Other non-financial liabilities	0.47	-	0.47	0.19	1.37	1.56	1.50	1.50	3.00
Total non-financial liabilities	**0.49**	**5.86**	**6.35**	**1.46**	**4.55**	**6.00**	**5.55**	**4.50**	**10.05**
Total Liabilities	**77.28**	**284.14**	**361.43**	**102.61**	**338.02**	**440.63**	**106.43**	**406.14**	**512.58**
Net	**253.30**	**(121.12)**	**132.18**	**248.67**	**(96.39)**	**152.28**	**332.75**	**(144.05)**	**188.70**

43 On 11th April 2019 there was a complaint received from a consultant who was providing professional services to us. Management has noted the same and will act, as per applicable guidelines.

SVP & ASSOCIATES * FRN : 003838N New Delhi * Chartered Accountants

IFCI FACTORS LTD. * NEW DELHI *

44 Advances do not include write-off cases against which legal proceedings in the nature of criminal and / or civil or pending. Legal expenses on these cases are being incurred and debited to profit & Loss account.

45 Company spent Rs.10 Lacs out of CSR provision made of Rs.101.92 lakhs and balance amount Rs.91.92 Lakhs remain deferred as on 31.3.19

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

47 Stage 3 income has been considered as NIL as the compnay has not received any income till date from Stage 3 accounts.

48 The total amount of provisions against Non Standard assets as per IGAAP is Rs.308.38 crore whereas the amount of provisions required to be made as per IND AS against the Non Standard accounts is Rs. 201.11 crore and the total provisions required to done as per IND AS is Rs. 223.98 crore. The table below enumerates the comparative status of provisioning between IGAAP and IND AS.

Rs. In Cr

	IGAAP		Ind AS		
Particulars	Amount	Provision	Amount	Provision -ECL	%
NPA-100% in Nature	335.18	303.91	335.18	201.11	60%
Good Debtors (59 accounts)	259.56	1.30	259.56	11.03	4.25%
Stress debtors (5accounts)	38.22	3.17	38.22	11.85	31.0%
Total	632.95	308.38	632.95	223.98	

Net Reversal Rs.84.40crore. *

* We have taken up the matter with RBI w.r.t. applicability of accounting treatment flowing from RBI master Directions applicable to the Company. Pending clarification from RBI, company has created impairment allowance on its loan assets at higher of ECL assessment/ RBI norms on portfolio level, based on homogeneous grouping of loans.

In terms of our Report of even date
For SVP & Associates
Chartered Accountants
Firm Registration No. 003838N

(Tarun Kansal)
Partner
Membership No. 084751

Place: New Delhi
Dated: April 15,2019

For and on behalf of Board

(Bikash Kanti Roy)
Managing Director
DIN: 02171876

(Sachikanta Mishra)
Nominee Director
DIN: 02755068

(Manish Jain)
Chief Financial Officer

Manidev Sadh
(Company Secretary)