

27th
ANNUAL REPORT
2014-15



IFCI VENTURE CAPITAL FUNDS LIMITED

BOARD OF DIRECTORS

Mr. Malay Mukherjee, Chairman
Mr. Anil Vidyarthi
Dr. Ravi Gupta
Mr. Pavan Kumar Vijay
Mr. Karna Singh Mehta
Mr. Ajoy Kumar Deb
Mr. Sudhir Garg
Mr. Amarjit Chopra
Ms. Neeru Abrol
Mr. Shivendra Tomar, Managing Director

CHIEF FINANCIAL OFFICER

Ms. Indu Gupta

COMPANY SECRETARY

Mr. Mukesh Girdhar

AUDITORS**STATUTORY AUDITORS**

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

INTERNAL AUDITORS

R Vender Gupta & Associates
Chartered Accountants
206, Hemkunt House,
6 Rajendra Place,
New Delhi-110008

SECRETARIAL AUDITORS

V. Jhavar & Co.
Company Secretaries
1855, Wazir Singh Street,
2nd Floor, Allahabad Bank Building,
Paharganj, New Delhi-110055

BANKERS

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

REGISTRAR

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

DEBENTURE TRUSTEE

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

DEBENTURE TRUSTEE

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

REGISTERED OFFICE

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

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NOTICE

NOTICE is hereby given that the TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF IFCI VENTURE CAPITAL FUNDS LIMITED (IFCI VENTURE) will be held on Thursday, September 3, 2015 at 12 noon, at the registered office of the Company situated at, IFCI Tower, 61 Nehru Place, New Delhi - 110 019, to transact the following business(es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015 and the Profit and Loss Account for the year ended on March 31, 2015 and the Reports of the Board of Directors and Auditors thereon and comments of Comptroller & Auditor General of India thereon under the provisions of Section 143(6) of the Companies Act, 2013 as presented to the members, be and are hereby, considered and adopted.
2. To confirm the payment of interim dividend as final dividend on equity shares.
3. To appoint a Director in place of Mr. Sudhir Garg (DIN 06777363), who retires in terms of Articles of Association and being eligible offers himself for re-appointment.
4. To fix the remuneration of Auditors and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and any other applicable provisions of Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors of the Company be and are hereby authorized to fix the remuneration including out of pocket expenses, if any, to be payable to the statutory auditors as may be appointed by the Comptroller and Auditor General of India for the Financial Year 2015-16."

SPECIAL BUSINESS

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

"RESOLVED THAT Ms. Neeru Abrol (DIN 01279485), who was appointed as an Additional Director of the Company by the Board of Directors with effect from March 11, 2015, in terms of Section 161(1) of the Companies Act, 2013 and Article 110(10)(a) of the Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a period of three consecutive years w.e.f March 11, 2015 upto March 10, 2018."

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company be and is hereby accorded for the re-appointment of Mr. Shivendra Tomar (DIN 03174406), as the Managing Director of the Company for a period of two years effective from April 9, 2015 till April 8, 2017, in compliance with the Articles of Association of the Company, on the existing terms and conditions of his deputation, as per the letter dated April 1, 2015 issued by IFCI Limited, holding Company, a copy whereof initialed by the Chairman for the purpose of identification is placed before the meeting.

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

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

Sd/-
(Mukesh Girdhar)
Company Secretary

Place : New Delhi.

Date : July 16, 2015

Inspection of Documents

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

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business under Item no. 5 & 6 at the meeting, is annexed hereto.
2. Members/Proxies attending the meeting are requested to bring the Attendance Slip (duly completed) to the Meeting.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

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

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

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

Item No. : 5

Ms. Neeru Abrol is a Non-Executive Independent Director of the Company. Ms. Abrol was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on March 11, 2015 and is also a member of the Risk Management Committee of Directors.

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

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

The Board considers that given her vast and diverse experience, the Company would benefit under her guidance. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Neeru Abrol as an Independent Director, for the approval of the shareholders of the Company for a period of three consecutive years w.e.f. March 11, 2015 upto March 10, 2018.

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

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

Item No.:6

Mr. Shivendra Tomar was deputed by IFCI Ltd. as the Managing Director of IFCI Venture for a period of one year w.e.f April 9, 2014 till April 8, 2015 in place of Mr. S.P. Arora which was approved by the Board of Directors and Members of the Company.

IFCI Ltd. had vide letter dated April 1, 2015, approved extension of tenure of Mr. Shivendra Tomar for a period of two years from April 9, 2015 till April 8, 2017 on his existing terms and conditions, which is as per the provisions of Schedule V of the Companies Act, 2013, and are subject to prescribed limit based on effective capital of the Company. The net profit of the Company during 2014-15 was adequate in terms of requirements of Schedule V of the Companies Act, 2013. Hence, the approval of the Central Government is not required for the same. The re-appointment of Mr. Shivendra Tomar as Managing Director of the Company is subject to the approval by shareholders at this Annual General Meeting. Accordingly, the Board recommends the resolutions contained in Item No. 6 to be moved for consideration and approval of the members as per the following details:

Mr. Shivendra Tomar, aged 48 years, is a post graduate in Commerce and did his Master's in Business Administration from Aligarh Muslim University. Prior to serving as the Managing Director in IFCI Venture Capital Funds Ltd., he was Chief Credit Officer of IFCI Limited. He has over 24 years of experience in financial

services covering areas in Investment Banking, Commercial Vehicle Finance, Liability Management, Resource raising, Credit administrator, Credit monitoring and NPA Management. He has also served as the Managing Director on the Board of IFCI Infrastructure Development Ltd. and Tourism Finance Corporation of India. He was first appointed on the Board of IFCI Venture on December 26, 2012.

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

1. **PERIOD OF DEPUTATION:** From April 9, 2015 till April 8, 2017.
However, IFCI Ltd. has a right to recall him at any point of time during the period of deputation.
 2. **PAY & ALLOWANCES:** During the period of deputation, he will draw his pay and allowances in accordance with his compensation in IFCI Ltd. including deputation allowance. IFCI Ltd. shall recover the same from IFCI Venture.
 3. **LEAVE:** He will continue to be governed by the leave rules applicable to him in the service of the IFCI Ltd. as amended from time to time for the duration of the deputation.
 4. **LEAVE SALARY CONTRIBUTION:** IFCI Venture shall make a monthly contribution at 12.50% of his pay & allowances (excluding all reimbursements, if any) towards the leave salary. Accordingly, leave salary for any ordinary leave taken during the period of deputation will be borne by IFCI Ltd.
 5. **T.A. FOR JOURNEY ON DUTY DURING THE PERIOD OF DEPUTATION:** To be regulated as per the rules of IFCI Venture.
 6. **RESIDENTIAL ACCOMODATION:** He will be eligible for residential accommodation as per rules of IFCI Venture. Accordingly, if residential accommodation is provided by IFCI Venture as per their rules, he will not be entitled to House Rent Allowance which would have been admissible to him if he had not been provided with the residential accommodation.
- OR
- In case he occupies the IFCI accommodation, the recovery on this account will be made from his salary as per IFCI Ltd.'s rules.
7. **PROVIDENT FUND CONTRIBUTION:** IFCI Venture will remit the Employer's PF contributions to IFCI Ltd. @ 10% of his Basic Pay.
 8. **GRATUITY:** IFCI Venture shall make proportionate contribution towards Gratuity for the period the officer concerned remains on deputation. The amount of proportionate Gratuity will be recovered from IFCI Venture at the end of deputation.
 9. **GROUP TERM LIFE ASSURANCE CONTRIBUTION:** As a social security measure, IFCI Ltd. has taken Group Term Life Assurance Policy, covering basic life and Accidental Death & Dismemberment, for the entire staff of IFCI Ltd. IFCI Venture shall bear the proportionate insurance premium in respect of the aforesaid policy on account of the officer concerned for the period he remains on deputation.
 10. **OTHER FACILITIES:** He will continue to avail meal coupons, medical and hospitalization facilities for himself and family as per IFCI Ltd.'s rules and the cost towards the same will be recovered from IFCI Venture. Further, the expenses in account of mobiles phone will be recovered from IFCI Venture.

Mr. Shivendra Tomar is not holding any shares of the Company, is not having any relationship with other directors, Manager and Key Managerial Personnel of the Company and is also not acting as a Director on the

Board of any other Company. During the year Mr. Tomar has attended all (eight) Meetings of the Board. Mr. Tomar had drawn salary of ₹ 35.95 Lakhs for the year ended March 31, 2015. Pay & allowances paid to Mr. Shivendra Tomar are as per the structure prevalent in IFCI Ltd. Revision in the same in future will be paid to him as per the structure of IFCI Ltd.

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

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



IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

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

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

Attendance Slip

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

Folio No.

I hereby record my presence at the Twenty Seventh Annual General Meeting of IFCI Venture Capital Funds Ltd. to be held on Thursday, September 3, 2015 at 12 noon at IFCI Tower, 61 Nehru Place, New Delhi - 110 019, and at any adjournment thereof.

NAME OF THE SHAREHOLDER

.....

NAME OF PROXY #

.....

To be filled in case proxy attends instead of Shareholder

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable



IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

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

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

FORM MGT-11 - PROXY FORM

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

CIN:

Name of the company:

Registered office:

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID

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

1. Name:

Address:.....

E-mail Id:.....

Signature:....., or failing him

2. Name:

Address:.....

E-mail Id:.....

Signature:....., or failing him

3. Name:

Address:.....

E-mail Id:.....

Signature:....., or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Seventh Annual general Meeting of the company, to be held on Thursday, 3rd day of September, 2015 at 12 noon at the registered office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution/s Matter	Optional	
		For	Against
Ordinary Business			
1.	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015 and the Profit and Loss Account for the year ended on March 31, 2015 and the Reports of the Board of Directors and Auditors thereon and comments of Comptroller & Auditor General of India thereon under the provisions of Section 143(6) of the Companies Act, 2013 as presented to the meeting, be and are hereby, considered and adopted;		
2.	To confirm the payment of interim dividend as final dividend on equity shares;		
3.	To appoint a Director in place of Mr. Sudhir Garg (DIN 06777363), who retires in terms of Articles of Association and being eligible offers himself for re-appointment;		
4.	To fix the remuneration of Statutory Auditors of the Company;		
Special Business			
5.	To approve appointment of Ms. Neeru Abrol (DIN 01279485) as an Independent Director;		
6.	To approve re-appointment of Mr. Shivendra Tomar (DIN 03174406) as Managing Director.		

Signed this..... day of..... 2015.

Signature of shareholder.....

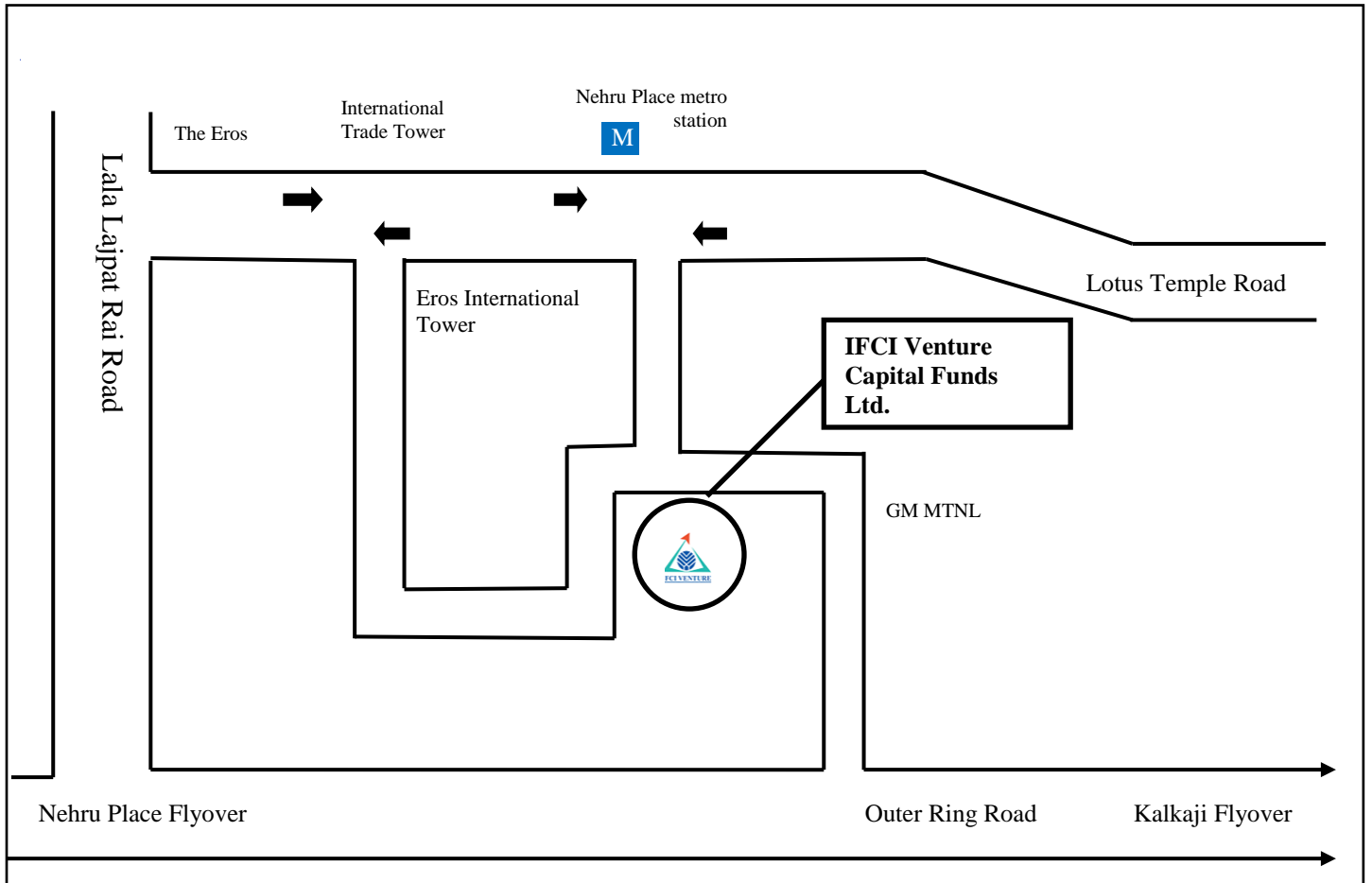
Signature of Proxyholder(s).....

Note:

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

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

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



DIRECTORS' REPORT

TO THE MEMBERS OF IFCI VENTURE CAPITAL FUNDS LIMITED

The Board of Directors of your Company has the pleasure of presenting the Twenty Seventh Annual Report of IFCI Venture Capital Funds Limited (the Company) together with the Management's Discussion and Analysis Report, Report on Corporate Governance and Audited Financial Statements for the financial year ended on March 31, 2015.

1. FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS

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

Financial Year	2014-15	2013-14
Total Income	7853.00	7593.75
Expenditure		
- Employee Benefit Expenses	281.17	288.01
- Finance Cost	3210.22	3193.17
- Depreciation	2.50	19.59
- Write offs/ Provision for Bad & Doubtful debts	606.02	823.40
- Other Expenses	196.68	191.90
Total Expenditure	4296.59	4516.08
Profit Before Tax	3556.41	3077.68
Less: Provision for Income Tax & other Tax adjustments	1063.46	1038.85
Profit After Tax	2492.95	2038.83
Add: Surplus brought forward from previous year	4864.69	3939.94
Less: Appropriations		
Reserve u/s 45IC of RBI Act	498.59	407.77
Depreciation of Assets having nil life	1.46	-
Dividend incl. distribution tax	724.42	706.31
CSR Expense	25.36	-
Balance Surplus carried to Balance Sheet	6107.81	4864.69

Note: There have been no material changes and commitments affecting the financial position of the Company from March 31, 2015 till the date of this report.

2. DIVIDEND

The Board of Directors declared an interim dividend @ ₹ 1 per Equity Share of ₹ 10/- each fully paid-up (i.e. 10%) in their meeting held on March 11, 2015 and the same has been paid to the shareholders.

Your Directors have not recommended any further final dividend for the year 2014-15.

3. TRANSFER TO RESERVES

During Financial Year ended March 31, 2015, as per requirement of RBI regulations, the Company has transferred an amount of ₹ 498.59 lakhs to the reserves u/s 45IC of the RBI Act, 1934.

4. CAPITAL STRUCTURE / CHANGE IN SHARE CAPITAL

The capital structure of your company is given as under:-

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

* During the year 2014-15, there was no change in Authorised, Issued, Subscribed and Paid-up Share Capital of the Company.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED OR RESIGNED DURING THE YEAR.

In accordance with the provisions of Companies Act, 2013 and the Articles of Association of the Company, Mr. S.P. Arora ceased to act as Managing Director and the members appointed Mr. Shivendra Tomar as the Managing Director of the Company. Mr. Amarjit Chopra was appointed as an Additional Director by the Board of Directors of your Company in their meeting held on July 30, 2014 and the members approved his appointment as an Independent Director, who is not liable to retire by rotation. The Managing Director, Chief Financial Officer and the Company Secretary of your Company were recognized as Key Managerial Personnel by the Board of Directors in their meeting held in July 30, 2014. Ms. Neeru Abrol was appointed as an Additional Director by the Board of Directors in their meeting held on March 11, 2015.

6. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year 2014-15, in compliance with the provisions of the Companies Act, 2013, 8 (eight) meetings of the Board of Directors were conducted, and the details of such meetings are mentioned in the Report of Corporate Governance.

7. COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of your Company as on March 31, 2015, comprised of four members consisting of three Independent Directors viz. Mr. Amarjit Chopra, Mr. Anil Vidyarthi and Dr. Ravi Gupta and one non-executive non-independent director viz. Mr. Sudhir Garg. Mr. Amarjit Chopra was co-opted as the Chairman of the Audit Committee by the Board of Directors in their meeting held on July 30, 2014. During the year under review, all the recommendations made by Audit Committee of Directors were accepted by the Board. The terms of reference of the Audit Committee and attendance of the members are mentioned in the Report of Corporate Governance.

8. NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Nomination and Remuneration policy for selection and appointment of Directors, Key Managerial Personnel and other employees and fixing their remuneration, etc. which is annexed as **Annexure I**. The terms of reference of the Nomination and Remuneration Committee and attendance of the members are mentioned in the Report of Corporate Governance.

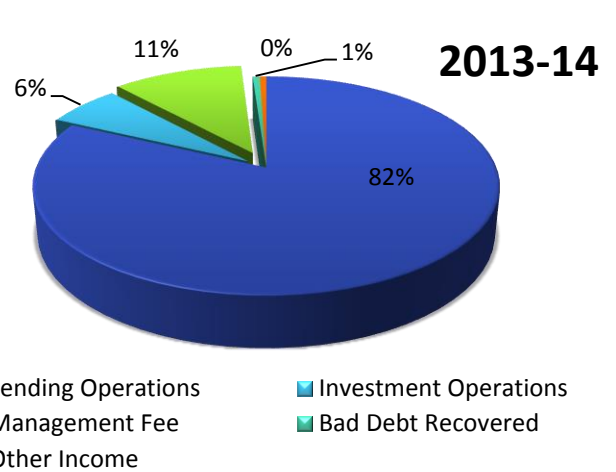
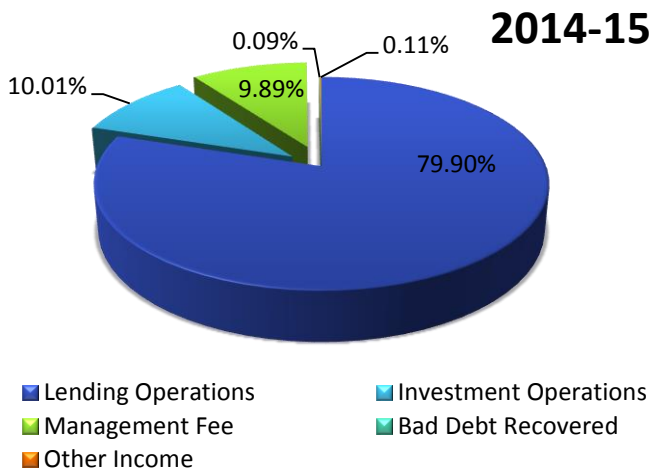
9. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year 2014-15 were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transaction(s) made by the Company with any related party which may have a potential conflict with the interest of the Company at large. All Related Party Transactions were placed before the Audit Committee for approval. Prior approvals of the Audit Committee were obtained on a quarterly basis for the transactions which were of a foreseen and repetitive nature. None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company.

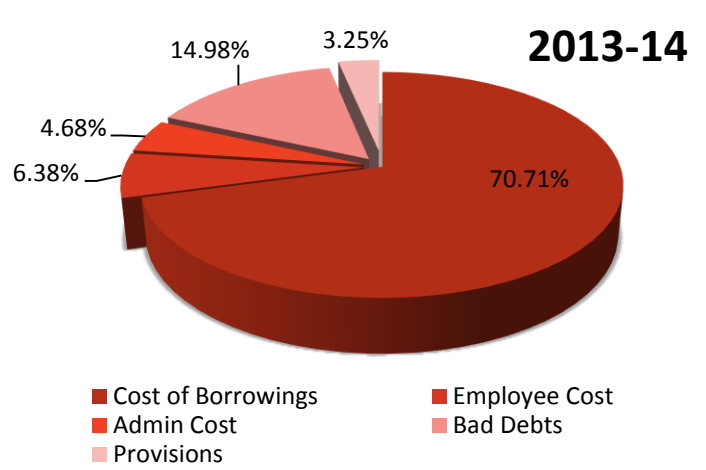
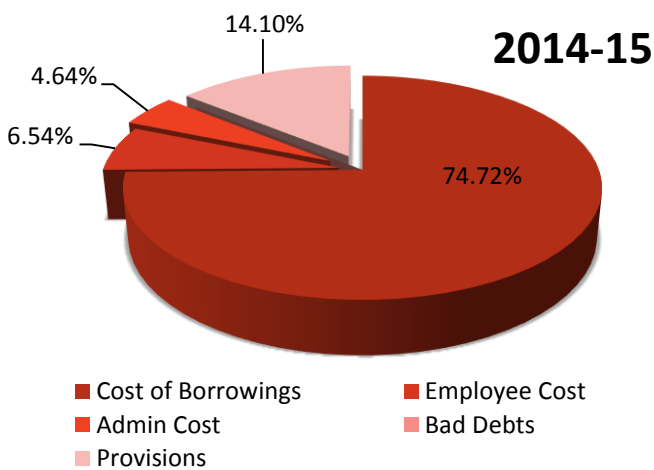
The Company has formulated a Related Party Transactions Policy, for the purpose of identification and dealing with related parties. The policy on dealing with Related Party Transactions as approved by the Board has been uploaded on the Company’s website and is also annexed as **Annexure II**.

10. INCOME AND EXPENDITURE COMPONENTS

i) Income Components



ii) Expenditure Components



11. INDUSTRY AND BUSINESS OF THE COMPANY

I. INDUSTRY STRUCTURE & DEVELOPMENTS

i. Introduction

The NBFC sector has been gaining systemic importance in the recent years. Share in banking assets of NBFCs has grown from 10.7% of in 2009 to 14.3% in 2014 (CARE Research).

NBFCs typically have several advantages over banks due to their focus on niche segments, expertise in the specific asset classes and deeper penetration in unbanked markets. However, on the flip side, they

depend to a large extent on bank borrowings, leading to high cost of borrowings and face competition from banks as they can offer lower rates owing to lower cost of funds.

The growing asset size of the NBFC sector has increased the need for risk management in the sector. The Reserve Bank of India (RBI) has been in the recent past trying to strengthen the risk management framework in the sector, simplify the regulations and plug regulatory gaps so as to prevent regulatory arbitrage between banks and NBFCs.

ii. Regulatory Changes

The Reserve Bank of India released the 'Revised Regulatory Framework for NBFCs' on November 10, 2014 which broadly focuses on strengthening the structural profile of NBFC sector, wherein focus is more on bringing Regulatory Framework for NBFCs in line with banks in a phased manner and safeguarding of the depositors' money.

According to the new guidelines, NBFCs will require higher minimum capital, have less time to declare bad loans, and a board-approved fit and proper criteria for appointment of directors. According to regulations applicable till March 31, 2014, an asset was classified as non-performing when it remained overdue for six months or more, compared with 90 days for banks. The new norms stipulate a reduction in the period in a phased manner so that the norms are at par with banks by March 31, 2018. Similarly, provisioning for standard assets, which was 0.25 per cent till March 31, 2015, is proposed to be increased to 0.40 per cent by March 2018, again, in line with banks. The regulator has also tightened corporate governance and disclosure norms for NBFCs.

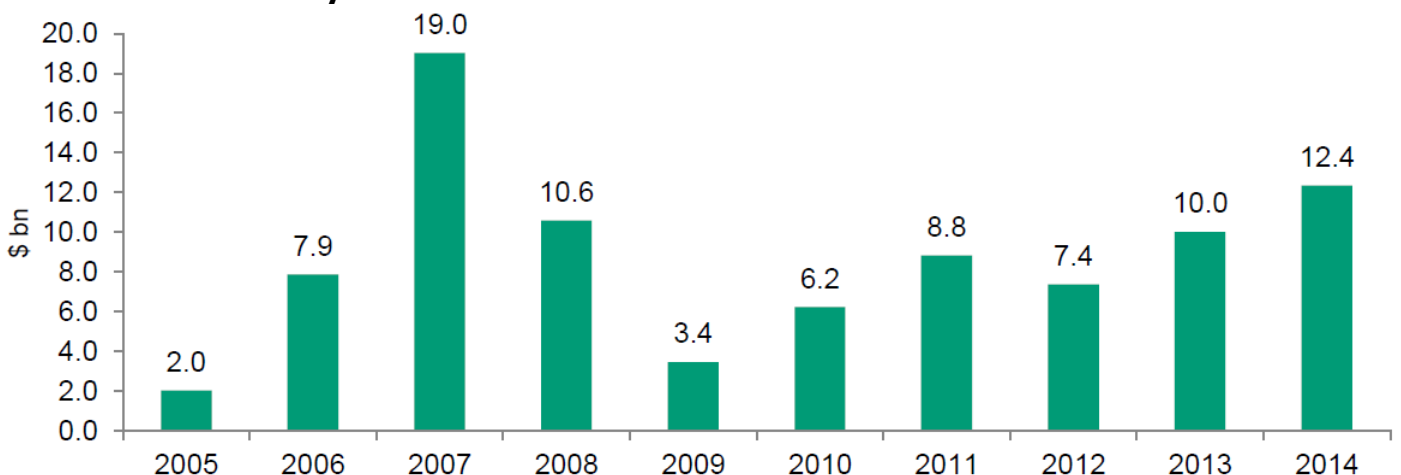
iii. Private Equity

An overview of the private equity industry for the year 2014-15 is as follows:

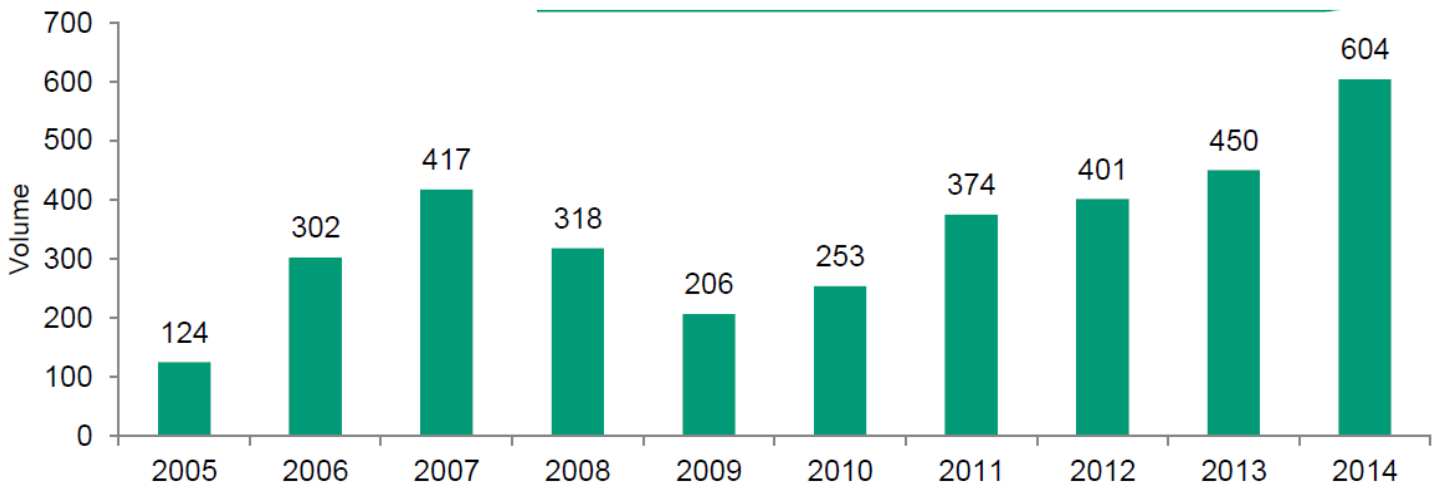
As on 2015, the aggregate Private Equity (PE) investments nearly aggregate \$100 billion over the past 15-20 years. During 2014, we witnessed PE investments of US\$12 billion in 604 deals as against US\$ 10 billion in 450 deals in 2013. The top three PE deals in 2014 were in the e-commerce sector. Presently, the value of the companies invested by PEs can be estimated at US\$ 400 billion.

The overall volume of deals in India increased across sectors, growing by 26% overall, predominantly fuelled by the ecommerce and technology enabled consumer sectors, IT & ITES (information technology enabled services), healthcare and BFSI (banking, financial services and insurance) sectors. IT & ITES has contributed close to 50% of the total deal values in 2014 with ecommerce alone driving most of the sector deal values.

PE Deal Size in last 10 years:



PE Deal volume in last 10 years:



With investments returning towards the heightened activity levels seen in 2007, focus on exits and new rounds of fund raising has become key for the PE industry. While PE firms compete with each other in chasing quality assets and promising sectors, a lot of care has also been taken by players to carefully monitor existing and new investments in order to avert unpleasant surprises when the investments are due for exits.

With the new government in place, there are sentiments for aggressive push in reforms in various sectors such as infrastructure, real estate, medical devices, insurance and banking etc. This could result in a rise in inflows into companies in these sectors and PEs have an important role to play in making meaningful investments and exit decisions in the coming year.

Investors are cautiously optimistic about the prospects of the Indian PE and VC industry. Healthcare, Technology and IT, Consumer products, Retail, Power Sector, logistics and agri based opportunities are expected to be the most attractive sectors for PE and VC investments in the coming years.

II. BUSINESS OVERVIEW

i. Lending Operations

Interest income is major source of revenue for your Company, which accounted for 80% of the Operating Revenue for the Financial Year 2014-15. Your company has targeted to disburse ₹ 388 crore during FY 2015-16 against ₹ 298 crore disbursed during FY 2014-15 which will take the lending portfolio to approx. ₹ 700 crore as at March 31, 2016 against ₹ 488 crore as at March 31, 2015.

During the year, considering the increase in Net Worth of your Company and nature of loan proposals received, your Company revised its Exposure Norms and increased its exposure limit to an individual Company from ₹ 20 crore to ₹ 25 crore (13.02% of Owned Funds) and to a Group from ₹ 30 crore to ₹ 40 crore (20.84% of Owned Funds). The maximum tenor of loans was also increased from 3 years to 4 years to cater to typical medium term requirements of borrowers. In addition, to ensure proper risk evaluation of proposals, internal risk rating process has been outsourced to CARE Ratings and the same has also been linked to the pricing of loans.

Apart from the above mentioned initiatives to boost lending operations, in view of the current market scenario and rate reduction by RBI/Banks, your Company is considering aggressive pricing to compete with peers without compromising on the quality of the portfolio.

ii. Private Equity/Venture Capital Funds

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

In view of the increased PE/VC activity in the year 2007-08, your Company started operations of three funds in 2008 viz. Green India Venture Fund, India Automotive Component Manufacturers Private Equity Fund 1 – Domestic and India Enterprise Development Fund with the corpus of funds raised from 38 investors including Public Sector Banks/Financial institutions/Insurance Companies/retail individuals etc. Your Company steadily moved forward by investing in various deals across India. All the three funds are now in the exit mode and the exit proceeds are being distributed to the investors.

All the three funds were fully invested by 2011 and partial disinvestments have also started in these funds. Under these three funds, your Company invested in 29 companies. In the course of management of funds, your Company earns an annual management fee @ 2% p.a. on the outstanding fund corpus, of about ₹ 310.49 crore as on March 31, 2015. Besides, the Company is entitled to profit sharing on divestments since it also acted as an investor in all the three funds.

III. NEW INITIATIVES BY YOUR COMPANY

a) In the annual budget of 2014-15, the Government of India announced the Venture Capital Fund for Scheduled Castes (VCF-SC), sanctioning an amount of ₹ 200 Crore with the objective to promote entrepreneurship among the scheduled castes and to provide concessional finance to them. Your company is pleased to inform that the fund with a corpus of ₹ 250 crore (along with a contribution of ₹ 50 crore by IFCI Limited) was formally launched on January 16, 2015 by Hon'ble Ministers in the Ministry of Social Justice and Empowerment, GOI. Your company is acting as the Investment Manager for the fund. Your company has been widely creating awareness of the Fund through various advertisements and through active participation in various seminars and conferences. The fund is operational, and two deals aggregating to ₹ 6.921 crore have been sanctioned and an amount of ₹ 1.001 crore was disbursed under the fund as on 31st March, 2015. The Fund is getting good response in the country.

Further Government of India has already made a provision of an additional infusion of ₹ 102 Crore under the VCF-SC fund. Your company shall also set up the follow up series fund for the same in the FY 2015-16.



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

i. Green India Venture Fund – II (GIVF – II);

This Fund proposes to promote projects in Clean-tech and Renewable Energy space. Your company has already got in principle approval for the fund from SEBI and the fund raising activity is being actively pursued.

ii. Small and Medium Enterprises Advantage Fund (SMEAF)

Seeing the larger thrust of the Government of India to promote the SME segment in the Indian economy, your Company has conceptualized the Small and Medium Enterprises Advantage Fund (SMEAF). SMEAF shall majorly focus in growth oriented & government focused sectors of the economy like Auto- Component, Chemical & Fertiliser, Food Processing, FMCG, Leather Industry, Health Care and Pharmaceutical and Textiles and Indian Engineering Industry.

Your company has already got in principle approval for the fund from SEBI and the fund raising activity is being actively pursued.

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

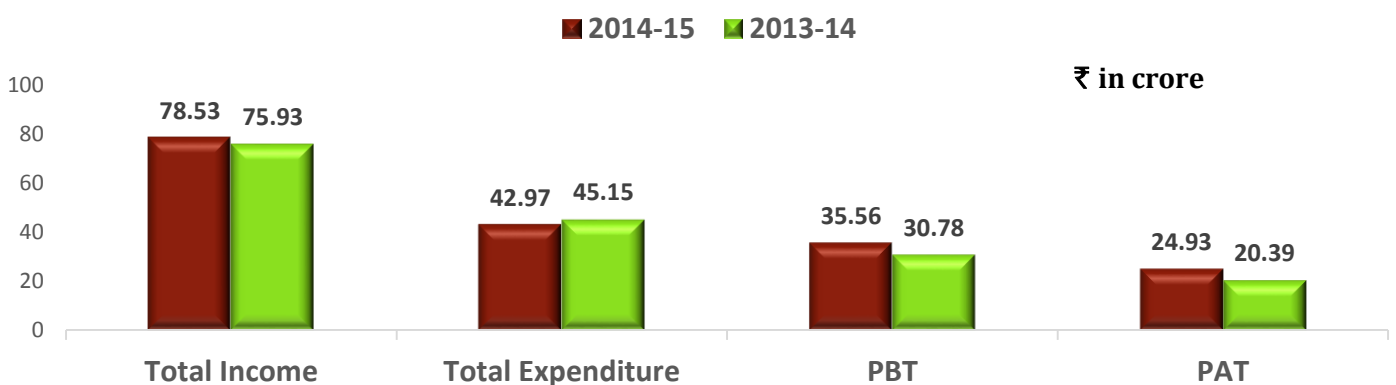
12. PERFORMANCE OF YOUR COMPANY

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

The details of performance on various parameters are outlined below:

i. Financial Performance

During the Financial Year 2014-15 your Company has earned a Net Profit of ₹2492.95 lakhs as compared to a Net Profit of ₹2038.83 lakhs in 2013-14. The book value per share increased to ₹31.80 per share in 2014-15 from ₹28.92 per share in 2013-14.



ii. Sanctions and Disbursements

Your Company has undertaken NBFC activities of providing Corporate Loans to promising companies. During the year, your Company sanctioned and disbursed corporate loans of ₹421 crore and ₹298.36 crore, respectively. The corporate loan portfolio of your Company increased to ₹487.77 crore as at March 31, 2015 from ₹370 crore as at March 31, 2014.

iii. Management of Private Equity/Venture Capital Funds

As you are aware, your company has been acting as an Asset Manager for managing Venture Capital Funds since 1991. Your Company is at present managing 4 PE/ VC funds viz. India Automotive Component Manufacturers Private Equity Fund-1-Domestic (IACM-I-D), Green India Venture Fund (GIVF), India Enterprise Development Fund (IEDF) and Venture Capital fund for Scheduled Castes (VCF-SC) with an aggregate corpus of ₹ 758 crore. The focus of three funds namely IACM-ID, GIVF and IEDF was on investments in mid-sized companies involved in setting-up niche business models in respective industry sectors with the prospects of scalability. The new fund Venture Capital fund for Scheduled Castes (VCF-SC) provides an opportunity to both new Scheduled Caste Entrepreneur startups as well as existing businesses to avail financial assistance as per the scheme criteria.

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

Particulars	IACM-1-D	GIVF	IEDF	VCF-SC (launched since 16 th Jan 2015)	Total
Objective	To invest mainly in Automotive Component companies, besides other sectors.	To fund environment friendly projects.	To invest in projects in emerging sectors with potential of high growth prospects.	To promote entrepreneurship among the scheduled castes and to provide concessional finance to them.	
Fund Corpus (₹ in crore)	190.00	220.00	98.00	250	758.00
Sanctioned Deals (in nos.)	9	14	6	2	31
Investments Sanctioned (₹ in crore)	182.92	210.75	93.49	6.921	494.081
Investments Disbursed (₹ in crore)	182.92	210.75	93.49	1.001	488.161
Investments Exited (₹ in crore)	73.71	102.18	10.91	NA	186.80
Equity Shares received in lieu of accrued premium (Increased Investments) (₹ in crore)	1.44	NIL	5.14	NA	6.58
Percentage of Investment exited (considering increased investments)	39.98%	48.48%	11.06%	NA	
Investments Outstanding including increased investments (₹ in crore)	110.65	108.57	87.72	1.001	307.94

The status of fund corpus, sanction, disbursement and outstanding investment under the four PE/ VC funds managed by your Company as on March 31, 2015, is as under:

- Note:**
- A. The difference in fund corpus and sanctions is due to the expenditures incurred against management fees & set up cost under the three funds.

B. In IACM-1-D, partial exits have been done in 3 companies and full exit in 2 companies. In IEDF, partial exits have been done in 4 companies. In GIVF, 5 full exits and 4 partial exits have taken place. The exits out of the investee companies under the three funds have materialized mostly through second round of private equity funding/ strategic investment/ Secondary sale of shares and/ or through promoters' buyback.

Thus, at present your company is managing four funds namely GIVF, IACM-1D, IEDF and VCF-SC. The total amount of funds under management in the year was ₹ 557.94 cr. Your Company has a team of young and experienced professionals having considerable length of experience, exposure and knowledge.

13. EXTRACT OF ANNUAL RETURN - FORM MGT – 9

The extract of Annual Return as provided under Sub-Section (3) of Section 92 of the Companies Act, 2013 (the "Act") is enclosed at **Annexure-III** in the prescribed form MGT-9 and forms part of this Report.

14. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to section 135 of the Companies Act, 2013 and rules made thereunder, the Board of Directors your Company had constituted Corporate Social Responsibility Committee and formulated a Corporate Social Responsibility Policy to undertake CSR Activities.

During the year, your Company as a part of CSR Initiative, undertook its first CSR activity in the area of promoting preventive health care and sanitation. Upon a request received from D.A.V. Inter College, Kishanpur, Baral, District Baghpat in Uttar Pradesh for providing sanitation facilities by constructing toilets and related facilities, the Company has constructed 3 toilet blocks (2 for girls and 1 for boys). The completed toilet blocks were inaugurated and handed over to the D.A.V. Inter College by Mr. Malay Mukherjee, Chairman of your Company and CEO&MD of IFCI Ltd. on March 28, 2015. Photographs of the inauguration are as under:-



Another CSR Activity was undertaken by your Company for assisting in the setting up of the Skill Development Centre in Rajasthan for imparting skill development training to youth. The Skill Development Centre is being set up by the Institute of Leadership Development, a non-profit registered society located at Jaipur.

The outline of Corporate Social Responsibility Policy ("CSR Policy") of your Company and the details about the initiatives taken by the Company on CSR Activities during the year as per the provisions of Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 have been disclosed in **Annexure-IV** to this Report.

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

i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

S No.	Name of Director/KMP and Designation	Remuneration of Director/KMP for financial year 2014-15 (₹ in lakhs)	% increase in Remuneration in the Financial Year 2014-15	Ratio of remuneration of each Director/KMP to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Mr. Shivendra Tomar Managing Director	35.95	*	3.59	*
2.	Ms. Indu Gupta Chief Financial Officer	23.41	0.75	2.34	4.85
3.	Mr. Mukesh Girdhar Company Secretary	7.54	27.24	0.75	175.09

* Mr. Shivendra Tomar was deputed as Managing Director for part of the financial year 2014-15 i.e. w.e.f. April 9, 2014.

The median remuneration of employees of the Company during the financial year was ₹ 10.02 Lakhs.

ii) In the financial year, the median remuneration of employees declined by 3.95%.

iii) There were 21 permanent employees on the rolls of Company as on March 31, 2015;

iv) Relationship between average increase in remuneration and company performance:- There is no relationship. The pay scales and allowances of the key managerial personnel and other employees is as per the defined structure as approved by the Board of the Company, which are largely based on the structure prevailing in PSU Banks / RBI.

v) Comparison of Remuneration of the Key Managerial Personnel(s)* against the performance of the Company:

The total remuneration of Key Managerial Personnel increased by 6.14% from ₹29.16 Lakhs in 2013-14 to ₹30.95 Lakhs in 2014-15 whereas the Profit before Tax increased by 15.55% from ₹ 30.78 crore to ₹ 35.56 crore in 2014-15.

* Remuneration of the Key Managerial Personnel does not include remuneration paid to Mr. Shivendra Tomar, Managing Director, as he was deputed for part of the financial year 2014-15 i.e. w.e.f. April 9, 2014.

vi) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies. - Not applicable.

vii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 24.74%. However the increase in the managerial remuneration cannot be determined as Mr. Shivendra Tomar, Managing Director was deputed for the part of the financial year i.e. w.e.f. April 9, 2015.

- viii) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Human Resources, Nomination and Remuneration Committee as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable; and
- x) It is hereby affirmed that the remuneration paid is as per the as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

16. PERFORMANCE EVALUATION

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

A separate exercise was carried out in the meeting of Independent Directors to evaluate the performance of Board and non-independent Directors including the Chairman of the Board, who were evaluated on parameters such as active participation in the Meetings, adherence to disclosure to be made by Directors, Contribution towards growth of the Company. The Directors expressed their satisfaction with the evaluation process.

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

Your company has adopted a policy on Prevention of Sexual Harassment at Workplace and is complying with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

Your Company being a Company engaged in the business of financing of Companies and as an NBFC registered with RBI is exempt under the provisions of Section 186 of Companies Act, 2013 and rules made thereunder.

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

During the year under review, no significant or material orders were passed by regulators or court impacting the going concern status of the company.

20. AUCTIONS

During the financial year 2014-15, three auctions were conducted as per details given hereunder:-

S No.	Name of the Loan accounts	Amount Outstanding (In crore)	Value Fetched	Sister Concern Participated, if any
1.	Ankur Drugs & Pharma Ltd,	2.83	Nil	No sister concerns have participated.
2.	Shri Lakshmi Defence Solutions Ltd.	9.00	Nil	
3.	Trinethra Infra Ventures Ltd.	1.94	Nil (₹15 Lakh recovered through follow up with promoters.)	

21. VIGIL MECHANISM

The Company has established a vigil mechanism for its directors and employees to report their concerns in relation to frauds and mismanagement or misconduct, if any. The details of the Vigil Mechanism Policy are posted on the website of the Company.

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

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

- Corporate Social Responsibility policy as per section 135(4)(a) of the Companies Act, 2013.
- Financial Statements of the Company along with the relevant documents as per third proviso to section 136(1) of the Companies Act, 2013.
- Details of vigil mechanism for directors and employees to report genuine concerns as per proviso to section 177(10) of the Companies Act, 2013
- The terms and conditions of appointment of independent directors as per Schedule IV of the Companies Act, 2013.
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information;
- Related Party Transactions Policy as per guidelines issued by Reserve Bank of India (RBI).

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

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

24. COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

In compliance with the provisions of Section 139 read with Section 143 of the Companies Act, 2013, the comments of the Comptroller and Auditor-General of India (C&AG) and replies of the Management thereon are annexed as **Annexure V** to this Report.

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

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s Dinesh Jain & Associates, Chartered Accountants (Firm Regd. No. 004885N), were appointed as statutory auditors of the

Company by the Comptroller & Auditor General of India. There were no qualification(s) or observation(s) or other remarks made by the Statutory Auditors in the Independent Auditor's Report of your Company for the Financial Year 2014-15 submitted by the Statutory Auditors.

26. QUALIFICATIONS OR OBSERVATIONS OR OTHER REMARKS MADE BY THE SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Act, the Board of Directors of your company appointed M/s V. Jhavar and Co. as the Secretarial Auditors. There were no qualification(s) or observation(s) or other remarks made by the Secretarial Auditors in the Secretarial Auditor's Report of your Company for the Financial Year 2014-15, which is annexed as **Annexure VI**.

27. DECLARATION BY INDEPENDENT DIRECTORS

In compliance with the provisions of Section 149(7) of the Companies Act, 2013, the Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013. Further, there has been no change in the circumstances which may affect the status as Independent Director during the year.

28. INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls with reference to financial statements and has laid down a set of standards, processes and structure which enables implementing internal financial control across the organisation and ensures that the same are adequate and operating effectively.

29. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

30. MANAGEMENT AND DISCUSSION ANALYSIS

A report on management and discussion analysis is annexed as **Annexure VII** to this report.

31. SUBSIDIARIES/ JOINT VENTURE/ ASSOCIATE

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

32. DEPOSITS

Your company being a non-accepting deposit company has not accepted any deposits during the financial year 2014-15.

33. ACKNOWLEDGEMENTS

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

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

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

For and on behalf of the Board of Directors

Sd/-
(Shivendra Tomar)
Managing Director

Sd/-
(Sudhir Garg)
Director

Place: New Delhi
Date: July 16, 2015

Annexure I**Nomination and Remuneration Policy**

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

1. Background

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

2. Objective

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

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

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

3.1 Educational Qualification:

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

• Experience / Expertise

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

3.2 Disqualifications

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

3.3 Other Eligibility Criteria

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

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

3.4 Fit and Proper Criteria.

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

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

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

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

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

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

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

4. Remuneration Policy

I. Board Level Remuneration Structure

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

2. In case of Non-Executive / Independent Directors

(i) **Sitting Fees** – The Non-Executive Directors (except Government Servants) shall be paid sitting fees of ₹ 12,000/- for attending per Meeting of the Board and ₹ 7,000/- for attending per Meeting of the Committee of Directors. The Sitting Fees may be revised by the Board of Directors from time to time subject to the overall limits as prescribed under the applicable provisions.

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

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

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

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

2. The pay structure of employees on contracts shall be decided by the Board.

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

Annexure II

Policy on Dealing with Related Party Transactions

A. Approvals

I. Approval by Audit Committee

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

Proviso:

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

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

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

II. Approval by Board of Directors

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

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

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

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

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

Explanation-

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

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

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

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

III. Approval by Shareholders

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

(a) as contracts or arrangements with respect to clause(a) to (e) of subsection (1) of section 188 of the Companies Act 2013, with criteria as mentioned below –

- (i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding 10% of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- (ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten percent of the net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- (iii) leasing of property of any kind exceeding ten percent of the net worth of the company or ten per cent of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188;
- (iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188;

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

(b) is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of subsection (1) of section 188; or

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

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

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

2. All Material RPTs shall require approval of the shareholders through Special Resolution and the related parties shall abstain from voting on such resolutions.

3. No Member of IFCI Venture shall vote on such Special Resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party.

Proviso:

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

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

Annexure III**FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN**as on financial year ended on **31.03.2015**

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name & Description of main product/services	NIC code of the product/services	% of total turnover of the company
1.	Lending Operations	649	79.94%
2.	Management of Private Equity/ Venture Capital Funds	649	9.89%
3.	Investment Operations from Private Equity/ Venture Capital Funds, Bonds, etc.	661	10.01%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

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

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

i) CATEGORY-WISE SHARE HOLDING

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

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

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

(ii) SHAREHOLDING OF PROMOTERS

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

(iii) CHANGE IN PROMOTER'S SHAREHOLDING

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

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

S No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2014		Change in shareholding during the year		Shareholding at the end of the year as on 31.3.2015	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Tata Global Beverages Ltd.	2,50,000	0.41	Nil	Nil	2,50,000	0.41
2.	Tata Chemicals Ltd.	2,50,000	0.41	Nil	Nil	2,50,000	0.41
3.	IL&FS Financial Services Ltd.	2,50,000	0.41	Nil	Nil	2,50,000	0.41
4.	Tata Steel Ltd.	1,00,000	0.17	Nil	Nil	1,00,000	0.17

(v) SHAREHOLDING OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

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

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

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,180,020,639	793,000,000	-	2,973,020,639
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21,242,669	4,828,494	-	26,071,163
Total (i+ii+iii)	2,201,263,308	797,828,494	-	2,999,091,802
Change in Indebtedness during the financial year				
•Additions	1,750,000,000	-	-	1,750,000,000
•Reduction	947,571,305	-	-	947,571,305
Net Change	802,428,695		-	802,428,695
Indebtedness at the end of the financial year				
i) Principal Amount	2,982,449,334	793,000,000	-	3,775,449,334
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	40,022,935	4,828,492	-	44,851,427
Total (i+ii+iii)	3,022,472,269	797,828,492	-	3,820,300,761

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager: (in ₹)

Sl.No.	Particulars of Remuneration	Mr. Shivendra Tomar, Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	25,44,434	25,44,434
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	10,23,087	10,23,087
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	28,028	28,028
2.	Stock option	-	-
3.	Sweat Equity	-	-
4.	Commission -as % of profit -others (specify)	-	-
5.	Others, please specify	-	-
	Total (A)	35,95,549*	35,95,549*
	Ceiling as per the Act	1,96,11,972	1,96,11,972

* The remuneration includes 9 days of the month of April 2014 also.

B. Remuneration to other director:-

(in ₹)

S No.	Name of the Directors	Fee for attending Board/ Committee meetings	Conveyance Charges	Total
1.	Mr. Anil Vidyarthi	2,71,000	16,500	2,87,500
2.	Dr. Ravi Gupta	1,84,000	21,000	2,05,000
3.	Mr. Ajoy Kumar Deb	2,08,000	16,500	2,24,500
4.	Mr. Pavan Kumar Vijay	88,000	10,500	98,500
5.	Mr. K.S Mehta	55,000	7,500	62,500
6.	Mr. Amarjit Chopra	38,000	1,500	39,500
7.	Ms. Neeru Abrol	7,000	1,500	8,500

* No Commission was paid during the year.

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

Total Managerial Remuneration	35,95,549
Overall Ceiling as per the Act.	1,96,11,972

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

(in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	6,21,040	19,67,313	25,88,353
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	1,32,902	3,67,228	5,00,130
	(b) Value of perquisites u/s 17(3) Income Tax Act, 1961		6,775	6,775
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		-	-
2	Stock Option			
3	Sweat Equity			
4	Commission -as % of profit -others, specify			
5	Others, please specify			
	Total	7,53,942	23,41,316	30,95,258

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

Penalty	None
Punishment	
Compounding	

B.DIRECTORS

Penalty	None
Punishment	
Compounding	

C.OFFICERS IN DEFAULT

Penalty	None
Punishment	
Compounding	

Annexure IV**CORPORATE SOCIAL RESPONSIBILITY**

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

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

2. Composition of the CSR Committee

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

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

- Average Net Profit: ₹ 32,50,67,149/-.

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

- The Company is required to spend ₹ 65,01,343/- towards CSR.

5. Details of CSR spend for the financial year:

- a. Total amount spent for the year: ₹ 25,35,705/-
- b. Amount unspent: ₹ 39,65,638/-
- c. Manner in which the amount spent during the financial year:

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area/ others 2. Specify the state and district where project/ Programme was undertaken	Amount outlay (budget) project or Programme wise (in ₹)	Amount spent on the project/ programme 1.Direct expenditure on project or programmes 2.Overheads (in ₹)	Cumulative expenditure upto to the reporting period (in ₹)	Amount spent: Direct/ through implementing agency*
1.	Promoting preventive health care and sanitation	Sanitation/ Healthcare	D.A.V. Inter College, Kishanpur Baral, Baghpat, U.P.	10,21,437/-	7,35,705/-	7,35,705/-	Spent directly
2.	Promoting education, including special education and employment enhancing vocational skills	Vocational Training/ Education	Skill Development Centre at Ajmer, Rajasthan.	18,00,000/-	18,00,000/-	18,00,000/-	Through Institute of Leadership Development*

* The Institute of Leadership Development is a non-profit registered society located at Jaipur. It is conceived as an integrated centre for teaching, learning, training and research in all areas and across all sectors of leadership development.

6. As per the provisions of Companies Act, 2013, 2% of the Average Net Profit (INR) of the last 3 financial years of your Company is ₹ 65,01,343/-. However, during the year, your company has spent an amount of ₹ 25,35,705. The balance amount of ₹ 39,65,638 was not spent due to the following reasons:-

- i) 2014-15 being the first year to take initiative towards CSR activities, the Company could execute the projects as mentioned above.
- ii) Company is confident to spend the full CSR amount in the year 2015-16.

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

Sd/-
(Shivendra Tomar)
Managing Director

Sd/-
(Ajoy Kumar Deb)
Chairman of the CSR Committee



ANNEXURE-V

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IFCI VENTURE CAPITAL FUNDS LIMITED FOR THE YEAR ENDED 31 MARCH, 2015

The preparation of financial statements of IFCI Venture Capital Funds Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 14 May, 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of IFCI Venture Capital Funds Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Comments on Profitability

1. Profit and Loss account

Revenue from Operations Note 17

Interest on lending operations- ₹62.74 crore

Above includes an amount of ₹2.17 crore being accrued interest on substandard short term loan of M/s Marg Ltd. (₹1.55 crore) and M/s Nakoda Ltd. (₹0.62 crore) which should have been recognized only on actual realization in accordance with RBI prudential norms on income recognition. This has resulted in overstatement of revenue from operation as well as profit for the year by ₹ 2.17 crore.

2. Profit and Loss account

Other Expenses (Note 21)

Provision for restructured substandard assets- Nil

Above does not include ₹0.87 crore being short provision in respect of short term loan of M/s Marg Ltd. which has been wrongly classified as restructured standard asset instead of restructured substandard asset. This has resulted in understatement of provision for restructured substandard assets and overstatement of profit for the year by ₹0.87 crore.

3. Profit and Loss account

Provision for bad and doubtful debts (Note 21) ₹3.44 crore

As per RBI prudential norms on provisioning, 10 per cent provision is required to be made on sub-standard assets. Outstanding loan to M/s Nakoda Limited (₹6.21 crore) as on 31 March 2015 was classified by the Company as standard asset instead of sub-standard asset as per above norms. Accordingly, provision for bad and doubtful debts was understated and profit for the year overstated by ₹62.14 lakh.

**For and on behalf of the
Comptroller & Auditor General of India
Sd/-
(Suparna Deb)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-II, New Delhi**

**Place: New Delhi
Date: 06.07.2015**

COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF COMPANIES ACT, 2013 AND MANAGEMENT'S REPLY ON THE ACCOUNTS FOR 2014-15

	Comments of Comptroller & Auditor General of India	Management's Reply
	Comments on Profitability	
1.	<p>Profit and Loss account Revenue from Operations Note 17 Interest on lending operations-₹62.74 crore</p> <p>Above includes an amount of ₹2.17 crore being accrued interest on substandard short term loan of M/s Marg Ltd. (₹1.55 crore) and M/s Nakoda Ltd. (₹0.62 crore) which should have been recognized only on actual realization in accordance with RBI prudential norms on income recognition. This has resulted in overstatement of revenue from operation as well as profit for the year by ₹ 2.17 crore.</p>	<p>In case of Marg Ltd., the loan account was classified as Standard Restructured Accounts as per the RBI guidelines and a provision of 5% created. The restructuring of the case was within the guidelines.</p> <p>In case of Nakoda Ltd., the period of default being less than 180 days and chances of revival of the company in the near future, the company has not been recognized as substandard.</p> <p>However, in view of defaults exceeding the period as per RBI norms, the accounts have been classified as substandard in Quarter 1 of 2015-16.</p>
2.	<p>Profit and Loss account Other Expenses (Note 21) Provision for restructured substandard assets- Nil</p> <p>Above does not include ₹0.87 crore being short provision in respect of short term loan of M/s Marg Ltd. which has been wrongly classified as restructured standard asset instead of restructured substandard asset. This has resulted in understatement of provision for restructured substandard assets and overstatement of profit for the year by ₹0.87 crore.</p>	<p>Provision for standard restructured assets was created at 5% as required, as per RBI guidelines and as explained above.</p>
3.	<p>Profit and Loss account Provision for bad and doubtful debts (Note 21) ₹3.44 crore</p> <p>As per RBI prudential norms on provisioning, 10 per cent provision is required to be made on sub-standard assets. Outstanding loan to M/s Nakoda Limited (₹6.21 crore) as on 31 March 2015 was classified by the Company as standard asset instead of sub standard asset as per above norms. Accordingly, provision for bad and doubtful debts was understated and profit for the year overstated by ₹62.14 lakh.</p>	<p>As per explanation in Point No.1 above, as the case is not sub-standard as on 31.03.2015, provision was not created.</p> <p>However, an extra provision of ₹2.38 crore already exists in the books of accounts.</p>

For and on behalf of the Board of Directors

Sd/-
(Shivendra Tomar)
Managing Director

Sd/-
(Sudhir Garg)
Director

Annexure VI**Form No. MR 3
SECRETARIAL AUDIT REPORT**

For the Financial Year ended 31st March, 2015

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

To,
The Members,
M/s. IFCI Venture Capital Funds Limited

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

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 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:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2015 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report:

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, and
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
3. We have also examined compliance with the applicable clauses of the following:
- (a) RBI regulations on Non-Banking Financial (Non Deposit Accepting or Holding) Companies;
 - (b) The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
 - (c) Payment of Gratuity Act, 1972;
 - (d) Secretarial Standards issued by The Institute of Company Secretaries of India. (to be effective from July 1st, 2015)
 - (e) The Listing Agreement for Debt Securities entered into by the Company with BSE;
4. 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:
- (i) As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder is not applicable to the Company.
 - (ii) As per the information and explanations provided by the company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
5. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.
6. We further report that
- (i) The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and 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 Companies Act 2013.

(ii) 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.

(iii) Majority decisions are carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

7. 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.

8. We further report that during the audit period the company has –

- i) Issued secured, redeemable, non convertible, taxable bonds of ₹ 20 Crore on private placement basis.
- ii) Redeemed secured, redeemable, non-convertible, taxable bonds for a value of ₹ 21.60 Crore.
- iii) Obtained approval from shareholders by way of special resolution u/s 180(1)(c) of the Companies Act, 2013 for increase in borrowing powers of the Company.

**For V.Jhawar & Co.
Company Secretaries**

**Sd/-
Vikram Jhawar
COP - 11204**

**Place : New Delhi
Date : 15/06/2015**

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 to Secretarial Audit Report

To,
The Members
IFCI Venture Capital Funds Limited

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

**For V.Jhawar & Co.
Company Secretaries**

**Sd/-
Vikram Jhawar
CP -11204**

**Place: New Delhi
Date :15/06/2015**

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

The NBFC sector has been gaining systemic importance in the recent years. Share in banking assets of NBFC has grown from 10.7% of in 2009 to 14.3% in 2014 (CARE Research).

NBFCs typically have several advantages over banks due to their focus on niche segments, expertise in the specific asset classes and deeper penetration in unbanked markets. However, they depend to a large extent on bank borrowings, leading to high cost of borrowings and face competition from banks as they can offer lower rates owing to lower cost of funds.

The growing asset size of the NBFC sector has increased the need for risk management in the sector. The Reserve Bank of India (RBI) has been in the recent past trying to strengthen the risk management framework in the sector, simplify the regulations and plug regulatory gaps so as to prevent regulatory arbitrage between banks and NBFCs.

The Reserve Bank of India released the 'Revised Regulatory Framework for NBFCs' on November 10, 2014 which broadly focuses on strengthening the structural profile of NBFC sector, wherein focus is more on bringing Regulatory Framework for NBFCs in line with banks in a phased manner and safeguarding of the depositors' money.

According to the new guidelines, NBFCs will require higher minimum capital, have less time to declare bad loans, and a board-approved fit and proper criteria for director appointments. According to regulations applicable till March 31, 2014, an asset was classified as non-performing when it remained overdue for six months or more, compared with 90 days for banks. The new norms stipulates to reduce the period in a phased manner so that the norms are at par with banks by March 31, 2018. Similarly, provisioning for standard assets, which was 0.25 per cent till March 31, 2015, is proposed to be increased to 0.40 per cent by March 2018, again, in line with banks. The regulator has also tightened the corporate governance and disclosure norms for NBFCs.

B. Opportunities & Threats

Due to subdued economic growth, last two years have been challenging period for the NBFCs with moderation in rate of asset growth, rising delinquencies resulting in higher provisioning thereby impacting profitability mainly due to suffering Infrastructure sector which occupy a considerable chunk of the loan assets.

The infrastructure sector has been in doldrums for past two years, plagued by the economic slowdown. Project execution was severely impacted on account of delay in land acquisitions, funding problems and environment clearances. Political bottleneck, heavy interest cost burden and working capital crunch added to the woes of infrastructure companies. The heavy borrowings by infra companies in the past has added to the complications of jump-starting this sector. The total debt of Indian infra companies is at its highest in more than a decade. Also, banks & NBFCs are unwilling to lend, given their already high loan exposure to the infrastructure sector and their rising non-performing assets.

To sum up, bad loans have climbed as growth in Asia's third-largest economy slowed in recent years and projects stalled by delayed project approvals and land acquisition problems, among other reasons, crimped corporate cash flows has made it difficult for borrowers to repay debt.

C. Segment wise performance

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

D. Industry Outlook

Although economic growth has picked up in recent quarters, under a new method of calculating gross domestic product (GDP), an improvement in asset quality will be visible only after government measures to boost the economy, including higher public spending and faster approvals for large infrastructure projects, kick start the investment cycle and perk up demand.

Nevertheless, the recovery is contingent on how the Indian economy performs. If the macro-economic situation deteriorates, bad loans may increase. The Financial Stability Report (FSR) said risks to the banking sector has moderated marginally yet non-performing assets and stressed loans continue to remain a source of concern. The FSR, which assesses risks to the country's financial stability, is compiled by a sub-committee of the Financial Stability and Development Council (FSDC), and was formally released by the Reserve Bank of India on June 25, 2015. As per the FSR, Gross non-performing assets (GNPA) of banks may increase to 4.8 per cent by September 2015, from about 4.6 per cent as of March 2015. Yet, the ratio could improve to 4.7 per cent in March 2016, it estimates. Restructured standard advances too rose, pushing up stressed loans of banks to 11.1 per cent of the total loans in March 2015 from 10.7 per cent in September 2014. Still, overall FSR is optimistic on India.

On the positive side, recent projections released by the International Monetary Fund (IMF,) for the first time since 1999, says that India will outgrow China and its BRIC peers (Brazil, Russia, India and China), with a GDP growth of 7.5% this calendar year and the next. The oil price fall and the positive effects of the exchange rate movements will help the world economy to be on the path to a stage a slight recovery, it said. Overall, global growth is forecast at 3.5% in 2015 and 3.8% in 2016, broadly the same as last year, the global body said in its latest World Economic Outlook.

However, IMF has suggested an important structural reform agenda for India to reap productivity gains. This includes removing infrastructure bottlenecks as well as reforms to education, labour, and product markets for raising labour force participation and productivity.

E. Risks and concerns

For the purpose of identification, evaluation and mitigation of strategic, operational, regulatory and external risks, a Risk Management Committee of the Directors was constituted by the Board of Directors. However considering the size of the Company, no Risk Management Policy has been formulated.

F. Internal control systems and their adequacy

Your company has in place adequate system of Internal Control commensurate with the size of its operation. Internal Audit is being conducted by an Independent Chartered Accountant Firm duly selected and appointed by the Board on recommendation of the Audit Committee. All the internal audit reports along with management reply and corrective measures, if any have been regularly placed and reviewed by the Audit Committee.

G. Discussion on Financial Performance with respect to operational performance

During the year ended 31st March, 2015 IFCI Venture has earned net profit of ₹ 2492.96 lakh compared to net profit of ₹ 2038.83 lakh during the previous year. It may be observed that the net profit has improved as compared to previous year due to lower provisioning/ write offs and higher interest income. The total income increased by 3.41% from ₹7593.75 lakh in the year ended 31st March 2014 to ₹7853 lakh in the year ended 31st March 2015. The profit before provisions/ write offs was also higher at ₹4162.43 lakh in the year under review as compared to ₹3901.08 lakh in corresponding previous year.

Your Company has also paid interim dividend @ 10% for the year ended 31st March, 2015.

It may be observed that the overall financial performance of the Company during the year 2014-15 in comparison to the previous year has improved due to increase in interest income and lower provisioning.

The major highlights of operations for the year ended 31st March, 2015 are as under:-

	(₹ in lakhs)	
Particulars	2014-15	2013-14
Operations		
Sanction - Loan / Investment	42,100	19,610
Disbursement - Loan / Investment	29,836	22,541
Borrowings		
Loan /Bonds	17,500	6,500

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

H. Resource Mobilization

Keeping in place with the funds requirement for loan portfolio, your company mobilized funds to the tune of ₹ 17,500 lakh from banks (₹ 15,500 lakh) and bonds (₹ 2,000 lakh) at rates ranging from 10.80% to 11.50% p.a.

The total borrowings of your company stood at ₹ 37,754 lakh as at March 31, 2015 as compared to ₹ 29,730 lakh as at March 31, 2014 mainly comprising of bank borrowings and bonds.

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

During the year, recruitment of 9 professionals was made as consultants.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

IFCI Venture Capital Funds Limited (IFCI Venture) has been adhering to Good Corporate Governance Principles and Practices to maintain a professional approach, transparency, accountability, all of which have enabled it to ensure equity in dealing with all the stakeholders, viz. Shareholders, Government institutions & departments, Regulatory bodies, Bankers, Employees, and others. IFCI Venture is fully committed to practicing best corporate governance and upholding the highest ethical standards in conducting business.

2. BOARD OF DIRECTORS

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

As on March 31, 2015, the Board of the Company consisted of 10 (ten) Directors, out of whom 7 (seven) Directors are Independent and Non-Executive Directors. While 2 (two) are Non-Executive Directors and 1 (one) is Managing Director, who are the nominees of IFCI Ltd. (IFCI), holding company. The composition of the Board is in conformity with the provisions of Companies Act, 2013.

The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and the number of Directorship and Chairmanship/ Membership of Committees in other Companies in respect of each Director as on March 31, 2015 is given here-in below:-

SI No.	Name of Director	Category	Attendance Particulars			No. of Directorships/ Committee Memberships/ Chairmanships of Other Companies		
			No. of Board Meetings during the year 2014-15		At AGM held on August 26, 2014	Other directorships	Committee Memberships	Committee Chairmanships
			Held	Attended				
1.	Mr. Malay Mukherjee	Non-Executive Chairman	8	7	Yes	6	-	-
2.	Mr. Anil Vidyarthi	Non-Executive-Independent Director	8	7	Yes	1	-	-
3.	Dr. Ravi Gupta	Non-Executive-Independent Director	8	6	No	13	-	-
4.	Mr. Pavan Kumar Vijay	Non-Executive-Independent Director	8	5	No	7	-	-
5.	Mr. K. S. Mehta	Non-Executive-Independent Director	8	4	No	3	2	1
6.	Mr. Ajoy Kumar Deb	Non-Executive-Independent Director	8	8	No	3	2	-
7.	Mr. Amarjit Chopra(*)	Non-Executive-Independent Director	5	2	No	4	1	2
8.	Ms. Neeru Abrol(**)	Non-Executive-Independent Director	-	-	N.A.	5	2	2
9.	Mr. Sudhir Garg	Non-Executive Non-Independent Director	8	8	Yes	5	1	-
10.	Mr. Shivendra Tomar (***)	Managing Director	8	8	Yes	-	-	-

DIRECTORS RETIRED/RESIGNED DURING THE YEAR 2014-15								
1.	Mr. S.P. Arora (#)	Managing Director	-	-	N.A.	6	3	-

(*) Mr. Amarjit Chopra was appointed w.e.f. July 30, 2014

(**) Ms. Neeru Abrol was appointed w.e.f. March 11, 2015

(***) Mr. Shivendra Tomar was appointed w.e.f. April 9, 2014

(#) Mr. S.P. Arora resigned on April 9, 2014.

Notes:

1. Number of Meetings represents the Meetings held during the period in which the Director was Member of the Board.
2. In case of Directors Retired/Resigned, the status of other Directorship and Committee Membership is on the basis of the last disclosure made by the Director.
3. The details of Committee Memberships considered for the purpose are Audit Committee and Stakeholders' Relationship Committee of all companies in which he/she is a director.
4. None of the Directors are related to each other or to any Key Managerial Personnel of the Company.
5. None of the Directors held directorship in more than 10 Public Limited Companies.
6. None of the Directors on the Board are Members of more than 10 (ten) committees or Chairman of more than 5 (five) committees across all the companies in which they are Directors.
7. Necessary disclosures regarding the positions in other public companies as on March 31, 2015 have been made by the Directors.
8. The independence of a Director is determined by the criteria stipulated under Section 149(6) of the Companies Act, 2013.

B. Number of Board Meetings held and dates:

During the financial year 2014-15, the Board of Directors met 8 (eight) times, the dates of the Meetings were April 16, 2014, June 30, 2014, July 30, 2014, November 5, 2014, November 20, 2014, January 16, 2015, January 23, 2015 and March 11, 2015.

3. AUDIT COMMITTEE

A. TERMS OF REFERENCE

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

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The Chairman of the Committee is an Independent Director. The composition of the Audit Committee and attendance of Directors at the Meetings (as on March 31, 2015) is shown below:

Sl. No.	Name	Category	No. of meetings during the FY 2014-15	
			Held	Attended
1.	Mr. Amarjit Chopra (Chairman)	Independent, Non-Executive	4	2
2.	Mr. Anil Vidyarthi	Independent, Non-Executive	8	8
3.	Dr. Ravi Gupta	Independent, Non-Executive	8	5
4.	Mr. Sudhir Garg	Non-Independent, Non-Executive	8	8

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

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

During the Financial Year 2014-15, the Audit Committee of Directors met 8 (eight) times. The meetings were held on April 16, 2014, June 17, 2014, July 15, 2014, July 30, 2014, November 5, 2014, November 20, 2014, January 16, 2015 and January 23, 2015.

4. NOMINATION AND REMUNERATION COMMITTEE

A. TERMS OF REFERENCE

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

B. Composition, Meetings and Attendance of the Committee

The Chairman of the Committee is an Independent Director. The composition of the Nomination and Remuneration committee and attendance of Directors at the Meetings (as on March 31, 2015) is shown below:

Sl. No.	Name	Category	No. of meetings during the FY 2014-15	
			Held	Attended
1.	Mr. Anil Vidyarthi (Chairman)	Independent, Non-Executive	5	5
2.	Mr. Pavan Kumar Vijay	Independent, Non-Executive	5	4
3.	Mr. Sudhir Garg	Non-Independent, Non-Executive	5	5

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

During the Financial Year 2014-15, the Nomination and Remuneration Committee of Directors met 5 (five) times. The meetings were held on April 16, 2014, July 15, 2014, July 30, 2014, January 16, 2015 and March 11, 2015.

The Company pays sitting fees of ₹12,000 per Meeting for the Board and ₹7,000 per Meeting of Committee thereof, to the non-executive independent Directors.

5. EXECUTIVE COMMITTEE

A. TERMS OF REFERENCE

The Board of Directors, in the meeting held on October 12, 2009 constituted an Executive Committee of Directors to consider matters such as short- term lending proposals, one time settlement, restructuring of dues, etc. to enable the Board to oversee routine matters and concentrate on policy/ strategic issues including the matters which require approval of the Board.

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The composition of the Executive committee and attendance of Directors at the Meetings (as on March 31, 2015) is shown below:

Sl. No.	Name	Category	No. of meetings during the FY 2014-15	
			Held	Attended
1.	Mr. Sudhir Garg (Chairman)	Non-Independent, Non-Executive	12	12
2.	Mr. Anil Vidyarthi	Independent, Non-Executive	12	12
3.	Dr. Ravi Gupta	Independent, Non-Executive	12	10
4.	Mr. Ajoy Kumar Deb	Independent, Non-Executive	12	10
5.	Mr. Shivendra Tomar	Managing Director	12	12

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

During the Financial Year 2014-15, the Executive Committee of Directors met 12 (twelve) times. The meetings were held on May1, 2015, May 27, 2015, June 17, 2014, July 15, 2014, July 30, 2014, September 4, 2014, September 26, 2014 November 20, 2014, December 29, 2014, January 16, 2015, February 9, 2015 and March 11, 2015.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of Directors, in compliance of the Companies Act, 2013 and rules made thereunder, constituted Corporate Social Responsibility (CSR) Committee at their meeting held on June 30, 2014.

A. TERMS OF REFERENCE

The terms of reference of the Corporate Social Responsibility Committee are to recommend the amount of expenditure to be incurred on the prescribed activities and to monitor the Corporate Social Responsibility Policy of the company from time to time.

B. COMPOSITION, MEETINGS AND ATTENDANCE OF THE COMMITTEE

The composition of the Corporate Social Responsibility committee and attendance of Directors at the Meetings (as on March 31, 2015) is shown below:

Sl. No.	Name	Category	No. of meetings during the FY 2014-15	
			Held	Attended
1.	Mr. Ajoy Kumar Deb (Chairman)	Independent, Non-Executive	5	5
2.	Mr. Sudhir Garg	Non-Independent, Non-Executive	5	5
3.	Mr. Shivendra Tomar	Managing Director	5	5

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

During the Financial Year 2014-15, the CSR Committee of Directors met 5 (five) times. The meetings were held on July 15, 2014, December 29, 2014, January 16, 2015, February 9, 2015 and March 11, 2015.

7. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

8. GENERAL BODY MEETINGS

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

AGM Date	Venue	Time
29/09/2012	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	11.00 A.M.
30/09/2013	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	12.00 noon
26/08/2014	Board Room, IFCI Tower, 61 Nehru Place, New Delhi-110019	12.00 noon

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

AGM Date	As per Companies Act	Particulars of Special Resolutions
29/09/2012	u/s 224A of Companies Act, 1956	Appointment and fixation of remuneration of Statutory Auditors
	u/s 269 of Companies Act, 1956	Re-appointment and fixing remuneration of the Managing Director
30/09/2013	u/s 269 of Companies Act, 1956	Re-appointment and fixing remuneration to the Managing Director
26/08/2014	u/s 14 of Companies Act, 2013	Alteration of Articles of Association of IFCI Venture

	u/s 180(1)(c) of Companies Act, 2013	To consider increase in borrowing powers
	u/s 42 of Companies Act, 2013	To consider issue of secured, redeemable, non-convertible, taxable bonds.

9. DISCLOSURES

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

Type of Transaction – IFCI	Current Year(₹)	Previous Year(₹)
Loan granted by IFCI	0.00	25,00,00,000
Repayment of Loan to IFCI	25,00,00,000	0.00
Loan Outstanding to IFCI	0.00	25,00,00,000
Interest on Loan Paid to IFCI	4,62,329	-
Rent paid to IFCI Ltd. (Exclusive of service tax and education cess)	58,61,731	51,62,000
Salaries, accommodation, PLI etc. paid to IFCI for employees deputed by IFCI Ltd.	57,84,928	25,77,492
Paid to IFCI towards HR Management Services (Exclusive of service tax and education cess)	1,40,450	5,00,000
Paid to IFCI towards Telephone, Stationery & other Reimbursements	2,20,806	1,61,401

Type of Transaction – NSIPL	Current Year (₹)	Previous Year(₹)
Loan granted to NSIPL	-	26,00,00,000
Loan Repayment by NSIPL	4,00,00,000	22,00,00,000
Outstanding Loan of NSIPL	-	4,00,00,000
Interest on Loan received from NSIPL	15,75,343	2,02,15,772

Type of Transaction – IFCI Factors	Current Year (₹)	Previous Year(₹)
Loan granted by IFCI Factors	-	20,00,00,000
Loan Repayment to IFCI Factors	-	20,00,00,000
Outstanding Loan of IFCI Factors	-	-
Interest on Loan paid to IFCI Factors	-	42,91,233

Balance Outstanding with the related party during the period:-

Type of Transaction – IFCI	Current Year (₹)	Previous Year(₹)
Payable to IFCI towards salary of employees deputed by IFCI	-	4,87,899
Payable to IFCI towards gratuity of employees deputed by IFCI	84,194	55,110
Interest payable to IFCI Ltd.	-	3,69,863
Telephone expenses payable	1,11,907	-

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

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

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

(iii) In view of the size and operations of IFCI Venture, the Vigil Mechanism Policy, in line with the Companies Act, 2013 was formulated by the Audit Committee and recommended to the Board of Directors of IFCI Venture for approval.

10. MEANS OF COMMUNICATION

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

In compliance of the provisions of Listing Agreement of Debt Securities, the financial results of the company are generally published in Financial Express newspaper.

11. GENERAL SHAREHOLDERS INFORMATION

- As per the notice attached to this Annual Report, the Annual General Meeting of the Company will be held on (Date of AGM).
- The Financial Year of IFCI Venture is from April 1, 2014 to March 31, 2015.
- Shareholding Pattern as on March 31, 2015 and March 31, 2014 are given as under:-

	As on March 31, 2015		As on March 31, 2014	
	No. of shares	(%)	No. of shares	(%)
IFCI Ltd.#	5,95,21,008#	98.60	5,95,21,008#	98.60
Other Bodies corporate	8,50,000	1.40	8,50,000	1.40
Total	6,03,71,008	100.00	6,03,71,008	100.00

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

NAME OF THE SHAREHOLDER	NUMBER OF SHARES HELD	BENEFICIAL INTEREST WITH
Mr. S. P. Arora	1	IFCI LIMITED
Mr. Deepak Mishra	1	IFCI LIMITED
Mr. S. K. Bhatia	1	IFCI LIMITED
Ms. Purnima Umesan	1	IFCI LIMITED

d) Address of Registered Office for correspondence:

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

e) Registrar to the Issue

MCS Limited
F-65, 1st floor
Okhla Industrial Area, Phase I, New Delhi -110020
Tel No. (011) 5140 6149
Fax No. (011)5170 988
E-mail: admin@mcsdel.com

**Sd/-
Shivendra Tomar
(Managing Director)**

Date: July 16, 2015
Place: New Delhi

INDEPENDENT AUDITOR'S REPORT (REVISED)

To the Members of

IFCI Venture Capital Funds Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **IFCI Venture Capital Funds Limited** ("the Company"), which comprise the Balance Sheet, as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("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 statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) As per the information and explanations given to us, the company has no branch office. Hence no requirement to consider report of branch auditor and dealt with it in preparing our report
- d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- e) In our opinion the aforesaid Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
- f) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.
- g) On the basis of the written representation from the directors as on 31st March, 2015 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of section 164 (2) of the Act.
- h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
- i) The company has adequate internal financial control system in place and the operating effectiveness of such controls.

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

- i) The company does not have any pending litigations which would impact its financial position.
- ii) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amount which were required to be transferred to the Investor Education And Protection Fund by the company.

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

Directions

- 1) The company has not been selected for disinvestment, therefore, this clause is not applicable.
- 2) There are no cases of waiver/ write offs of debts/ loans interest etc.
- 3) The company is engaged in NBFC business, therefore the clause regarding maintenance of inventories is not applicable. No assets have been received as gift from Govt. or other authorities.
- 4) The age wise analysis of pending legal cases is as under:

	Number of Cases	Total Amount
Pending 3 to 5 years (Between 31 March 2010 to 31 March 2012)	1	3,87,65,927
Pending for 1 to 3 years (Between 31.03.2012 to 31.03.2014)	3	22,22,67,990
Pending for Less than 1 year	2	10,69,39,386
SUM TOTAL*	6	36,79,73,303

*includes ₹504,79,983 towards write off in two cases in earlier years.

The legal cases are pending due to time taken in normal court proceedings. Expenditure on legal cases is monitored through the existing policy of empanelment of lawyers and following a defined fees structure. In our opinion monitoring mechanism for expenditure on legal cases is reasonable.

Sub-Directions

- 1) The Company does not own any land, therefore this clause is not applicable.
- 2) (i) Balance confirmations are made available to us in majority of the cases.
(ii) No wide variation has been reported by the parties while confirming the balances.
- 3) Since, the company is engaged in NBFC business, therefore Customs, Excise, Sales Tax (VAT) are not applicable. There is no un-reconciled amount in the nature of deposits/ advances made by the company towards Income Tax & Service Tax.

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

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

**PLACE: DELHI
DATED: 14/05/2015**

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

ANNEXURE TO THE AUDITOR'S REPORT

For the Annexure referred to in paragraph 1 of the Our Report on Other Legal and Regulatory Requirements of even date to the Members of IFCI Venture Capital Funds Limited for the year ended 31st March, 2015; we report that:

- (i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
 - b) The Fixed Assets have been physically verified by the management at reasonable intervals. Accordingly to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) The company is not having any inventories so this clause is not applicable.
- (iii) a) 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.
- (iv) There is adequate internal control system commensurate with the size of the company and nature of its business with regard to purchase of fixed assets and sale of services. There are no major weaknesses in internal control system for which management is failing continuously to correct them.
- (v) The Company has not accepted any deposits during the year under section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made there under.
- (vi) According to Information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of business carried out by the Company.
- (vii) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income-Tax, Service tax and any other statutory dues. Further, as explained to us, no undisputed amounts payable in respect of statutory dues were outstanding, as at 31st March, 2015, for a period of more than six months from the date they became payable.
 - (b) According to the records of the company, there are no dues of income tax, Service tax or any other statutory dues which have not been deposited on account of any dispute.
 - (c) The Company is not required to deposit any amount to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

- (ix) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
- (x) As informed to us, the Company has not given any guarantee for loan taken by others from bank or financial institutions.
- (xi) The term loans have been applied for the purpose for which they were raised.
- (xii) During the course of our examination of the books and records of the company carried out in accordance with generally accepted practices, in India, we have neither come across any instance of fraud on or by the company nor, the company noticed and reported any such case during the year, and accordingly the company has not informed any of such case.

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

**PLACE: DELHI
DATED: 14/05/2015**

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

IFCI VENTURE CAPITAL FUNDS LIMITED
CIN: U65993DL1988GOI030284
BALANCE SHEET AS AT 31st MARCH, 2015

(Amount in ₹)			
PARTICULARS	Note No.	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
- Share Capital	02	603,710,080	603,710,080
- Reserves and Surplus	03	1,316,106,077	1,141,934,890
		1,919,816,157	1,745,644,970
(2) Non-current Liabilities			
(a) Long-term Borrowings	04	3,173,000,001	1,277,146,419
(b) Long-term Provisions	05	45,511,245	19,180,759
		3,218,511,246	1,296,327,178
(3) Current Liabilities			
(a) Short-term Borrowings	06	216,303,765	347,874,220
(a) Other Current Liabilities	07	443,642,930	1,396,800,768
(b) Short-term Provisions	08	97,781,780	55,851,826
		757,728,475	1,800,526,814
TOTAL		5,896,055,878	4,842,498,962
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	09	495,363	837,352
(ii) Intangible Assets	10	-	20,239
(b) Non-current Investments	11	862,439,633	864,711,734
(c) Deferred Tax Asset (Net)		41,873,578	16,179,495
(d) Long-term Loans & Advances	12	2,554,289,550	1,182,387,106
		3,459,098,124	2,064,135,926
(2) Current Assets			
(a) Current Investments	13	-	1,168,534
(b) Cash and Cash Equivalents	14	26,591,205	180,599,250
(c) Short-term Loans and Advances	15	2,325,036,306	2,519,378,570
(d) Other Current Assets	16	85,330,243	77,216,682
		2,436,957,754	2,778,363,036
TOTAL		5,896,055,878	4,842,498,962

Notes 1 to 21 form an integral part of financial statements

As per our report of even date attached.

For Dinesh Jain & Associates

Chartered Accountants

FRN: 004885N

D.K. Jain, FCA
Partner
M. No. 082033

Directors

Mukesh Girdhar
Company Secretary

Shivendra Tomar
Mg. Director
(DIN: 3174406)

Indu Gupta
Chief Finance Officer

Malay Mukherjee
Chairman
(DIN:2272425)

Place: New Delhi
Date: 27/04/2015

IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

(Amount in ₹)

PARTICULARS	Note No.	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
I. REVENUE			
Revenue from Operations	17	784,900,420	758,675,472
Other Income	18	399,800	700,023
TOTAL REVENUE (A)		785,300,220	759,375,495
II. EXPENDITURE			
Employees Benefit Expenses	19	28,116,910	28,801,165
Finance Cost	20	321,021,773	319,317,171
Depreciation	9,10	249,892	1,959,329
Other Expenses	21	80,270,642	101,530,084
TOTAL EXPENDITURE (B)		429,659,217	451,607,749
III. PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (A-B)		355,641,003	307,767,746
IV. EXCEPTIONAL ITEMS		-	-
V. PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX		355,641,003	307,767,746
VI. EXTRAORDINARY ITEMS		-	-
VII. PROFIT BEFORE TAX		355,641,003	307,767,746
- Current Tax		132,040,000	111,100,000
- Deferred Tax (Net)		(25,694,083)	(7,215,039)
VIII. PROFIT FOR THE YEAR		249,295,086	203,882,785
Earning Per Equity			
Basic Earning per share of Rs. 10.00 each		4.13	3.38
Diluted Earning per share of Rs. 10.00 each		4.13	3.38

Notes 1 to 21 form an integral part of financial statements

As per our report of even date attached.

For Dinesh Jain & Associates

Chartered Accountants

FRN: 004885N

D.K. Jain, FCA
Partner
M. No. 082033

Directors

Shivendra Tomar
Mg. Director
(DIN: 3174406)

Malay Mukherjee
Chairman
(DIN:2272425)

Mukesh Girdhar
Company Secretary

Indu Gupta
Chief Finance Officer

Place: New Delhi
Date: 27/04/2015

IFCI VENTURE CAPITAL FUNDS LIMITED

CIN: U65993DL1988GOI030284

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(Amount in ₹)

	Year ended 31 st March, 2015	Year ended 31 st March, 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	355,641,003	307,767,746
Adjustments for:		
Depreciation	249,892	1,959,329
Provision / write off of Bad Debts	34,381,343	82,340,133
Provision for standard assets	2,442,995	-
Provision / write off for Investments	(218,102)	(858,945)
Provision for Leave Encashment	109,486	4,978,780
(Profit) / Loss on Sale of Assets	(58,893)	730,372
Provision for restructured standard assets	23,778,005	-
	60,684,726	89,149,669
Operating Profit before Working Capital Changes & Operating Activity	416,325,729	396,917,415
<i>Adjustment for Operating Activity</i>		
Increase/(Decrease) in Borrowings	802,428,694	(404,334,074)
Long Term Loans Given (Net)	(1,177,730,984)	371,194,168
Sale of Investments (Net)	3,658,737	76,280,419
	(371,643,553)	43,140,513
Operating Profit before Working Capital Changes	44,682,176	440,057,928
Decrease / (Increase) in Current Assets	(7,942,756.34)	(47,685,008)
Increase / (Decrease) in Current Liabilities	8,645,565.85	702,810
	702,810	(32,712,174)
Cash Generated from Operations	45,384,986	359,660,746
Income tax paid/refund(net)	(125,740,360)	(111,100,000)
Net cash from Operating Activities	(80,355,374)	248,560,746
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of/Advance for Fixed Assets	(34,200)	(532,393)
Sale proceed of Fixed Assets	58,893	251
Net cash used in/raised from Investing Activities	24,693	(532,142)
C. CASH FLOW FROM FINANCING ACTIVITIES		
CSR Expense	(1,235,705)	-
Dividend paid (incl. Dividend tax)	(72,441,659)	(70,631,061)
Net Cash from Financing Activities	(73,677,364)	(70,631,061)
Net Change in Cash & Cash Equivalent (A+B+C)	(154,008,045)	177,397,543
Opening Cash and Cash Equivalent	180,599,250	3,201,707
Closing Cash and Cash Equivalent	26,591,205	180,599,250
Increase/Decrease in Cash & Cash Equivalent	(154,008,045)	177,397,543

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

As per our report of even date attached.

For Dinesh Jain & Associates

Chartered Accountants

FRN: 004885N

D.K. Jain, FCA
Partner
M. No. 082033

Directors

Shivendra Tomar
Mg. Director
(DIN: 3174406)

Malay Mukherjee
Chairman
(DIN:2272425)

Mukesh Girdhar
Company Secretary

Indu Gupta
Chief Finance Officer

Place: New Delhi
Date: 27/04/2015

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

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

2. REVENUE RECOGNITION

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

3. INVESTMENTS

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

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

4. TANGIBLE FIXED ASSETS AND DEPRECIATION

- (a) Fixed Assets are carried at cost (including capitalized interest) less accumulated depreciation and impairment loss, if any. Residual value in respect of Fixed Assets has been taken 'Nil'. Those assets whose remaining useful life is "Nil" , the net WDV as on 01st April, 2014 has been transferred to accumulated profit & loss account.
- (b) Depreciation is provided on the Straight Line Method (SLM) over the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013. The 'Written Down Value' (WDV) of the fixed assets having remaining useful life as on March 31, 2014 is being depreciated over such remaining useful life on SLM basis.

- (c) During the year method of charging depreciation has been changed from WDV method to SLM method and the retrospective effect of the same has been adjusted in the current year profit & loss account.

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

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

6. EMPLOYEE BENEFITS

Defined Contribution Plans

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

Defined Benefits Plans

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

7. TAXATION

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

NOTES TO ACCOUNTS**02 SHARE CAPITAL**

(Amount in ₹)

	As at 31st March, 2015	As at 31st March, 2014
AUTHORISED 15,00,00,000 (Previous Year - 15,00,00,000) Equity Shares of ₹10/- each	1,500,000,000	1,500,000,000
	1,500,000,000	1,500,000,000
ISSUED 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹ 10/- each fully paid up	603,710,080	603,710,080
SUBSCRIBED 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹ 10/- each	603,710,080	603,710,080
PAID UP EQUITY 6,03,71,008 (Previous Year - 6,03,71,008) Equity Shares of ₹10/- each (foot-note 1)	603,710,080	603,710,080
TOTAL	603,710,080	603,710,080

Foot-note

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

03 RESERVES AND SURPLUS

(Amount in ₹)

	As at 31st March, 2015	As at 31st March, 2014
(A) Capital Reserve	100,000	100,000
(B) Securities Premium Account	474,789,912	474,789,912
(C) Special Reserve under Section 36(1)(viii) of the I.T Act, 1961	520,000	520,000
(D) (Please refer Foot Note-1)		
(E) Reserve u/s 45IC of RBI Act (refer foot note-2) (please refer Foot Note-1)	229,915,090	180,056,073
(F) <i>Surplus balance in Profit & Loss :</i>		
Opening Balance	486,468,905	
Add: Profit for the period	249,295,086	
	735,763,991	
Less: Appropriations		
Reserve u/s 45 IC of RBI Act	49,859,017	
Depreciation of Assets having Nil Life	146,535	
Interim Dividend-Equity	60,371,008	
Dividend Distribution Tax	12,070,651	
CSR Expense	2,535,705	
TOTAL	610,781,075	486,468,905
	1,316,106,077	1,141,934,890

Foot-note

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

04 LONG-TERM BORROWINGS - SECURED & UNSECURED

(Amount in ₹)

	As at 31 st March, 2015	As at 31 st March, 2014
(A) Bonds		
200 Bonds of ₹ 10,00,000 each (refer foot note 1) - secured	200,000,000	
1510 Bonds of ₹ 1,00,000 each (refer foot note 2) – unsecured	151,000,000	151,000,000
6420 Bonds of ₹ 1,00,000 each (refer foot note 3) – unsecured	642,000,000	642,000,000
783 Bonds of ₹ 10,00,000 each (refer foot note 4) – secured	783,000,000	251,000,000
Sub-Total 'A'	1,776,000,000	1,044,000,000
(B) <u>Other Long Term Borrowings- Secured</u>		
a) Banks (refer foot note 5)	1,397,000,001	233,146,419
Sub-Total 'B'	1,397,000,001	233,146,419
TOTAL (A+B)	3,173,000,001	1,277,146,419

Foot-notes

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

Face Value	₹ 10,00,000.00 (Rupees Ten Lac) per bond		
Option	Option – 1	Option – 2	Option – 3
Tenure	10 Years	10 Years	3 Years
Put Call	At par at the end of 3rd year, 5th year & 7th Year respectively.	At par at the end of 5th year & 7th Year respectively.	At par at the end of 1st year & 2nd year respectively.
Redemption	At par on exercising put/ call option at the end of 3rd year or 5th year or 7th year or at the end of 10th year from deemed date of allotment, whichever is earlier i.e 24th January, 2022	At par on exercising put/ call option at the end of 5th year or 7th year or at the end of 10th year from deemed date of allotment, whichever is earlier i.e 24th January, 2022	At par on exercising put/call option at the end of 1st year or 2nd year or at the end of 3rd year from deemed date of allotment, whichever is earlier i.e 24th January, 2015
Coupon Rate	10.75% p.a.(Annual on 24th January)		

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

05 LONG-TERM PROVISIONS

	(Amount in ₹)	
	As at 31 st March, 2015	As at 31 st March, 2014
(A) Provision for Standard Assets	12,194,327	9,751,332
(B) Provision for Leave Encashment	9,538,913	9,429,427
(C) Provision for Restructured Standard Assets	23,778,005	-
TOTAL	45,511,245	19,180,759

06 SHORT-TERM BORROWINGS-SECURED

	(Amount in ₹)	
	As at 31 st March, 2015	As at 31 st March, 2014
(A) Cash credit facilities from Banks (Foot Note-1)	16,303,765	97,874,220
(B) Secured Loan from Bank/FI (Foot Note-2)	200,000,000	250,000,000
TOTAL	216,303,765	347,874,220

Foot Note

- (1) Cash credit facility from bank represents CC limits which is secured against pari-passu charge on book debts
(2) Secured Loan taken from Bank are short-term credit facility taken from Karur Vysya Bank which are also secured against pari-passu charge on book debts. This is due for renewal/rollover on 18th July 2015.

07 OTHER CURRENT LIABILITIES

	(Amount in ₹)	
	As at 31 st March, 2015	As at 31 st March, 2014
(A) Current maturities of Long-term borrowings	386,145,568	1,348,000,000
(B) Interest accrued but not due on bonds and borrowings	44,851,427	26,071,163
(C) Interest received in Advance	7,593,425	4,472,401
(D) Advance received towards buyback of equity	-	12,282,144
(E) Other Payables		
- Tax and other deduction/ collection payable	606,763	444,771
- Liability for expenses	717,505	624,899
- Others	3,728,242	4,905,390
TOTAL	443,642,930	1,396,800,768

Foot-notes

1	<i>The following borrowings are secured against the total receivables of ₹4877730694</i>	
	- Long Term Bonds of ₹ 10 lakh each (note-4)	983,000,000
	- Long Term Borrowings from Banks (note-4)	1,397,000,001
	- Current Maturity of Long Term Borrowings (note-7)	386,145,568
	- Cash Credit from Banks (note-6)	216,303,765
	TOTAL	2,982,449,334

08 SHORT-TERM PROVISIONS

	(Amount in ₹)	
	As at 31st March, 2015	As at 31st March, 2014
(A) Employee Benefits	178,844	229,873
(B) Provision for Tax	6,299,640	-
(C) Provision for CSR Expense	1,300,000	-
(D) Provision for bad & doubtful debts	90,003,296	55,621,953
TOTAL	97,781,780	55,851,826



NON CURRENT
09 FIXED ASSET

Schedule of Fixed Assets as per Companies Act, 2013

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As at 1-Apr-14	Additions	Deduction/ Transfer	As at 31-Mar-15	As at 1-Apr-14	For the period	Deletions/ Transfer	As at 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14
Computers & Servers	5,553,338	34,200	648,700	4,938,838	4,752,024	820,926	(1,104,788)	4,468,162	470,676	801,314
Office Equipments	36,688	-	-	36,688	21,684	1,867	9,405	32,956	3,732	15,004
Furniture & Fixtures	44,855	-	-	44,855	23,821	2,896	(2,818)	23,899	20,956	21,034
TOTAL	5,634,881	34,200	648,700	5,020,381	4,797,529	825,689	(1,098,201)	4,525,017	495,363	837,352
Previous Year	5,410,847	532,393	308,359	5,634,881	4,588,240	517,396	308,108	4,797,528	837,353	822,608

10 FIXED ASSETS - INTANGIBLE ASSETS

Schedule of Fixed Assets as per Companies Act, 2013

(Amount in ₹)

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As at 1-Apr-14	Additions	Deductions/ Transfer	As at 31-Mar-15	As at 1-Apr-14	For the period	Deletions/ Transfer	As at 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14
Computer Software	208,000	-	-	208,000	187,761	49,048	(28,809)	208,000	-	20,239
TOTAL	208,000	-	-	208,000	187,761	49,048	(28,809)	208,000	-	20,239
Previous Year	7,672,247	-	7,464,247	208,000	6,210,076	1,441,932	7,464,247	187,761	20,239	1,462,170

Foot Note-1

(1) During the year method of depreciation has been changed from WDV to SLM Method retrospectively. Consequently profit of ₹ 6,24,846/- was arrived which has been set off with the current year depreciation.

11 NON-CURRENT INVESTMENTS

	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of shares/unit	Amount (₹)	No. of shares/unit	Amount (₹)
(Amount in ₹)				
A. UNQUOTED				
1. Equity Shares (₹10 each fully paid up)				
<u>Assistance under financing</u>				
Biotech Consortium Ltd.	200,001	2,000,010	200,001	2,000,010
Krishna Hydro Energy Ltd.	4,500,516	45,005,160	8,400,000	84,000,000
2. Units of Venture Funds (₹10 each fully paid up)				
- Green India Venture Fund (GIVF)	23,586,583	235,865,834	27,229,582	272,295,816
- India Enterprise Development Fund (IEDF)	42,495,106	424,951,061	45,057,384	450,573,839
- India Automotive Component Manufacturers Private Equity Fund - 1 (Domestic) (IACM)	461,257	4,612,568	583,707	5,837,069
TOTAL (A)		712,434,633		814,706,734
B. QUOTED				
1. Bonds - Tax free bonds of IFCI Ltd of ₹ 10,00,000 each	50	50,005,000	50	50,005,000
2. Bonds - Taxable IFCI Ltd of ₹ 1000 each	100,000	100,000,000	-	-
TOTAL (B)		150,005,000		50,005,000
Grand Total		862,439,633		864,711,734

12. LONG-TERM LOANS & ADVANCES

	As at 31 st March, 2015		As at 31 st March, 2014	
	Amount	Amount	Amount	Amount
Loans to Assisted Concerns – (Secured and considered good)	2,554,289,550	1,180,897,607		
Loans to Staff (Secured)	-	1,489,499		
TOTAL	2,554,289,550	1,182,387,106		

13. CURRENT INVESTMENTS

	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of shares/unit	Amount (₹)	No. of shares/unit	Amount (₹)
Unquoted Equity Shares		118,534		1,505,170
TOTAL		118,534		1,505,170
Less: Provision for diminution in value		118,534		336,636
Total :		-		1,168,534

14. CASH & CASH EQUIVALENTS

	As at 31 st March, 2015		As at 31 st March, 2014	
		Amount (₹)		Amount (₹)
(A) Balances with Banks		26,591,110		180,599,025
(B) Cash in hand (including postage stamps)		95		225
TOTAL		26,591,205		180,599,250

15. SHORT-TERM LOANS & ADVANCES

	As at 31 st March, 2015		As at 31 st March, 2014	
		Amount (₹)		Amount (₹)
(A) Current maturities of Long-term Loans (sec & cons. good)		2,033,449,107		2,354,443,297
Current maturities of Long-term Loans (sec & cons. substd)		225,295,502		147,719,420
Current maturities of Long-term Loans (sec & doubtful)		44,417,664		-
Current maturities of Long-term Loans (unsec. & doubtful)		20,278,871		16,939,386
		<u>2,323,441,144</u>		<u>2,519,102,103</u>
(B) Other Loans and advances				
(i) Loans to Staff (Secured)		1,580,162		44,000
(ii) Others (Unsecured and considered good)		15,000		232,467
		<u>1,595,162</u>		<u>276,467</u>
TOTAL		2,325,036,306		2,519,378,570

16. OTHER CURRENT ASSETS

	As at 31 st March, 2015		As at 31 st March, 2014	
		Amount (₹)		Amount (₹)
(A) Receivables other than trade		8,611,218		966,228
(B) Accrued Income				
(i) Interest and commitment charges on Loans		75,084,479		67,130,851
(ii) Interest on Investments		1,184,657		34,483
(iii) Other Income		-		-
(C) Pre-paid Expenses		299,751		264,157
(D) Advance Tax net of provision		-		8,820,963
(E) Service tax credit		150,138		-
TOTAL		85,330,243		77,216,682

17. INCOME FROM OPERATIONS

	(Amount in ₹)	
	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
(A) On Interest on Lending Operations	627,430,292	622,772,867
(B) On Investment Operations		
(i) Dividend (Gross)		
- long term	-	-
- current	-	52,114
(ii) Profit on sale of Shares/ Units/ Debentures (Net)	53,951,508	46,247,372
(iii) Interest on Bonds	6,690,754	34,483
(C) Business Services Fees and Commission	-	1,625,000
(D) Management Fee	77,660,723	81,923,432
(E) Income on Contractual Obligations	17,967,593	-
(F) Provision no longer required written back	344,441	858,945
(G) Bad Debt Recovered	696,465	4,338,790
(H) Prior Period Exp / Excess Provision	158,644	822,469
TOTAL	784,900,420	758,675,472

18. OTHER INCOME

	(Amount in ₹)	
	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
(A) Interest on staff advances	80,705	84,208
(B) Miscellaneous Income	319,095	615,815
TOTAL	399,800	700,023

19. EMPLOYEE BENEFITS EXPENSES

	(Amount in ₹)	
	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
(A) Salaries and Allowances *	25,972,238	27,129,470
(B) Contribution to Provident and other funds	1,344,154	1,158,196
(C) Staff Welfare Expenses	800,518	513,499
TOTAL	28,116,910	28,801,165

* includes Leave Encashment

20. FINANCE COST

	(Amount in ₹)	
	For the Year ended 31 st March, 2015	For the Year ended 31 st March, 2014
(A) Interest on Bonds and Borrowings	311,443,832	311,963,979
(B) Interest on Cash credit facilities	8,516,141	6,245,811
(C) Commitment Charges, Brokerage, Commission pertaining to issue of Bonds	1,061,800	1,107,381
TOTAL	321,021,773	319,317,171

21. OTHER EXPENSES

	(Amount in ₹)	
	For the Year ended 31st March, 2015	For the Year ended 31st March, 2014
(A) Rent	5,861,731	5,353,220
(B) Insurance	117,557	3,940
(C) Repairs and Maintenance	1,602,565	1,810,819
(D) Auditors' Remuneration	469,556	350,685
(E) Directors' Fees	780,045	374,455
(F) Consultation and Law Charges (incl filing fees)	1,892,287	3,877,102
(G) Professional Charges	4,834,898	3,686,439
(H) Travelling & Conveyance	814,254	372,736
(I) Postage & Telephone	661,542	502,078
(J) Training & Development Expense	332,355	-
Advertisement	388,640	50,845
(K) Other Miscellaneous Expenses	1,620,606	1,511,160
(L) HR Outsource Exp.	132,725	530,900
(M) Provision for dimunition in investments	118,534	-
(N) Provision for Bad & Doubtful Debts	34,381,343	14,681,255
(O) Provision for Restructured Standard assets	23,778,005	-
(P) Provision for Standard assets @0.25%	2,442,995	-
(Q) Long term loss	-	730,372
(R) Bad Debts Written Off	-	67,658,878
Less Provision no longer required	-	-
(S) Prior period expense	41,004	35,200
TOTAL	80,270,642	101,530,084

(B) NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2015

1. Contingent Liabilities:

	As at	Period ended 31/03/2015	Year ended 31/03/2014
(i)	Claims not acknowledged as debts	1,69,421	1,69,421

2. The company has revised the useful life of the fixed assets in alignment with Schedule –II to the Companies Act, 2013 with effect from 1st April, 2014 and 'Written Down Value (WDV)' of all the assets as on 31st March, 2014 has been depreciated over the remaining useful life of the fixed assets. The 'written down value' of ₹ 1.46 lakh in respect of fixed assets with no remaining useful life has been adjusted in the retained earnings. Residual value in respect of assets other than Buildings and Vehicles are considered 'Nil'.

In respect of certain assets which were being depreciated in the previous years following written down value (WDV) method, the Company has revised the method of calculation of depreciation to straight line method (SLM) retrospectively resulting into reversal of 'accumulated depreciation' of ₹ 6.24 lakh which has been adjusted in the profit & loss account. Consequentially the charge for depreciation in the statement of profit & loss account is lower by ₹6.24 lakh.

3. Auditors' Remuneration

Particulars	(₹ in lakhs)	
	31/3/15	31/3/14
a) As Auditor	3.21	2.35
b) For Other services	0.48	0.51
c) For Reimbursement of Expenses	1.05	0.53
Total	4.74	3.39

* The above amount excludes Service Tax.

4. During the year, the company has not incurred any expense on travelling expenses in foreign currency. (previous year – Nil).
5. Dues to small-scale industrial undertakings and micro, small, and medium industries (to the extent of information available with the company) is Nil.
6. There are no material prior period items, except to the extent disclosed, included in Profit & Loss A/c required to be disclosed as per Accounting Standard-5 issued by the ICAI read with RBI guidelines.
7. Leave encashment liabilities have been determined and accounted on the basis of actuarial valuation carried out as at March 31, 2015.
8. Deferred benefit plan, in respect of leave encashment, has been recognized as under:-

Actuarial assumptions

	As at 31.3.2015	As at 31.3.2014
Discount Rate	8.00%	8.00%
Rate of increase in Compensation levels	10.00%	10.00%
Expected average remaining working lives of employees (years)	20.05	20.87

Changes in present value of obligations:

	For year ended 31.3.2015(₹)	For year ended 31.3.2014(₹)
Present value of obligations in beginning of period	96,04,190	46,80,520
Interest Cost	7,68,335	3,74,442
Current Service cost	6,27,294	6,08,297
Benefits paid	(9,21,074)	(2,29,530)
Actuarial (gain)/loss on obligations	(3,60,988)	41,70,461
Present value of obligations at the end of the period.	97,17,757	96,04,190

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

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

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

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

Type of Transaction – IFCI	Current Year (₹)	Previous Year (₹)
Loan granted by IFCI	0.00	25,00,00,000
Repayment of Loan to IFCI	25,00,00,000	0.00
Loan Outstanding to IFCI	0.00	25,00,00,000
Interest on Loan Paid to IFCI	4,62,329	-
Rent paid to IFCI Ltd.(Exclusive of service tax and education cess)	58,61,731	51,62,000
Salaries paid to IFCI for employees deputed by IFCI Ltd.	52,19,692	25,16,967
Paid to IFCI towards HR Management Services (Exclusive of service tax and education cess)	1,40,450	5,00,000
Paid to IFCI towards Telephone Expense	1,39,884	44,597
Paid to IFCI towards Stationery & Misc Expense	6300	19,338
Paid to IFCI towards Lunch Exp	56,476	89,410
Paid to IFCI towards Extra Working Hours	2,904	-
Paid towards insurance policy for employees deputed by IFCI	10,927	6,657
Paid towards Gratuity & Medical of employees deputed by IFCI	86,790	53,868
Paid towards internet data card for employees deputed by IFCI	7,023	8,056
Paid towards accommodation charges & Tata Sky Connection for employees deputed by IFCI	1,97,300	0.00
Paid to IFCI towards Travel Exp Reimbursement	8,219	0.00
Paid towards PLI of employees deputed by IFCI	2,70,219	0.00
	Current Year (₹)	Previous year (₹)
Type of Transaction – NSIPL		
Loan granted to NSIPL	-	26,00,00,000
Loan Repayment by NSIPL	4,00,00,000	22,00,00,000
Outstanding Loan of NSIPL	-	4,00,00,000
Interest on Loan recd from NSIPL	15,75,343	2,02,15,772

Type of Transaction – IFCI Factors		
Loan granted by IFCI Factors	-	20,00,00,000
Loan Repayment to IFCI Factors	-	20,00,00,000
Outstanding Loan of IFCI Factors	-	
Interest on Loan paid to IFCI Factors	-	42,91,233

Balance Outstanding with the related party during the period:-

Type of Transaction – IFCI	Current Year (₹)	Previous Year (₹)
Payable to IFCI towards salary of employees deputed by IFCI	-	4,87,899
Payable to IFCI towards gratuity of employees deputed by IFCI	84,194	55,110
Interest payable to IFCI Ltd.	-	3,69,863
Telephone Expense Payable	1,11,907	-

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

12. Deferred Taxation

(i) As per the Accounting Standard (AS-22) "Accounting for Taxes on Income", the company has determined the deferred tax assets of ₹418,73,578/- (Previous year assets of ₹ 161,79,495/-) as on 31st March, 2015.

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

	31/03/2015 (₹)	31/03/2014 (₹)
Deferred Tax Liabilities		
Related to Fixed Assets	(1,03,752)	(1,43,117)
Deferred Tax Assets		
Expenditure allowable on actual payment	419,77,330	1,63,22,612
Net Deferred Tax (Liability)/ Asset	418,73,578	1,61,79,495

13. The company operates in India hence it is considered to operate only in domestic segment. More than 90% of revenue for the company comes from a single segment of Financing. Accordingly, segment reporting as required under Accounting Standard-17 issued by ICAI is not applicable.

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

(a) Capital

Particulars	31/03/2015	31/03/2014
Capital		
(a) Capital to Risk Assets Ratio (CRAR)	32.31%	37.45%
(b) CRAR – Tier I capital (%)	32.11%	37.24%
(c) CRAR – Tier II capital (%)	0.21%	0.21%
(d) Subordinated debt raised, outstanding as Tier II Capital (₹ crore)	Nil	Nil
(e) Risk-weighted assets (₹ lakhs):		
(i) On-Balance Sheet Items	58259.80	46,445.02
(ii) Off-Balance Sheet Items	0.85	0.85

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

(₹ lakhs)

	Category	As on 31/03/2015		As on 31/03/2014	
		Market/ Break-up / Fair Value/ NAV	Book Value	Market/ Break-up / Fair Value/ NAV	Book Value
1.	Related Parties				
	(a) Subsidiaries				
	Companies in same group	1500.05	1500.05	500.05	500.05
	(c) Joint Venture				
2.	Other than Related Parties	7124.35	7124.35	8158.75	8158.75
	Total	8624.40	8624.40	8658.80	8658.80

(₹ Lakhs)

Particulars		As on 31/03/2015	As on 31/03/2014
Value of Investment			
Gross Value of Investments			
(a)	In India	8625.58	8662.17
(b)	Outside India,	-	-
Provisions for Depreciation			
(a)	In India	1.18	3.37
(b)	Outside India,	-	-
Net Value of Investments			
(a)	In India	8624.40	8658.80
(b)	Outside India.	-	-
Movement of provisions held towards depreciation on investments			
(i)	Opening balance	3.37	11.96
(ii)	Add : Provisions made during the year	1.18	0.00
(iii)	Less : Write-off / write-back of excess provisions during the year	3.37	8.59
(iv)	Closing balance	1.18	3.37

(c) Maturity Pattern of assets and liabilities

(₹ lakhs)

	1 Day to 30/ 31 Days (1 Mth)	Over 1 Mth to 2 Mths	Over 2 Mths upto 3 Mths	Over 3 Mths to 6 Mths	Over 6 Mths to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities									
Borrowings from Banks / FI	489.34	-	-	531.00	5004.15	3143.33	6917.67	3909.00	19994.49
Bonds	-	-	-	-	-	5824.00	-	11936.00	17760.00
Market Borrowings	-	-	-	-	-	-	-	-	-
Total	489.34	-	-	531.00	5004.15	8967.33	6917.67	15845.00	37754.49
Assets									
Advances	3571.92	575.80	1921.06	6486.26	10679.37	22549.28	2993.62	-	48777.31
Investments	51.04	20.22	139.00	509.19	710.44	7174.49	-	20.00	8624.38
Total	3622.96	596.02	2060.06	6995.45	11389.81	29723.77	2993.62	20.00	57401.69

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

(₹ Lakhs)

Category		31/03/2015	31/03/2014
a)	Direct Exposure		
	(i) Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Individual housing loans up to ₹15 lakh may be shown separately)	Nil	Nil
	(ii) Commercial Real Estate- Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	12003.11	7,592.88
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	Nil	Nil
	a) Residential b) Commercial Real Estate		
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

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

Ratings by	31 March 2015	31 March 2014
CARE	BBB+ A- (SO) for new borrowings of ₹300 crore.	BBB+
Brickwork	A- (Bonds)	A- (Bonds)

(f) Borrower group-wise classification of assets financed:

(₹ Lakhs)

Category		As on 31/03/2015	As on 31/03/2014
1.	Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in same group	-	-
	(c) Other Related Parties	-	-
2.	Other than Related Parties	48777.31	37000.00
	Total	48777.31	37000.00

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

(₹ Lakhs)

Particulars	As on 31/03/2015		As on 31/03/2014	
	O/s	Overdue	O/s	Overdue
Bank Loans	20138.42	Nil	11825.38	Nil
(b) Bonds	18064.58	Nil	18165.42	Nil
TOTAL	38203.01	Nil	29990.80	Nil

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

(h) Provisions and contingencies

(₹ Lakhs)

Particulars	As on 31/03/2015	As on 31/03/2014
Provisions for depreciation on Investment	1.19	3.37
Provision towards NPA	900.03	556.22
Provision made towards Income tax	1320.40	1111.00
Provision for Standard Assets	121.94	97.51

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

(Amount in ₹ lakh)	
Total Advances to twenty largest borrowers	34748
Percentage Advances to twenty largest borrowers to Total Advances of the NBFC	71.24%

Concentration of Exposures

(Amount in ₹ lakh)	
Total Exposure to twenty largest borrowers / customers	34748
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	71.24%

Concentration of NPAs

(Amount in ₹ crore)	
Total Exposure to top four NPA accounts	23.74

Sector-wise NPAs

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

(j) Movement of NPA :

(₹ lakhs)

Particulars		As on 31/3/2015	As on 31/03/2014
(i)	Net NPAs to Net Advances (%)	4.18%	
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	1646.59	2646.23
(b)	Additions during the year	1433.48	1680.00
(c)	Reductions/write-offs during the year	180.15	2679.64
(d)	Closing balance	2899.92	1646.59
(iii)	Movement of Net NPAs		
(a)	Opening balance	1090.38	1978.75
(b)	Additions during the year	1081.20	1462.11
(c)	Reductions/write-offs during the year	171.69	2350.48
(d)	Closing balance	1999.89	1090.38
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	556.21	667.48
(b)	Provisions made during the year	352.28	217.89
(c)	Write-off / write-back of excess provisions	8.46	329.16
(d)	Closing balance	900.03	556.21

(k) Other Information:

(₹ in lakh)

Particulars		31/03/2015	31/03/2014
1.	Gross Non-Performing Assets		
(a)	Related Parties	Nil	Nil
(b)	Other than Related parties	2899.92	1646.59
2.	Net Non-Performing Assets		
(a)	Related Parties	Nil	Nil
(b)	Other than Related parties	1999.89	1090.38
3.	Assets acquired in satisfaction of debt	Nil	Nil

(l) Details of Loan Assets subjected to Restructuring :

(₹ in lakh)

Particulars	2014-15		2013-14	
	CDR	Non CDR	CDR	Non CDR
Standard	-	4605.09	-	1,900.00
Sub-standard	-	1250.95	-	84.62
Doubtful	-	-	-	-
Total	0.00	5856.05	0.00	1,984.62

(m) Details of Borrower Limit exceeded by the NBFC on the basis of Gross Exposure- NIL

(n) Disclosure of restructured assets

(₹ in lakh)

Type of restructuring		Other*			
		Standard	Substandard	Doubtful	Loss
Asset classification					
Restructured accounts as on April 1, 2014	No. of borrowers	2.00	2.00	-	-
	Amount outstanding	1,900.00	84.62	-	-
	Provision thereon	-	8.46		
Fresh restructuring during FY 2014-15	No. of borrowers	3.00	2.00	-	-
	Amount outstanding	4,605.09	1,166.89	-	-
	Provision thereon	237.78	117.50	-	-
Upgradations to restructured standard category during FY 2014-15	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Downgradation of restructured accounts during the year	No. of borrowers	(1.00)	-	-	-
	Amount outstanding	160.00	-	-	-
	Provision thereon	16.00	-	-	-
Write offs of restructured accounts during the year	No. of borrowers	-	-	-	-
	Amount outstanding	-	-	-	-
	Provision thereon	-	-	-	-
Restructured accounts as on March 31, 2015	No. of borrowers	4.00	3.00	-	-
	Amount outstanding	6,105.09	1,250.95	-	-
	Provision thereon	237.78	133.50	-	-

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

(o) Exposure to Capital Market

(₹ in lakh)

Particulars		Current Year	Previous Year
(i)	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	470.05	860.00
(ii)	Advances against shares/bonds/debenture or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	Nil	Nil
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary securities	14746.60	14035.55
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances.	3444.50	5956.48

(v)	Secured and unsecured advances to the stockbrokers and guarantees issued on behalf of stockbrokers and market make [₹]	Nil	Nil
(vi)	Loan sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources.	Nil	Nil
(vii)	Bridge loans to companies against expected equity flows / issues.	Nil	Nil
(viii)	All exposure to Venture Capital Funds both registered and unregistered)	6654.29	7287.07
Total exposure to capital market		25315.44	28139.10

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

Directors

Shivendra Tomar
Mg. Director
(DIN: 3174406)

Malay Mukherjee
Chairman
(DIN:2272425)

Mukesh Girdhar
Company Secretary

Indu Gupta
Chief Finance Officer

Place: New Delhi
Date: April 27, 2015

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