IFIN

IFCI Financial Services Ltd
(Subsidiary of IFCI Ltd)

IFCI FINANCIAL SERVICES LIMITED

ANNUAL REPORT 2018-19

IFCI FINANCIAL SERVICES LIMITED

Board of Directors (As on the date of this report)

Shri Ramesh N G S	-	Additional Director
Shri Sunit Vasant Joshi	-	Independent Director
Smt. Aparna Chaturvedi	-	Independent Director
Shri Sreekumaran V Nair	-	Nominee Director
Shri O Ramesh Babu	-	Managing Director

Company Secretary & Compliance Officer

Shri Aby Eapen

Chief Financial Officer

Shri A V Pushparaj

Statutory Auditors (2018-19)

M/s. Raman Associates,
Chartered accountants
FRN 002910S
G Vasudevan
M. No: 020739
Partner

Registered Office

IFCI Tower, No. 61
Nehru Place
New Delhi-110 019
Web: www.ifinltd.in

Corporate Office

Continental Chambers, 3rd Floor
142, Mahatma Gandhi Road
Nungambakkam, Chennai - 600 034
Ph: 044 2830 6600

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NOTICE

Notice is hereby given that the 24th Annual General Meeting of the shareholders of M/s. IFCI Financial Services Limited will be held at 17th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110 019 on Thursday, September 26, 2019 at 2:00 PM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended on March 31, 2019, together with the Board of Directors' Report and Auditors' Report thereon.

2. To appoint a director in place of Shri Sreekumaran V Nair (DIN: 02207516), who retires by rotation and being eligible, offers himself for re-appointment.

3. To fix remuneration of the Statutory Auditor of the Company in terms of the provisions of Section 139(5) and 142 of the Companies Act, 2013 and to pass the following resolution, with or without modification(s), as an Ordinary resolution:.

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

IFCI FINANCIAL SERVICES LIMITED

SPECIAL BUSINESS

4. **To appoint Shri Ramesh N G S (DIN: 06932731) as Director of the Company.**

To consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as an **"Ordinary Resolution"**

"**RESOLVED THAT** pursuant to provisions of Section 152 and 161 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) Shri Ramesh N G S (DIN: 06932731), who was appointed by the Board of Directors as an Additional Director on 17.06.2019 be and is hereby appointed as a Director of the Company liable to retire by rotation with immediate effect."

"**RESOLVED FURTHER THAT** any one of the Directors of the Company be and is hereby authorized to digitally sign and file the necessary e-forms with the Registrar of Companies, Chennai and inform other statutory authorities as may be necessary in connection with the above appointment."

IFCI FINANCIAL SERVICES LIMITED

By Order of the Board

For IFCI Financial Services Limited

Aby Eapen

Company Secretary

ABY EAPEN
COMPANY SECRETARY
MEM No. A23807
SREE SAILAM', NEAR N.G.O.FLATS
MARIKKUNNU P.O. CALICUT
KERALA-673012.

Place: Chennai

Date: August 23, 2019

Notes:

1. *A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxy forms should be submitted to the Company 48 Hours before the commencement of the Meeting.*

2. *Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of board resolution authorizing their representative to attend and vote on their behalf at the meeting.*

3. *Members should bring the attendance slip duly filled in for attending the meeting.*

4. *All documents referred to in the accompanying Notice and the explanatory statement shall be open for inspection at the registered office of the Company during Business Hours except on Holidays, up to and including the date of the Annual General Meeting of the Company.*

5. *Details of Directors seeking appointment or re-appointment at the Annual General Meeting of the Company to be held on Thursday, September 26, 2019 are provided in Annexure - A of this notice.*

IFCI FINANCIAL SERVICES LIMITED

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the special businesses under Item No. 4 accompanying the Notice dated August 23, 2019.

Item No. 4:

Shri Ramesh N G S (DIN: 06932731) was appointed as an Additional Director by the Board of Directors w.e.f. 17.06.2019 in accordance with the provisions of Section 152 & 161 of the Companies Act, 2013 and will hold the office of directorship only until the conclusion of this Annual General Meeting under Section 161 of the Companies Act, 2013.

Shri Ramesh N G S has been heading Stockholding Corporation of India Limited as MD & CEO since 2014. He has an overall experience of 30+ years in Retail Business, Resource PMS & Training, HR, Operations and Vigilance. Prior to joining Stockholding, he worked with prominent institutions such as IDI Bank, HDFC Bank, Times Bank, IndusInd Bank & syndicate Bank. He holds a Bachelor's Degree in Science from the University of Pune and has also completed a Post-Graduate Diploma in Investment & Financial Management from the University of Pune.

The appointment proposed in Item No. 4 is not affecting any other Company in the manner as prescribed in the provisions of Section 102 of the Companies Act, 2013.

Hence, the Directors recommend the resolution at Item No. 4 as Ordinary Resolution for the approval of Shareholders.

None of the Directors of the Company or their relatives, except Shri Ramesh N G S, are in any way concerned or interested in the said resolution.

IFCI FINANCIAL SERVICES LIMITED

By Order of the Board

For IFCI Financial Services Limited

Place: Chennai

Date: August 23, 2019

Aby Eapen

Company Secretary

ABY EAPEN
COMPANY SECRETARY
MEM No. A23807
SREE SAILAM', NEAR N.G.O.FLATS
MARIKKUNNU P.O, CALICUT
KERALA-673012.

Annexure – A

Details of the Directors seeking Appointment / Re-Appointment in the forthcoming Annual General Meeting

Name of the Director	**Shri Sreekumaran V Nair**	**Shri Ramesh N G S**
Date of Birth	July 19, 1964	October 14, 1961
Date of Appointment	June 19, 2017	June 17, 2019
Expertise in Specific functional area	Legal functions	Financial Services and Banking
Qualification	LLM	B.Sc., PGDIFM
Experience	26 plus years of professional experience inclusive of 9 years experience as advocate and 17 years' experience as in-house lawyer	30 plus years of experience in banking and Financial Services
Directorships in other Companies	1. IFIN Securities Finance Limited 2. ITCOT Consultancy and Services Limited 3. IFIN Commodities Limited 4. IFIN Credit Limited	1. Stockholding Securities IFSC Limited 2. SHCIL Services Limited 3. Wonder Home Finance Limited 4. Stockholding Corporation of India Limited 5. Stockholding Document Management Services Limited
Number of Board Meetings attended during the Year	6	Nil

IFCI FINANCIAL SERVICES LIMITED

Chairman/ Membership of the Committee across all Companies	**Member of NRC Committee** 1. IFIN Securities Finance Limited **Member of Share Transfer Committee** 1. IFIN Commodities Limited 2. IFCI Financial Services Limited 3. IFIN Credit Limited 4. IFIN Securities Finance Limited	Nil
Shareholding in the Company	Nil	Nil
Relationship with other Directors	Nil	Nil

IFCI FINANCIAL SERVICES LIMITED

ATTENDANCE SLIP

IFCI Financial Services Limited

CIN: U74899DL1995GOI064034

Registered Office: IFCI Tower, 61, Nehru Place, New Delhi – 110 019

Registered Folio No.	: ______________________
Number of Shares held	: ______________________

I certify that I am a registered shareholder/ proxy for the registered shareholder of the Company.

I hereby record my presence at the 24th Annual General Meeting of the Company held on September 26, 2019 at 2:00 PM at 17th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019.

______________________	______________________
Name of the Member	Signature of the Member
______________________	______________________
Name of the Proxy	Signature of the Member

Note: Please fill the Attendance Slip and hand it over at the Entrance of the Meeting Hall.

IFCI FINANCIAL SERVICES LIMITED

PROXY FORM

FORM NO MGT-11

IFCI Financial Services Limited

CIN: U74899DL1995GOI064034

Registered Office: IFCI Tower, 61, Nehru Place, New Delhi – 110 019

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

CIN	:	U74899DL1995GOI064034
Name of the Company	:	IFCI Financial Services Limited
Registered Office	:	IFCI Tower, 61, Nehru Place, New Delhi – 110 019
Email	:	cs@ifinltd.in
Telephone	:	044 2830 6607

Name of the Member(s) :	
Registered Address :	
E mail Id :	
Folio No. / Client ID:	
DP ID :	

I / We, being the member(s) of______shares of the above named company, hereby appoint:

(1) Name: ______________________
Address: ______________________
Email ID: ______________________
Signature: ______________________, or failing him/her

(2) Name: ______________________
Address: ______________________
Email ID: ______________________
Signature: ______________________, or failing him/her

(3) Name: ______________________
Address: ______________________
Email ID: ______________________
Signature: ______________________, or failing him/her

IFCI FINANCIAL SERVICES LIMITED

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on September 26, 2019 at 2:00 PM at 17th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions	For	Against
Ordinary Business			
1.	Adoption of the audited Financial Statements of the Company for the year ended on March 31, 2019, together with the Board of Directors' Report and Auditors' Report thereon.		
2.	Appointment of director in place of Shri Sreekumaran V Nair (DIN: 02207516), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Fixing of remuneration of the Statutory Auditor of the Company in terms of the provisions of Section 139(5) and 142 of the Companies Act, 2013.		
Special Business			
4.	Appointment of Shri Ramesh N G S (DIN: 06932731) as Director of the Company.		

Signed this________day of_______2019.

Signature of the Shareholder

Signature of Proxy holder(s)

IFCI FINANCIAL SERVICES LIMITED

Affix One Rupee Revenue Stamp

Notes:

1. *The 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 Proxy need not be a member of the Company.*

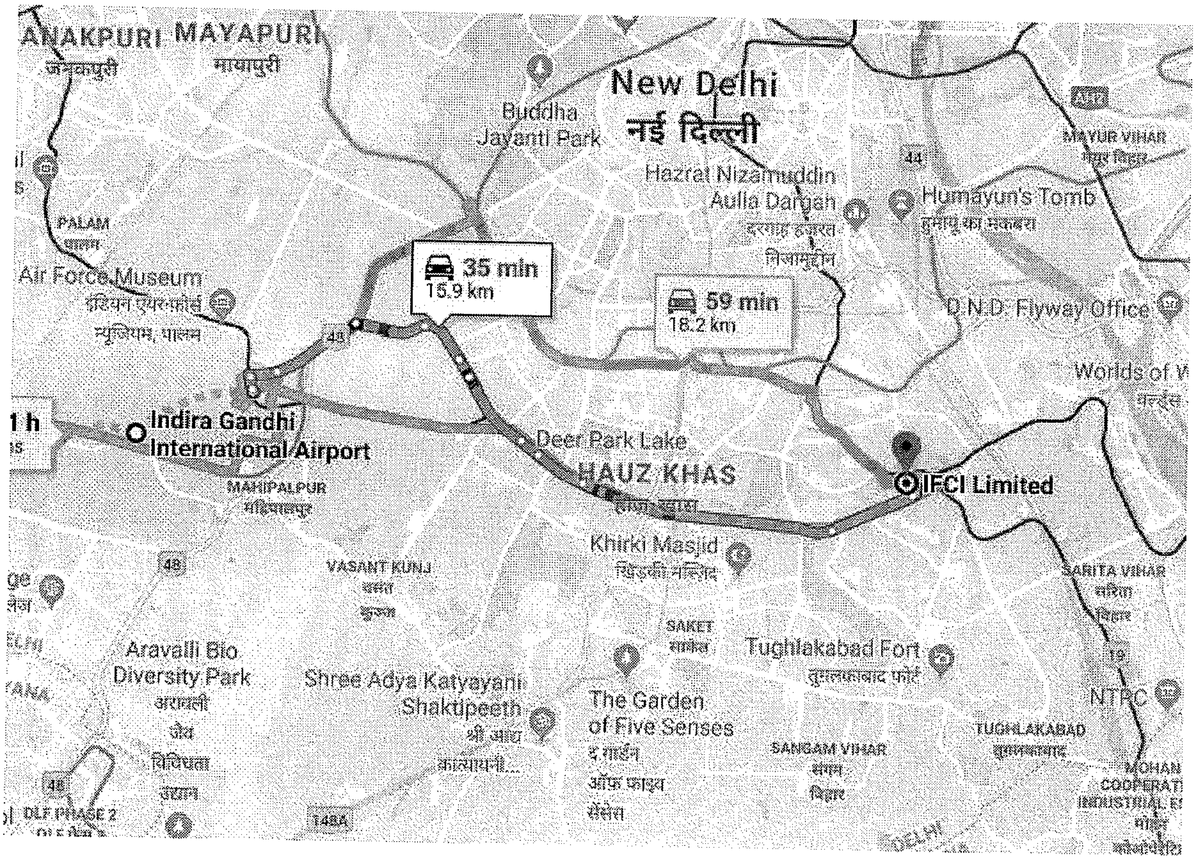
3. *In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.*

4. *The form of Proxy confers authority to demand or join in demanding a poll.*

5. *The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.*

6. *In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns "For" or "Against" as appropriate.*

ROUTE MAP FOR THE VENUE OF 24th ANNUAL GENERAL MEETING OF IFCI FINANCIAL SERVICES LIMITED



BOARD'S REPORT

To

The Members of

IFCI Financial Services Limited

The Board of Directors of your Company presents the 24th Annual Report of IFCI Financial Services Limited, together with the Audited Financial Statement, for the year ended March 31, 2019.

1. Financial Results

(Rs. in lakh)

Particulars	Standalone		Consolidated	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Operating Results:				
Income from Operations	1342.41	1696.69	1930.53	2285.29
Other Income	444.96	374.71	452.43	335.19
Gross Income	1787.37	2071.40	2382.96	2620.48
Gross Expenditure	1726.13	1944.21	1954.90	2321.51
Profit/ (Loss) before Exceptional item, Interest, Depreciation and Tax	61.24	127.19	428.06	298.97
Less: Interest & BG Charges	19.95	14.84	24.13	36.61
Profit/(Loss) before Exceptional Item, Depreciation and Tax	41.29	112.35	403.93	262.36
Less: Depreciation	5.61	10.41	5.96	10.71
Profit before Exceptional item and tax	35.68	101.94	397.97	251.65
Less: Impairment on financial Instrument	(0.29)	(27.90)	699.94	(22.94)
Profit before Tax	35.97	129.84	(301.97)	274.59
Less: Current year tax	6.76	26.48	(67.61)	47.72
Less: Income Tax for earlier years				31.41
Less: Deferred Tax Charges (Net)	(0.09)	(1.30)	(0.06)	-
Profit after tax	29.12	104.66	(369.64)	195.46

2. Financial Performance

The Operating Income of IFIN has decreased from Rs. 1696.69 lakh during the FY 2017-18 to Rs. 1342.41 lakh during the FY 2018-19, mainly due to negative market sentiments in Capital Markets. Within this, Other Operating Income, comprising delayed payment charges, also decreased from Rs.154.46 lakh to Rs.116.98 lakh. However, Other Income increased from Rs.374.71 lakh in FY 2017-18 to Rs. 444.96 lakh in FY 2018-19, mainly consist of sharing of expenses from subsidiaries, Interest earned on fixed deposits kept with banks and Interest etc.,

There was a decrease in the overall expenses from Rs.1969.46 lakh during 2017-18 to Rs.1946.43 lakh during 2016-17 to Rs.1751.69 lakh during 2018-19.

Employee Cost decreased from Rs.964.78 lakh to Rs.851.69 lakh. Depreciation was lower at Rs.5.60 lakh for 2018-19, as compared to Rs.10.41 lakh for 2017-18, since there have been no major additions to fixed assets. There has been a marginal increase in the Finance Cost from Rs.14.84 lakh during FY 2017-18 to Rs.19.95 lakh during FY 2018-19. Other Expenses were reduced to Rs. 874.45 lakh in FY 2018-19 from Rs. 979.43 in the FY 2017-18.

The surplus of Income over Expenditure has decreased from Rs.101.94 lakh in FY 2017-18 to Rs. 35.68 lakh in FY 2018-19.

After accounting for Provisions / Reversal of Provisions, PBT and PAT, IFIN on Stand-alone basis was Rs.35.97 lakh and Rs.29.12 lakh, respectively, for the FY 2018-19, as against PBT and PAT of Rs. 129.84 lakh and Rs.104.66 lakh recorded in the FY 2017-18.

3. Operational Performances

3.1 Stock Broking

The Operating Income of IFIN has decreased from Rs. 1696.69 lakh during the FY 2017-18 to Rs. 1342.41 lakh during the FY 2018-19, mainly due to negative market sentiments in Capital

Markets. The Company's stock broking operations is expected to grow tremendously across geography during the Financial Year 2019-20. With wider reach expected in the Financial Year 2019-20, your Company is on the right path to add to its clientele base significantly.

3.2 Insurance Commission

Insurance Commission earned during the year is Rs. 1.08 Lakh for the FY 2018- 19 (previous year Rs 0.53 lakh).

3.3 Brokerage from Selling of Mutual Funds/IPO/Bonds

During the year, your company has earned an income of Rs. 121.40 lakh from selling of mutual fund units as compared to Rs. 120.27 lakh in the previous year.

3.4 Depository Segment

The Company operated as the Depository Participants of both NSDL and CDSL during the year for the benefit of its retail and institutional client base. Total Income received during the year 2018-19 was Rs. 40.12 lakh (previous year Rs. 47.24 lakh)

3.5 Non Fund Based Activity - Merchant Banking and Investment Banking

During the year the Company has earned syndication fee of Rs. 1.12 lakh (Previous Year- Rs.14.66 lakh) and valuation fees is NIL (Previous Year- Rs.16.78 lakh).

4. Business Environment

The Indian equities market emerged as one of the best performers globally in 2018-19 in spite of several challenges including high crude oil prices, rupee wavering to new record lows, liquidity crisis in the non-banking financial companies (NBFC), India-Pakistan border tensions, US-China trade tensions, and delay in Brexit breakthrough among others. The BSE Sensex improved nearly 17 per cent during the financial year 2018-19, while the NSE Nifty increased by 14.90 per cent during the same period and touched new all-time high of 11760.20 during August 2018. For both the indices, this was the highest growth in any fiscal since FY 2009-10. However the market witnessed a correction in September-October after the NBFC crisis came to light as IL&FS defaulted in September 2018. The major NSE key indices provided mixed returns as the Nifty was up 15% for the year, the Nifty Midcap100 was down 1.90% and the Nifty Small Cap250 was down 12.4% for the year. This shows a wide divergence of performance between the Large, Mid and small cap Indices in this year. FII money was missing from India for most of financial year 2018-19, but they were net buyers of Indian equities. Domestic institutional investors (DIIs), including mutual funds and insurance firms, were net buyers of shares worth ₹72,109 crore, which was lower than the ₹114,452 crore in the previous fiscal. Foreign institutional investors (FIIs) poured over Rs 33,100 crore ($4.8 billion) into the domestic equity markets in March 2019. This was one of the best months in terms of overseas flows in the history of Indian capital markets and this sharp inflow led to an 8 per cent rally in the benchmark indices. On 29th March 2019, the last trading day of FY 2018-19, Sensex rose 127 points to close at 38,672.91 and the Nifty50 settled at 11,623.90 points, higher by 53.90 points from its previous close. On sectoral basis, the banks, energy and IT sector outperformed with a growth of 25 per cent followed by FMCG at 16 per cent and Pharma at 12 per cent. While the laggards were led by media at (-) 24 per cent, auto (-) 23 per cent and telecom (-) 22 per cent. Stock-wise, Bajaj Finance, Reliance Industries and Axis Bank were the top gainers with a gain of 71 per cent, 54 per cent and 52 per cent in FY2018-19. On the other hand, Tata Motors, Vedanta and India bulls Housing Finance lost the most, by 47 per cent, 33 per cent and 31 per cent respectively.

The financial year 2019-20 will bring bullish picture in the Indian equity markets and touch new highs as we consider the favourable results for the Narendra Modi led NDA government post May 23 results, With various factors including likely recovery in corporate earnings, consistent FII flows, RBI rate cuts, moderate inflation numbers, injection of liquidity in the system and end of bad loan provisioning in banks. Add to that the US-China trade wars stoking global recession fears, higher crude oil prices and rupee movements would have counted for more volatile equity markets. Technically the NIFTY has created an all-time high of the financial year 2018-19 and we believe that the current financial year 2019-20 will be a bullish market targeting towards 12800/13200 levels (Sensex: 43500/45000 or even 46900).

5. Outlook

IFIN shall adopt the following strategy in order to maintain its growth and profitability for FY 2019-20.

- Revamping of existing branches, closing of non-performing branches
- Using the brand of its parent IFCI Limited, and sales and research team is jointly and aggressively marketing to get more empanelment and market share.
- Motivation of the employees by implementing incentive scheme.
- Lot of emphasis will be given for new client development and cross selling of third party products.
- In Investment banking the plan is to concentrate on syndication of funds required by SME.
- More additions of Sub broker / Authorised Persons

6. Subsidiaries

6.1 IFIN Securities Finance Limited

IFIN Securities Finance Limited, a NBFC (formerly known as Narayan Sriram Investments Private Limited) is a wholly owned subsidiary of IFCI Financial Services Limited. It is engaged in the business of margin funding, providing loan against shares & property, promoter funding etc.

6.2 IFIN Commodities Limited

IFIN Commodities Limited, a wholly owned subsidiary of IFCI Financial Services Limited, was incorporated to engage in the business of Commodity broking.

IFIN Commodities Ltd, a registered member of the Multi Commodity Exchange of India Ltd (MCX), National Commodity and Derivatives Exchange Ltd (NCDEX) and National Spot Exchange Limited (NSEL), is primarily engaged in the business of providing Commodity market related transaction services.

6.3 IFIN Credit Limited

IFIN Credit Limited is a wholly owned subsidiary of IFCI Financial Services Ltd. Currently it is not engaged in any operation. IFIN Credit Limited is in the process of getting merged with IFIN Commodities Limited.

7. Salient features of the financial statement under Section 129 (3) of the Companies Act, 2013

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 Form AOC-1 is given in **Annexure-I.**

8. Dividend

No dividend is being recommended by the Directors for the year ended March 31, 2019.

9. Transfer To Reserves

The Board of Directors have no proposal to carry on any amount to any reserves for the year ended March 31, 2019.

10. Directors and Key Managerial person

Changes in Directors and KMP during the FY 2018-19

Smt. S. Usha (DIN: 03567757) had vacated her office from the office of Managing Director of the Company with effect from April 27, 2018, due to completion of her tenure with IFCI Limited.

Shri Karra Visweswar Rao (DIN: 08111685) was appointed as Managing Director of the Company with effect from April 27, 2018.

Shri Karra Visweswar Rao (DIN: 08111685) who retired by rotation at the Annual General meeting held on September 25, 2018, was reappointed to the Board.

As at March 31, 2019, the Board consisted of 5 Directors comprising of 2 Nominee Directors, 2 Independent Directors and 1 Managing Director.

The composition of the Board, number of meetings held, attendance of the Directors at the Board Meeting and the number of the Directorship in other companies in respect of each Director who was on Board as on 31.03.2019 is given below:-

S. No.	**Name of Director**	**Attendance Particulars**		**No. of other Directorships as on 31st March, 2019**
		No. of Meetings during the tenure of respective directors in FY 2018 - 19		**Other Director-ships (Including Private Limited Companies)**
		Held	**Attended**	
1.	Shri Biswajit Banerjee*	7	7	5
2.	Shri Sreekumaran V Nair	7	6	4
3.	Shri Karra Visweswar Rao**	6	6	3
4.	Shri Sunit V Joshi	7	7	-
5.	Smt. Aparna Chaturvedi	7	5	2

Notes:

** Shri Biswajit Banerjee (DIN: 02602582) had vacated his office as a Director of the Company with effect from May 23, 2019, as his nomination is withdrawn by IFCI Limited.*

***Shri Karra Visweswar Rao (DIN: 08111685) had vacated his office as a Director of the Company with effect from June 01, 2019, as his nomination is withdrawn by IFCI Limited.*

Shri Ramesh NGS was appointed as the Additional Director of the Company wit effect from May 23, 2019.

Shri O Ramesh Babu was appointed as the Managing Director of the Company with effect from June 1, 2019.

The Board wishes to place on record its gratitude and appreciation for the valuable contributions made by all the Directors who have vacated from their respective offices during their tenure in the Company.

During the Financial Year 2018-19, 7 Board Meetings were held on 27.04.2018, 31.05.2018, 08.08.2018, 25.09.2018, 13.11.2018, 08.02.2019 and 28.03.2019.

Shri Sreekumaran V Nair (DIN: 02207516) will retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible has offered himself for re-appointment.

The Non-Executive Directors except nominees of IFCI Ltd are paid sitting fees for every meeting of the Board and its Committees attended by them.

11. Committees of the Board

11.1 Audit Committee

A. <u>Composition</u>

The Audit Committee of the Company presently consists of 2 Independent Directors and 1 Non - Executive Director. The Chairman of the Committee is an independent director. The composition of the Audit committee and attendance of directors at the meetings for the FY 2018-19 is shown below:-

S. No.	Name of Director	Designation	No. of Committee Meetings during the tenure of respective directors in FY 2018-19	
			Held	Attended
1.	Shri Sunit V Joshi	Chairman (Independent, Non-executive)	5	5
2.	Shri Biswajit Banerjee	Member (Independent, Non-executive)	5	5
3.	Smt. Aparna Chaturvedi	Member (Independent, Non-executive)	5	4

The Managing Director / Whole-time Director, Statutory Auditors and Internal Auditors 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 of the Audit Committee.

B. The number of Audit Committee Meetings held and dates:

During the financial year 2018-19, the Audit Committee of Directors of the Company met 5 times. The dates of the meetings were 27.04.2018, 31.05.2018, 08.08.2018, 13.11.2018, 08.02.2019.

C. Terms of reference:

The terms of reference of the Audit Committee shall be in accordance with Section 177 of the Companies Act, 2013 and shall include overseeing the vigil mechanism / Whistle Blower policy of the Company.

11.2 Nomination and Remuneration Committee

A. Composition

The Nomination and Remuneration Committee of the Company presently consists of 2 Independent Directors and the Managing Director. The composition of the Nomination and Remuneration Committee and attendance of directors at the meetings for the FY 2018-19 is shown below:-

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2018-19	
			Held	Attended
1.	Shri Sunit V Joshi	Chairman (Independent, Non-executive)	1	1
2.	Smt. Aparna Chaturvedi	Member	1	1

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2018-19	
			Held	Attended
		(Independent, Non-executive)		
3.	Smt. S Usha	Member (Non-executive)	1	1

B. The number of meetings held and dates

During the financial year 2018-19, the Nomination & Remuneration Committee of Directors of the Company met once on 27.04.2018.

C. Terms of reference:

The terms of reference of the Nomination & Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and includes:

- To approve the remuneration payable to directors and key managerial personnel ("KMP" as defined by the Act).
- Recommend to the board the "formulation of the criteria for determining qualifications, positive attributes and independence of a director".
- Recommend to the board the appointment of directors.
- Recommend to the board appointment of KMP and persons one level below KMP of the Company.
- Carry out evaluation of every director's performance and support the board and independent directors in evaluation of the performance of the board, its committees and individual directors.
- Recommend to the board the remuneration policy as required under the Companies Act, 2013.

- ❖ Performing such other duties and responsibilities as may required under the Companies Act, 2013 and Board of directors from time to time.

11.3 Other Committees

The Company also has committees such as Management Committee, Share Allotment Committee, Share Transfer Committee, and Investment Committee, etc.,

12. Extract of Annual Return as provided under sub-section (3) of Section 92

An extract of Annual Return as provided under sub-section (3) of section 92 in Form MGT-9 as on March 31, 2019 is attached as **Annexure-II.** The copy of the Annual Return is also available at the website of the Company. The link is provided below:

URL:	http://www.ifinltd.in/Aboutus/Financials

13. Directors' Responsibility Statement

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis; and

e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

14. Statement on declaration given by independent directors under sub-section(6) of Section 149

The Independent Directors of the company have declared that they meet the criteria of independence in terms of sub-section (6) of section 149 of the Companies Act, 2013 and there is no change in their status of independence.

15. Policy on Directors' Appointment and Remuneration and other details

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 is provided in **Annexure-III** and the same is made available through the following web:

URL:	http://www.ifinltd.in/Privacy-Policy

16. Auditors

M/s. Raman Associate, Chartered Accountants, (Firm Reg. No. 002910S) was appointed by the Comptroller & Auditor General of India (C&AG) as Statutory Auditor of your Company for FY 2018-19. C&AG shall appoint Statutory Auditors for the Financial Year 2019-20.

17. Explanations/ Comments on the report of Comptroller & Auditor General of India

The Company is awaiting report on the accounts for the year ended 31st March, 2019 under Companies Act, 2013. On receipt of the same it would be attached as **Annexure-IV** to this report.

18. Particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of the notes to the financial statement.

19. Related Party Transactions

All transactions entered by the Company with Related Parties were in the ordinary course of business and at Arm's Length pricing basis.

There were no materially significant transactions with Related Parties during the financial year 2018-19 which were in conflict with the interest of the Company.

The particulars of Contracts or Arrangement with related parties are given in notes to the financial statement. Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure-V** in Form AOC-2.

20. The details relating to deposits, covered under chapter V of the Act

During the Financial Year 2018-19, your Company did not accept any deposits within the meaning of provisions of chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with rules thereunder.

21. Material changes and commitments

There were no material changes and commitments affecting the financial position of the company between the end of the financial year i.e March 31, 2019 and the date of the report.

22. Conservation of energy, technology absorption and foreign exchange earnings and outgo & expenditure on research and development

In view of the nature of activities which are being carried on by the Company, Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

However, the Company has taken measures to conserve energy by having energy efficient electronic equipment. As regards absorption of technology, your Company has installed computer systems, software packages and other office equipment to increase its organizational efficiency, maximize productivity and to gain competitive advantage.

Your Company has neither incurred any expenditure nor earned any income in foreign exchange. Further, your Company has not incurred any expenditure on Research and Development.

23. Risk Management

The Company has formulated and put in place Risk Management and Surveillance Policy in order to mitigate risk related to the business of the Company. Surveillance and risk monitoring of the client trading limit are very crucial part of trading system. Effective surveillance can achieve investor protection, market integrity and safe guard of securities market and trading member. The factors considered for designing exposure policy include Client Margin, Approved Collateral Stocks, Volatility of the market, Prevailing market practice, etc. The Risk Management team of the Company takes effective measures in order to protect the interest of the Company and investors as per the policy of the Company.

24. Internal Financial Control

The Company has put in place adequate Internal Financial Control commensurate with the size of the Company and nature of its business. The Company has appointed M/s. KPMG as single Advisor-cum-Implementation Partner (Advisor), for implementation of Internal Financial Control framework in the Company.

The Company has also appointed M/s. IV & Associates, as Internal Auditors to conduct internal audit of the functions and the activities of the Company.

The findings and recommendations of the Internal Auditors are reviewed by the Audit Committee of the Board on a periodical basis and necessary corrective actions are being undertaken.

The Company has adopted Whistle Blower Policy/ Vigil Mechanism for its director(s) and employee(s) to report to the management their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Company has installed necessary software(s) for maintaining accuracy and completeness of accounting records and timely preparation of reliable financial information.

25. Vigil Mechanism/ Whistle Blower Policy

Pursuant to Section 177(9) & Section 177(10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has voluntarily established a vigil mechanism which is overseen through the Board. Adequate safeguards against victimization of employees and directors who express their concerns, forms part of the mechanism.

Your Company hereby affirms that no Director/ employee have denied access to the Chairman of the Board of Directors and that no complaints were received during the year.

26. Anti - Sexual Harassment Policy

There Company has in place Anti Sexual Harassment Policy in line with the requirements of Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

An internal Complaints Committee has been set up for redressal of complaints and that all employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, the company has not received any compliant pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

27. Formal Annual Evaluation of Board, Committees and Directors

Pursuant to the provisions of the Companies Act, 2013, a separate meeting of Independent Directors was held without the attendance of non-independent directors and members of management to review the performance of non-independent directors, the Board as a whole and to review the Chairperson of the company, taking into account the views of executive directors and non-executive directors.

The Nomination and Remuneration Committee of Board of Directors has reviewed the performance of Board and its committees taking into consideration the contributions made by the Directors/members of the Committee.

Subsequently, the Board has made formal annual evaluation of its own performance, and that of its committees and individual directors taking into consideration the evaluation criteria as set in the Nomination and Remuneration Policy of the Company.

28. Significant and Material Orders passed by the Regulators or Courts or Tribunals impacting the Going Concern status and company's operations in future

There are no significant and material orders passed by the regulators or courts or Tribunals which would impact the going concern status of the Company.

29. **Details of employees under Section 197 read with Sub rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

The company has no employee in respect of whom the information required under Section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is required to be given.

The Board further places on record its appreciation of the services of all the employees of the Company.

30. **Acknowledgement**

The Board of Directors express their gratitude for the co-operation, guidance and support received from the IFCI Limited, Clients of the Company, Reserve Bank of India, Commercial Banks, Regulators, Statutory Authorities, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock Exchange, Metropolitan Stock Exchange (formerly MCX-SX), NSDL, CDSL, LIC of India and Bajaj Allianz General Insurance Co. Ltd. and its clients and other stakeholders of the Company.

By Order of the Board
For IFIN Financial Services Limited

Sreekumaran V Nair	**O Ramesh Babu**
Nominee Director	**Managing Director**
(DIN: 02207516)	(DIN: 05149448)

Place: Chennai
Date: August 9, 2019

Annexure - I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

S. No.	Particulars	Details	Details	Details
1.	Name of the subsidiary	IFIN Securities Finance Limited	IFIN Commodities Limited	IFIN Credit Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Period same as holding company's	Reporting Period same as holding company's	Reporting Period same as holding company's
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Nil	Nil	Nil
4.	Share capital	30,01,00,000	5,00,00,000	2,50,00,000
5.	Reserves & surplus	(11,950,556)	4,216,312	(5,573,014)
6.	Total assets	292,083,653	88,013,785	20,966,268
7.	Total Liabilities	292,083,653	88,013,785	20,998,057
8.	Investments	167,674,171	Nil	Nil
9.	Turnover	54,087,060	19,917,682	1,398,328
10.	Profit before taxation	(38,002,962)	43,78,408	(169,665)
11.	Provision for taxation	54,51,948	630,700	16,574
12.	Profit after taxation	(43,454,910)	(3,747,708)	(1,86,239)

13.	Proposed Dividend	Nil	Nil	Nil
14.	% of shareholding	100%	100%	100%

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations: Nil
2. Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Nil
Latest audited Balance Sheet Date	Not Applicable
Shares of Associate/Joint Ventures held by the company on the year end	Not Applicable
No.	Not Applicable
Amount of Investment in Associates/Joint Venture	Not Applicable
Extend of Holding%	Not Applicable
Description of how there is significant influence	Not Applicable
Reason why the associate/joint venture is not consolidated	Not Applicable
Net worth attributable to shareholding as per latest audited Balance Sheet	Not Applicable
Profit/Loss for the year	Not Applicable
Considered in Consolidation	Not Applicable
Not Considered in Consolidation	Not Applicable

1. Names of associates or joint ventures which are yet to commence operations: Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year: Nil

FOR IFCI FINANCIAL SERVICES LIMITED

A V Pushparaj	**O Ramesh Babu**	**Sreekumaran V Nair**
Chief Financial Officer	**Managing Director**	**Nominee Director**

Annexure - II

Form no. MGT 9

Extract of Annual Return for the financial year ended on 31.03.2019

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

I. Registration & Other Details

1.	CIN	U74899DL1995GOI064034
2.	Registration Date	04/01/1995
3.	Name of the Company	IFCI Financial Services Limited
4.	Category of the Company	Company Limited by shares
5.	Sub-category of the Company	Union Government Company
6.	Address of the Registered Office & Contact Details	IFCI Towers, 61, Nehru Place, New Delhi – 110019 Email: cs@ifinltd.in Telephone: 044 2830 6650
7.	Whether listed company	No
8.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Nil

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:-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Security and commodity contracts brokerage	6612	59.29%

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	IFCI Limited IFCI Towers, 61, Nehru Place, New Delhi - 110019	L74899DL1993GOI053677	Holding	94.78	Section 2 (87) & Section 2 (46)
2.	IFIN Securities Finance Limited Continental Chambers, 142, 3rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U65991TN1989GOI017792	Subsidiary	100%	Section 2 (87)
3.	IFIN Commodities Limited Continental Chambers, 142, 3rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U93000TN2009GOI070524	Subsidiary	100%	Section 2 (87)
4.	IFIN Credit Limited Continental Chambers, 142, 3rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034	U67190TN1995GOI032057	Subsidiary	100%	Section 2 (87)

IV. **Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)**

A) Category-wise Share Holding

Category of Shareholders	**No. of Shares held at the beginning of the year [As on 31.03.2018]**				**No. of Shares held at the end of the year [As on 31.03.2019]**				**% Change during the year**
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**	-	-	-	-	-	-	-	-	-
a) Individual/ HUF*	-	6	6	0.00	-	6	6	0.00	0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	3,93,63,803	3,93,63,803	94.78	-	3,93,63,803	3,93,63,803	94.78	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	-	3,93,63,803	3,93,63,803	94.78	-	3,93,63,803	3,93,63,803	94.78	0
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	21,69,900	21,69,900	5.22	-	21,69,900	21,69,900	5.22	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31.03.2018]				No. of Shares held at the end of the year [As on 31.03.2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-**	-	21,69,900	21,69,900	5.22	-	21,69,900	21,69,900	5.22	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	4,15,33,709	4,15,33,709	100.00	-	4,15,33,709	4,15,33,709	100.00	0

*** Beneficial interest are held by IFCI Limited**

**** Shares held by individuals other than promoter are shown in "B", since they do not fall under the category of "Promoter."**

B) Shareholding of Promoter:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1.	IFCI Limited	3,93,63,803	100.00	-	3,93,63,803	100.00	-	-
2.	Shri Biranchi N Nayak (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
3.	Shri V. Satyavenkata Rao (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
4.	Shri Deepak Mishra (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
5.	Shri Prabhjot Singh (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
6.	Shri Dharam Pal Rauhilla (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
7.	Shri Vijay Pal (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
8.	Shri Prasoon (Nominee of IFCI Limited)	0	0.00	-	1	0.00	-	-
	Total	**3,93,63,809**	**100.00**	**-**	**3,93,63,809**	**100.00**	**-**	**-**

C) Change in Promoters' Shareholding (please specify, if there is no change):

S. No.	Particulars	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	3,93,63,809	100.00	3,93,63,809	100.00
2.	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	-	-	-	-
3.	At the end of the year	3,93,63,809	100.00	3,93,63,809	100.00

D) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	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				
	- Smt. Chandra Ramesh	17,57,619	4.23	17,57,619	4.23
	- Shri D.V. Ramesh	4,12,281	0.99	4,12,281	0.99
2.	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the end of the year	-	-	-	-
	- Smt. Chandra Ramesh	17,57,619	4.23	17,57,619	4.23
	- Shri D.V. Ramesh	4,12,281	0.99	4,12,281	0.99

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	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	-	-	-	-
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer / bonus/ sweat equity etc.):	-	-	-	-
3	At the end of the year	-	-	-	-

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
a) Principal Amount	-	-	-	-
b) Interest due but not paid	-	-	-	-
c) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
a) Principal Amount	-	-	-	-
b) Interest due but not paid	-	-	-	-
c) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Rs.)

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
1.	Gross salary	S. Usha (MD)	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,95,252.00	5,95,252.00
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission / Incentive	3,20,000.00	3,20,000.00
	- as % of profit	-	-
5.	Others, Please Specify		
	Mobile	2,382.00	2,382.00
	Medical	16,909.00	16,909.00
	Total (A)	**9,34,543.00**	**9,34,543.00**
	Ceiling as per the Act		NA

B. Remuneration to other directors (Amount in Rs)

S. No.	Particulars of Remuneration	Name of the Director		Total Amount (Rs.)
1.	Independent Directors	Shri Sunit Vasant Joshi	Smt. Aparna Chaturvedi	
	Fee for attending board/ committee meetings	1,36,500.00	1,05,000.00	2,41,500.00
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	-	-	-
2.	Other Non-Executive Directors	-	-	-
	Fee for attending board/ committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	**1,36,500.00**	**1,05,000.00**	**2,41,500.00**
	Total Managerial Remuneration*	-		-
	Overall Ceiling as per the Act			N.A

*Excluding sitting fees under Section 197 (5) of the Companies Act, 2013 and as per Schedule V of the Companies Act, 2013

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

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**CS**	**CFO**	**Total**
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	8,90,311	9,98,274	18,88,585
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5.	Others, please specify				
	Total		**8,90,311**	**9,98,274**	**18,88,585**

VII. Penalties / Punishment/ Compounding of Offences:

There were no Penalty / Punishment/ Compounding under Companies Act during the year ended 31.03.2019.

By Order of the Board
For IFCI Financial Services Limited

	Sreekumaran V Nair	**O Ramesh Babu**
Place: Chennai	**Nominee Director**	**Director**
Date: August 9, 2019	(DIN: 02207516)	(DIN: 05149448)

Annexure - III

Nomination and Remuneration Policy

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.

1.2. 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.

1.3. 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 criterion to evaluate the performance of every Director and the overall Board of the Company.

1.4. 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.

1.5. 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. Framework

2.1. The requirement of formulating a Nomination and Remuneration Policy stems from the provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.

2.2. Any other Law, Statute as may be applicable for the time being in Force.

3. Objective

3.1. To identify suitable persons, interview them if necessary, and recommend them as suitable candidates to fill up vacancies on the Board and Senior Management.

3.2. 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.

3.3. The Policy also intends to add professionalism and objectivity in the process of deciding Board membership.

3.4. To lay down criteria for the evaluation of the Board

3.5. To formulate a criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a Policy thereon.

3.6. To formulate criteria for evaluation of Directors.

4. Eligibility criteria for recommending a candidate to be appointed on the Board of Directors

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

4.1. Educational qualification:

- Possess any Graduation/ Post Graduation/M.Phil/Doctorate
- Possess any other Professional Qualification/Degree/Diploma
- Such other qualification as the NRC may deem fit

4.2. 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.

4.3. 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.

4.4. 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 Oflicer, 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, govemrnental 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.

4.5. Criteria for independence – For Directors to be appointed as Independent Director on the 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 thethree 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 totalvoting 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.

- Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in sub-section

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.

5. <u>Remuneration Policy</u>

I. Board Level Remuneration Structure

1. For Executive Directors (Managing Director and Whole-time Directors)

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 — As approved from time to time. The Sitting Fees may be revised by the Board of Directors frorn time to time subject to the overall limits as prescribed under the applicable provisions.

ii. Remuneration other than Sitting Fees - As approved from time to time.

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

1. The pay structure of all Key Managerial Personnel and other Employees shall be considered in accordance with qualification, experience and industrial standards.

6. <u>Monitoring and Evaluation</u>

The Nomination and remuneration Committee shall evaluate the performance of the Directors and the overall Board broadly on the basis of below mentioned criteria:

- Whether the Directors/Board have acted in accordance with the provisions of the Articles of Association of the Company.
- The Committee shall assemble all information regarding a candidate's background and qualifications to determine if the candidate possesses or satisfies the minimum skills and qualifications that a director must possess.
- The Committee shall evaluate a candidate's mix of skills and qualifications and determine the contribution the candidate could be expected to make to the overall functioning of the Board.
- The Committee shall give due consideration to the overall Board balance of diversity of perspectives, backgrounds and experiences.
- With respect to current directors, the Committee shall consider past attendance at meetings and assess the participation in and contributions to the activities of the Board.
- Whether the Directors/Board have acted in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the Community and for the protection of environment.
- Whether the Director/Board has exercised their duties with due and reasonable care, skill and diligence and whether the Director/Board have exercised independent judgment.
- Whether the Director/Board have involved in a situation in which he/they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- The Committee shall recommend director to the Board based on its assessment of overall suitability to serve on the Board in accordance with this Policy.

7. Board Diversity

- The Nomination and remuneration Committee shall ensure that the Board comprises of Directors from diversified fields of Knowledge.
- The Board should have Directors who can add professionalism and objectivity in the decision making process.
- The overall Board should reflect representatives from areas like finance, law, accountancy, administration and other disciplines concerning the operational interests of the Company at large.

सत्यमेव जयते

भारतीय लेखा तथा लेखा परीक्षा विभाग
कार्यालय महानिदेशक वाणिज्यिक लेखा परीक्षा
तथा पदेन सदस्य लेखा परीक्षा बोर्ड, चेन्नै

Indian Audit and Accounts Department
Office of the Director General of Commercial Audit
and Ex-Officio Member Audit Board, Chennai

No: DGCA/CHENNAI/CA-II/2-159/2019-20/334 **23.08.2019**

The Managing Director,
IFCI Financial Services Limited,
142, Continental Chambers,
Mahathma Gandhi Road,
Nungambakkam, Chennai-34.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the Financial Statements (Standalone and Consolidated) of IFCI Financial Services Limited, Chennai for the year ended 31 March 2019.

***

I forward herewith the comments of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the financial statements (Standalone and Consolidated) of IFCI Financial Services Limited, Chennai for the year ended 31 March 2019.

Five copies of Printed Annual Report may be arranged to be forwarded to this office.

Receipt of this letter may be acknowledged.

Yours faithfully,

(R. AMBALAVANAN)
DIRECTOR GENERAL OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Encl: Audit Certificate.

इंडियन आईल भवन, स्तर - 2, 139, महात्मा गाँधी मार्ग, चेन्नै 600 034
Indian Oil Bhavan, Level - 2, 139, Mahatma Gandhi Road, Chennai - 600 034
Tel. : 044-28330147 Fax : 044-28330142/45 e-mail : mabchennai@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IFCI FINANCIAL SERVICES LIMITED, CHENNAI FOR THE YEAR ENDED 31 MARCH 2019

The preparation of consolidated financial statements of IFCI Financial Services Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) 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 24.04.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of IFCI Financial Services Limited for the year ended 31 March 2019 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of (IFIN Securities Limited and IFIN Commodities Limited), but did not conduct supplementary audit of the financial statements of (IFIN Credit Limited) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

(R. AMBALAVANAN)
DIRECTOR GENERAL OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Place: Chennai
Date: 23 August 2019

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

The preparation of financial statements of IFCI Financial Services Limited for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are 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 17 April 2019.

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

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

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

(R. AMBALAVANAN)
DIRECTOR GENERAL OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Place: Chennai
Date: 23 August 2019

Annexure V

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

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

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

S. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements/transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions'	Nil
f)	Date of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

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

S. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements/transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Date of approval by the Board	Nil
f)	Amount paid as advances, if any	Nil

By Order of the Board

For IFCI Financial Services Limited

O Ramesh Babu
Managing Director
(DIN: 05149448)

Sreekumaran V Nair
Director
(DIN: 02207516)

Place: Chennai

Date: August 9, 2019

IFCI Financial Services Limited

Balance Sheet as at 31st March 2019

(Amount in Rs.)

Particulars	Note No.	As at 31st March '19	As at 31st March '18	As at 01st April '17
(1) ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	1	24,90,565	24,62,692	31,45,204
(b) Capital work-in-progress		-	-	-
(c) Investment Property	2	38,52,23,063	38,52,23,063	38,52,23,063
(d) Goodwill		-	-	-
(e) Other Intangible assets	3	15,77,216	17,56,008	19,75,375
(f) Intangible assets under development		-	-	-
(g) Financial Assets				
(i) Investments		-	-	-
(ii) Trade receivables		-	-	-
(iii) Loans		-	-	-
(h) Deferred tax assets (net)		-	-	-
(i) Other non-current assets	4	6,11,45,099	7,72,43,188	14,02,63,436
(2) Current assets				
(a) Inventories		-	-	-
(b) Financial Assets				
(i) Investments	5	-	56,60,806	1,59,14,685
(ii) Trade receivables	6	13,01,23,978	8,93,08,388	7,50,56,628
(iii) Cash and cash equivalents	7	32,20,68,046	38,21,83,946	26,48,52,554
(iv) Bank balances other than (iii) above		-	-	-
(v) Loans	8	4,35,69,902	4,48,86,324	7,34,27,071
(vi) Others (to be specified)		-	-	-
(c) Current Tax Assets (Net)		-	-	-
(d) Other current assets	9	51,33,783	31,74,631	96,59,818
Total Assets		**95,13,31,652**	**99,18,99,045**	**96,95,17,834**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	SCE	41,53,37,090	41,53,37,090	41,53,37,090
(b) Other Equity	SCE	30,18,92,206	29,88,63,499	28,83,97,884
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings		-	-	-
(ii) Trade payables		-	-	-
(b) Provisions		-	-	-
(c) Deferred tax liabilities (Net)	10	26,46,304	26,37,029	27,66,999
(d) Other non-current liabilities	11	69,02,487	68,52,327	66,26,724
Current liabilities				
(a) Financial Liabilities		-	-	-
(i) Borrowings	12	-	-	-
(ii) Trade payables		20,43,01,435	21,27,27,466	23,17,26,357
(iii) Other financial liabilities (other than those		-	-	-
(b) Other current liabilities	13	1,13,91,896	4,45,00,074	1,79,85,165
(c) Provisions and Current Tax Liabilities	14	88,60,234	1,09,81,560	66,77,614
Total Equity and Liabilities		**95,13,31,652**	**99,18,99,045**	**96,95,17,834**

See accompanying notes to the financial statements

For Raman Asscoiate
Chartered Accountants
FRN - 002910S

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P Vijayendran
Partner, M. No. 215166

FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED

Karra Visweswar Rao
Managing Director

Biswajit Banerjee
Chairman

Aby Eapen
Company Secretary

A V Pushparaj
Chief Financial Officer

Place : Chennai
Date : 17/04/2019

IFCI Financial Services Limited
Statement of Profit and Loss for the period ended 31st March 2019

(Amount in Rs.)

	Particulars	Note No.	Y.E 31st March 2019	Y.E 31st March 2018
I	Revenue From Operations	15	12,25,42,908	15,42,22,467
II	Other Operating Income	16	1,16,97,879	1,54,46,072
II	Other Income	17	4,44,95,988	3,74,71,424
III	**Total Income (I+II)**		**17,87,36,775**	**20,71,39,963**
IV	**EXPENSES**			
	Employee benefits expense	18	8,51,68,569	9,64,77,719
	Finance costs	19	19,95,068	14,84,468
	Depreciation and amortization expense	1	5,60,512	10,41,057
	Other expenses	20	8,74,45,013	9,79,42,935
	Total expenses (IV)		**17,51,69,162**	**19,69,46,179**
V	Profit/(loss) before exceptional items and tax (I- IV)		35,67,613	1,01,93,784
VI	Impairment on financial instrument	21	(29,242)	(27,89,875)
VII	Profit/(loss) before tax (V-VI)		**35,96,855**	**1,29,83,658**
VIII	Tax expense:			
	(1) Current tax		6,75,546	26,48,015
	(2) Deferred tax		9,275	(1,29,970)
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		**29,12,034**	**1,04,65,614**
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	**Profit/(loss) for the period (IX+XII)**		**29,12,034**	**1,04,65,614**
IX	**Other Comprehensive Income**		-	-
a. (i)	Items that will not be reclassified to Profit or Loss		-	-
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
b. (i)	Items that will be reclassified to Profit or Loss		-	-
(ii)	Income Tax relating to items that will be reclassified to Profit or Loss		-	-
XI	Total Other Comprehensive Income for the period		-	-
XII	Earnings per Share (EPS) - not annualised		-	-
	Basic & Diluted		**0.07**	**0.25**

See accompanying notes to the financial statements

For Raman Asscoiate
Chartered Accountants
FRN - 002910S

FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P Vijayendran
Partner, M. No. 215166

Karra Visweswar Rao
Managing Director

Biswajit Banerjee
Chairman

Place : Chennai
Date : 17/04/2019

Aby Eapen
Company Secretary

A V Pushparaj
Chief Financial Officer

IFCI Financial Services Limited
Cash Flow Statement As on 31st March 2019

(Amount in Rs)

	Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
A	**CASH FLOW FROM OPERATING ACTIVITES**				
	Net Profit befor tax		35,96,855		1,29,83,659
	Adjustments for:				
	Depreciation / Amortisation on Fixed Assets	5,60,512		10,41,057	
	Dividend Received (considered seperately under Investment Activities)	(51,610)		(1,72,457)	
	Profit on Sale of Investments (considered seperately under Investment Activities)	-		(23,74,157)	
	Finance Cost (considered seperately under Finance Activities)	19,95,068		14,84,468	
	Interest income	(1,73,59,457)		(1,84,29,674)	
	Profit/(Loss) on Fixed Asset	-	(1,48,55,487)	-	(1,84,50,762)
A	**Operation Profit before Working Capital Changes**		(1,12,58,632)		(54,67,102)
	Adjustments for:				
	(Increase) / Decrease in Current Investments	56,60,806		1,02,53,879	
	(Increase) / Decrease in Trade Receivables	(4,06,98,922)		(1,42,51,760)	
	(Increase) / Decrease in Loans & Advances	1,74,14,511		9,15,60,996	
	(Increase) / Decrease in Other current Assets	(19,59,151)		64,85,187	
	Increase / (Decrease) in Trade Payable	(84,26,031)		(1,89,98,891)	
	Increase / (Decrease) in Provisions	(21,21,326)		43,03,946	
	Increase / (Decrease) in Non - Current Liabilities	(3,30,58,017)	(6,31,88,130)	2,67,40,511	10,60,93,869
	Cash Generated from Operation before tax		(7,44,46,763)		10,06,26,766
	Direct taxes paid		6,75,546		26,48,015
	Net cash from Operating Activities		(7,51,22,309)		9,79,78,751
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets		(4,09,593)		(1,39,178)
	Decrease in Capital advance		-		-
	(Increase) / Decrease in Fixed Deposits		6,45,706		(1,44,42,599)
	Dividend Received		51,610		1,72,457
	Profit on Sale of Investments		-		23,74,157
	Interest received		1,73,59,457		1,84,29,674
	Net Cash used in / raised from Investing Activities		1,76,47,180		83,94,511
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Dividend Received				
	New Borrowings				
	Deferred tax paid				
	Issue of Share Capital				
	Share Application Money Repaid				
	Finance Cost		(19,95,068)		(14,84,468)
	Loan Proceeds Received				
	Repayment of Loans		-		-
			(19,95,068)		(14,84,468)
	Net Changes in Cash & Cash Equivalent (a+b+c)		(5,94,70,197)		10,28,88,793
	Opening Cash and Cash Equivalent		14,86,68,508		4,57,79,715
	Closing Cash and Cash Equivalent		8,91,98,312		14,86,68,508
	Increase / (Decrease) in Cash & Cash Equivalent		(5,94,70,197)		10,28,88,793

Notes

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents

Effective April 1, 2018, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements

For Raman Associate
Chartered Accountants
FRN - 002910S

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P Vijayendran
Partner, M. No. 215166

FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED

Karra Visweswar Rao
Managing Director

Biswajit Banerjee
Chairman

Aby Eapen
Company Secretary

A V Pushparaj
Chief Financial Officer

Place : Chennai
Date : 17/04/2019

IFCI Financial Services Limited
Statement of Changes in Equity for the period ended 31st March 2019

A. Equity Share Capital					Units
Particulars	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period (Qty)	Balance at the end of the reporting period (Rs.)	% of Share Holding
IFCI Limited and nominees	3,93,63,809	-	3,93,63,809	39,36,38,090	94.78
Ms. Chandra Ramesh	17,57,619	-	17,57,619	1,75,76,190	4.23
Mr. D V Ramesh	4,12,281	-	4.12,281	41,22,810	0.99
Total	**4,15,33,709**	-	**4,15,33,709**	**41,53,37,090**	**100**

RAMAN ASSOCIATE
CHENNAI
FRN: 002910S
Chartered Accountants

B. Other Equity

IFCI Financial Services Limited
Statement of Changes in Equity for the period ended 31st March 2019

Amount in Rs.

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus						Total
			Capital Reserve	Securities Premium Reserve	Statutory Reserves	General Reserve	Amalgamation Reserve	Retained Earnings	
Balance at the beginning of the reporting period	-	-	-	45,16,43,790	-	91,79,620	97,63,970	(17,16,07,210)	29,89,80,170
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	29,12,034	29,12,034
Balance at the end of the reporting period	-	-	-	45,16,43,790	-	91,79,620	97,63,970	(16,86,95,175)	30,18,92,206

RAMAN ASSOCIATE
CHENNAI
FRN: 002910S
Chartered Accountants

IFCI FINANCIAL SERVICES LIMITED
Note No : 1,2,3

Amount In Rs.

Fixed Assets	Gross Block			Accumulated Depreciation			Net Block		
	Balance as at 1st April 2018	Additions	Balance as at 31st March 2019	Balance as at 1st April 2018	Depreciation charge for the year	Balance as at 31st March 2019	Balance as at 31st March 2019	Balance as at 31 March 2018	Balance as at 31 March 2017
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a Tangible Assets									
Furniture and Fixtures	56,77,766	-	56,77,766	52,30,619	1,46,828	53,77,447	3,00,319	4,47,147	6,86,670
Vehicles	22,150	-	22,150	21,259	248	21,507	643	891	1,243
Office equipment	1,11,54,869	3,71,778	1,15,26,646	1,01,38,972	2,32,184	1,03,71,156	11,55,490	10,15,897	14,62,396
computer hardware	3,73,52,059	37,815	3,73,89,874	3,63,53,302	2,460	3,63,55,762	10,34,112	9,98,757	9,94,895
Total	5,42,06,844	4,09,593	5,46,16,437	5,17,44,152	3,81,720	5,21,25,872	24,90,565	24,62,692	31,45,204
Investment Property									
Investments in Equity Instruments	38,52,23,063	-	38,52,23,063	-	-	-	38,52,23,063	38,52,23,063	38,52,23,063
Total	38,52,23,063	-	38,52,23,063	-	-	-	38,52,23,063	38,52,23,063	38,52,23,063
b Intangible Assets									
Computer software	3,27,33,175	-	3,27,33,175	3,09,77,167	1,78,792	3,11,55,959	15,77,216	17,56,008	19,75,375
Others - Non compete fees	1,00,00,000	-	1,00,00,000	1,00,00,000	-	1,00,00,000	-		
Total	4,27,33,175	-	4,27,33,175	4,09,77,167	1,78,792	4,11,55,959	15,77,216	17,56,008	19,75,375
c Capital Work In Progress	-	-	-	-	-	-	-	-	-
Total	9,69,40,019	4,09,593	9,73,49,612	9,27,21,319	5,60,512	9,32,81,831	40,67,781	42,18,700	51,20,579
d Intangible assets under Development	-	-	-	-	-	-	-	-	-
Grand Total	9,69,40,019	4,09,593	9,73,49,612	9,27,21,319	5,60,512	9,32,81,831	40,67,781	42,18,700	51,20,579
Previous Year	9,68,00,841	1,39,178	9,69,40,019	9,16,80,263	10,41,057	9,27,21,319	42,18,700	51,20,579	64,22,942

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IFCI Financial Services Limited

(Amount in Rs.)

Note No. 4	Particulars	As at 31st March 2019	As at 31st March 2018	As at 01st April 2017
A	**Security Deposits**			
	Fixed Deposits	-	-	-
	Secured, considered good	5,61,00,687	7,22,31,469	13,13,63,930
	Unsecured, considered good *	-	-	-
	Doubtful	-	-	-
	Total	**5,61,00,687**	**7,22,31,469**	**13,13,63,930**
B	**Other Loans and advances**			
	Secured, considered good	50,44,412	50,11,719	88,99,506
	Unsecured, considered good *	-	-	-
	Doubtful	-	-	-
	Total	**50,44,412**	**50,11,719**	**88,99,506**
	Grand Total	**6,11,45,099**	**7,72,43,188**	**14,02,63,436**

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IFCI Financial Services Limited

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018	As at 01st April 2017
5	**Current Investments**			
	(a) Investment in Equity instruments	-	2,32,33,773	3,39,71,809
	(b) Investments in Others	-		
	Total	-	**2,32,33,773**	**3,39,71,809**
	Less:			
	Provision for Impairment loss allowance	-	1,75,72,967	1,80,57,124
	Total	-	**56,60,806**	**1,59,14,685**
6	**Trade receivables**			
a	**Trade receivables outstanding for a period less than six months from the date they are due for payment**			
	Secured, considered good	12,92,77,408	5,31,61,697	7,16,89,973
	Unsecured, considered good	-	-	-
	Unsecured, considered doubtful	2,38,214	3,84,570	8,96,432
	Total	**12,95,15,622**	**5,35,46,267**	**7,25,86,405**
	Less:			
	Provision for Impairment loss	2,38,214	3,84,570	8,96,432
	Total	**12,92,77,408**	**5,31,61,697**	**7,16,89,973**
b	**Trade receivables outstanding for a period greater than six months from the date they are due for payment**			
	Secured, considered good	8,46,571	3,61,46,691	33,66,654
	Unsecured, considered good	-	-	-
	Unsecured, considered doubtful	11,45,72,827	11,49,55,093	13,17,19,017
	Total	**11,54,19,398**	**15,11,01,784**	**13,50,85,671**
	Less:			
	Provision for Impairment loss	11,45,72,828	11,49,55,093	13,17,19,017
	Total	**8,46,570**	**3,61,46,691**	**33,66,654**
	Grand Total	**13,01,23,978**	**8,93,08,388**	**7,50,56,628**

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IFCI Financial Services Limited

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018	As at 01st April 2017
7	**Cash and cash equivalents**			
	Bank Balances			
	a.Current Accounts	8,91,97,471	14,86,66,860	4,57,79,096
	b.Fixed Deposits	-	-	-
	Less than 3 Months	2,81,70,218	2,35,13,889	2,17,73,799
	Greater than 3 Months	20,46,99,514	21,00,01,549	19,72,99,040
	Total	**32,20,67,203**	**38,21,82,298**	**26,48,51,935**
	Cash Balances			
	Cash Balance	843	1,648	619
	Total	**32,20,68,046**	**38,21,83,946**	**26,48,52,554**
8	**Short term loans and advances**			
	a. Loans and advances to related parties			
	Secured, considered good	-	-	-
	Unsecured, considered good	14,68,692	52,00,271	6,65,431
	Unsecured, considered doubtful	-	-	-
	Total	**14,68,692**	**52,00,271**	**6,65,431**
	Less:			
	Provision for Impairment loss	-	-	-
	Total	**14,68,692**	**52,00,271**	**6,65,431**
	b.Others			
	Other Loans and Advances	72,52,253	7,95,909	3,61,69,797
	Advance Tax (net of provisions)	2,93,52,236	3,42,52,792	3,34,61,617
	Prepaid Expenses	54,96,721	46,37,352	31,30,226
	Sundry Deposits	-	-	-
	Total	**4,21,01,210**	**3,96,86,053**	**7,27,61,640**
	Less:			
	Provision for Impairment loss	-	-	-
	Total	**4,21,01,210**	**3,96,86,053**	**7,27,61,640**
	Grand Total	**4,35,69,902**	**4,48,86,324**	**7,34,27,071**
9	**Other current assets**			
	Interest accrued on Deposits	51,33,783	31,74,631	96,59,818
	Other Assets	-	-	-
	Interest Receivable	-	-	-
	Total	**51,33,783**	**31,74,631**	**96,59,818**

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IFCI Financial Services Limited

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018	As at 01st April 2017
10	**Deferred Tax Liabilities**			
	Deferred Tax Liabilities (Net)	26,46,304	26,37,029	27,66,999
	Total	**26,46,304**	**26,37,029**	**27,66,999**
11	**Other Non Current Liabilities**			
	Security and Sundry Deposits	69,02,487	68,52,327	66,26,724
	Total	**69,02,487**	**68,52,327**	**66,26,724**
12	**Borrowings**			
	a. Borrowings from related parties	-	-	-
	b.Others	-	-	-
13	**Other current Liabilities**			
	Loans and advances to related parties	-	-	-
	Creditors for expenses	60,62,657	78,09,829	25,69,605
	Statutory dues	45,96,143	1,56,29,572	1,35,95,553
	Other liabilities	7,33,096	2,10,60,674	18,20,008
	Total	**1,13,91,896**	**4,45,00,074**	**1,79,85,165**
14	**Short term provisions**			
	Gratuity	55,000	24,25,804	-
	Leave Encashment	81,15,599	82,03,952	58,81,595
	Bonus	6,89,635	3,51,804	7,96,019
	Total	**88,60,234**	**1,09,81,560**	**66,77,614**

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(Amount in Rs.)

Note No.	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
15	**Revenue From Operations**		
	Brokerage On Stock Broking	10,59,70,812	13,33,61,191
	Commission On Mutual Fund	1,21,39,789	91,29,693
	Insurance Commission	1,08,048	52,992
	Loan Syndication Fee	1,12,500	14,66,500
	Valuation Fees	-	16,78,478
	Depository Income	40,12,482	47,24,543
	Commision From IPO / Bonds /Others	-	28,97,581
	Commision On Fixed deposits	-	4,75,482
	Account Opening Charges	1,47,667	2,63,550
	Dividend income	51,610	1,72,457
		12,25,42,908	**15,42,22,467**
16	**Other Operational Income**		
	Delayed Payment Interest	1,16,97,879	1,54,46,072
	Total	**1,16,97,879**	**1,54,46,072**
17	**Other Income**		
	Rental Income	22,63,458	22,97,928
	Miscellaneous.Income	2,44,00,177	1,43,69,665
	Interest Income	1,73,59,457	1,84,29,674
	Profit on Sale of Investments	-	23,74,157
	Interest Income on IT Refund	4,72,896	-
	Total	**4,44,95,988**	**3,74,71,424**

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IFCI Financial Services Limited

(Amount in Rs.)

Note No.	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
18	**Employee Benefit Expenditure**		
	(a) Salaries and incentives	7,59,19,293	8,56,69,005
	(b) Contributions to		
	Provident fund & Employee State Insurance	51,96,808	54,57,926
	Gratuity fund contributions	12,79,988	31,02,346
	Staff Welfare	27,72,480	22,48,442
	Total	**8,51,68,569**	**9,64,77,719**
19	**Finance Costs**		
	Bank Financial Costs	19,95,068	14,84,468
	Total	**19,95,068**	**14,84,468**

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(Amount in Rs.)

Note No.	Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
20	**Other Expenses**		
	Fees To Clearing Member	33,71,430	45,73,813
	Information Technology Exp	5,29,088	4,97,106
	Data Feed Charges	19,74,114	16,45,291
	DP Expenses	3,07,760	6,44,965
	Broking Stamp Expenses	6,400	19,200
	Professional Charges	2,32,78,015	3,00,32,683
	Advertisement	40,634	-
	Audit Fees	8,05,000	7,80,000
	Electricity Charges	40,59,233	40,15,839
	Insurance Expenses	18,31,016	16,28,327
	Commission Paid	75,73,879	95,38,848
	Postage & Telegram	7,48,352	10,34,891
	Printing & Stationery	11,56,415	14,76,450
	Rent	2,15,93,834	2,10,94,972
	Rates & Taxes	36,020	96,439
	Repairs & Maintenance	6,57,816	14,52,560
	Sitting Fees	2,02,500	3,87,000
	Membership Fee	62,80,209	64,87,917
	Telephone Expenses	57,88,140	61,79,687
	Training Expenses	1,24,118	1,12,917
	Travelling & Conveyance Exp	10,49,256	11,77,508
	Office Maintenance	36,25,290	31,53,791
	Other Administrative Expenses	24,06,494	19,12,732
	Total	**8,74,45,013**	**9,79,42,935**
21	**Impairment on financial instrument**		
	Provision for impairment in the value of investment	(1,75,72,967)	(4,84,157)
	Loss on sale of shares	1,76,02,226	-
	Bad debts written off	4,70,120	(23,05,718)
	Provision for Doubtful accounts	(5,28,621)	-
	Total	**(29,242)**	**(27,89,875)**

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IFCI Financial Services Limited

Significant Accounting Policies & Notes to Accounts for the year ended March, 31 2019

I. Background

IFCI Financial Services Ltd (IFIN) was promoted in 1995, by IFCI Ltd., to provide a wide range of financial products and services to investors, institutional and retail. IFIN is primarily involved in Stock Broking, Investment Banking, Mutual Fund Distribution & Advisory Services, Depository Participant Services, Insurance Products Distribution and the like.

The Company is a SEBI registered Stock Broker or National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange (BSE) and Multi Commodity Stock Exchange (MCX-SX) and primarily engaged in the business of providing securities market related transaction services.

II. Basis of Preparation of Financial Statements:

The financial statements for the year ended March 31, 2019 have been prepared by the Company in accordance with Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs, Government of India under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended from time to time, in this regard.

For periods up to and including the year ended March 31, 2018, the Company presented its financial statements on accrual basis under historical cost convention, and conform in all material aspects to the Generally Accepted Accounting Principles in India ('Indian GAAP' or 'previous GAAP') which encompasses applicable accounting standards relevant provisions of the Companies Act, 2013.

The financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under Ind AS.

The financial statements were authorised for issue by the Company's Board of Directors on 18th April 2019.

III. Functional and Presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts are rounded off to the nearest two decimal, except when otherwise indicated.

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IV. **Use of judgments and estimates:**

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as on the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

V. **Revenue recognition**

1) Brokerage Income is recognised on the trade date of the transaction upon confirmation of the transactions by the exchanges.
2) Loan Syndication Fees are recognised when the right to receive the income is established.
3) Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.
4) Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.
5) Commission from selling of mutual funds is accounted on receipt basis.
6) Recovery from bad debts written off is recognised as income on the basis of actual realisation from customers.
7) Dividends declared by the respective Companies till the close of the accounting period are accounted for as income when the right to receive the dividend is established.
8) Interest income from financial assets is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

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V. **Recognition of Financial Instruments**

a) **Trade Receivables & Trade Payables**

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature.

Management reviews the financial instruments on the reporting date and recognizes impairment losses, when the carrying amount is less than the recoverable amount.

b) **Investment in equity instruments in subsidiaries**

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries and associates at:

a) cost determined in accordance with Ind AS 27; or

b) deemed cost, which shall be its:

i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or

ii) previous GAAP carrying amount at that date.

A first-time adopter may elect the above option for each subsidiary, that it elects to measure using a deemed cost.

The Company has elected to apply the exemption available under Ind AS 101 to use the carrying value (measured as per the previous GAAP) for all its investments in subsidiaries as recognised in the financial statements as at the date of transition to Ind ASs, as deemed cost as at the date of transition (i.e. 1 April 2018).

c) **Cash and cash equivalents**

The Company holds cash and cash equivalents of Rs.3220.68 lacs at 31 March 2019 (31 March 2018: Rs.3821.84 lacs). The cash and cash equivalents are held with bank as current account balances and Fixed Deposit balances.

The Company considers that its cash and cash equivalents have low credit risk and thus no need for any impairment.

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VI. **Investments:**

- The Company acquires holds and deals in shares in its own account also. The investments intended to be held for one year or more were classified as long-term investments and provision for diminution in the value of long term investments being made only if such a decline is other than temporary.
- Current investments are considered as stock in trade and are valued at lower of cost or net realizable value.

VII. **Property, plant and equipment and Investment property**

Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

Depreciation

Depreciation is provided using the straight line method over the useful life as prescribed under Schedule II to the Companies Act, 2013. Depreciation is calculated on pro-rata basis, including the month of addition and excluding the date of sale/disposal. Residual value in respect of assets is considered as 5% of the cost for computing depreciation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

De-recognition

An item of property, plant and equipment or investment property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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Transition to Ind AS

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Intangible assets

Recognition and measurement

Intangible assets are recognized at cost of acquisition which includes all expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to create, produce or making the asset ready for its intended use.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognized.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its intangible asset recognised as of April 1, 2017 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

VIII. Impairment of Assets:

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the period/year in which the said asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

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IX. **Impairment of non-financial assets**

At each reporting date, the Company reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell.

Impairment losses are recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

X. **Employee Benefits:**

Employee benefits comprise both Defined contribution plan and Defined benefit plans. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

Defined contribution plan -

- The Company's Provident Fund Scheme and Employee State insurance scheme are defined contribution plan and company's contribution paid/payable is recognized as expense in Profit & Loss account during the period in which the employee renders the related service.

Defined Benefit Plan -Gratuity

- The Company's liability towards Gratuity is a Defined Benefit Plan. The liability towards Gratuity is determined using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of Employee benefit entitlement. The gratuity Scheme is operated through Group gratuity Scheme of LIC. The gratuity liabilities are provided based on Actuarial Valuation certified by LIC. Actuarial gains and losses are charged to Profit and Loss Account.

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- **Compensated Absence-Leave Salary**

The policy provides for that an employee is entitled to 24 days of earned leave per year and maximum of 15 days leave standing to the credit of the employee at the end of the calendar year will be paid as leave salary calculated on the Gross component. The expenses on account thus arising are recognized in the profit and loss account.

XI. Income Taxes:

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination

Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

A. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to

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temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

a) has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

XII. Provision , Contingent Liabilities and Contingent Assets:

Provisions

Provisions are recognised when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognized/ disclosed in the financial statements.

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First time adoption of Ind AS

Explanation of transition to Ind AS

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

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

'In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has availed the optional exemptions for the amounts reported previously in financial statements prepared in accordance with previous GAAP.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the company has option to avail the below mentioned exemptions and mandatory exceptions.

Optional exemptions:

As per Ind AS 101 an entity may elect to:

a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date; or

b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

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

(c) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS.

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

Investments in group companies

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries and associates at:

a) cost determined in accordance with Ind AS 27; or

b) deemed cost, which shall be its:

i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or

ii) previous GAAP carrying amount at that date.

A first-time adopter may elect the above option for each subsidiary that it elects to measure using a deemed cost.

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

'Mandatory exceptions:

Derecognition of financial assets and liabilities

'As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities

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derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

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

Estimates

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

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

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

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

Classification and measurement of financial assets

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

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition.

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XIII. Contingent Liabilities not provided for:

Bank guarantees aggregating to Rs. 25,23,75,000 (Previous Year – Rs. 25,00,00,000/-) to National Stock Exchange of India Limited, Rs.3,00,00,000/- (Previous Year – 3,00,00,000/-) to Bombay Stock Exchange, Rs. Nil (Previous Year – Nil)/- to MCX-SX Stock Exchange as on 31st March 2019 for meeting margin requirements.

The Company has pledged fixed deposits aggregating to Rs. 14,11,87,500/- (Previous Year – Rs. 14,00,00,000/-) with banks for obtaining the above bank guarantees.

Other Contingent liabilities in respect of claims against the company:

(Rupees in lakhs)

Forum before which the case is pending	No. of cases	Amount
14th Additional City Civil Court, Bangalore	1	127.45
District Court, Patiala House, New Delhi	1	1.43
High Court of Madras	1	5
District & Sessions Judge,Chandigarh	1	1.90

XIV. Earnings Per Share:

The Earning per Share [EPS] has been computed in accordance with the Indian Accounting Standard 33 issued by the Institute of Chartered Accountants of India. The numerators and denominators used to calculate the EPS are:

(Amounts in Rupees)

Particulars	As on 31-03-2019	As on 31-03-2018
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	29,12,034	1,04,65,614
Nominal value per equity share	10	10
Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	4,15,33,709	4,15,33,709
Basic & Diluted Earnings per Share (Before extra-ordinary Item)	0.07	0.25

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XV. Current and Deferred Taxation:

a. Provision for current tax amounting to Rs.6,75,546 has been provided.

b. During the Year the tax effect on timing difference has resulted in Deferred Tax liability and the same has been duly accounted as under:

Deferred Tax Asset / Liability	2018-19	2017-18
DTA / (DTL)	(9275)	1,29,970
Total	**(9275)**	**1,29,970**

c. Managerial Remuneration: **(Amount in Rupees)**

Particulars	2018-19	2017-18
To Managing Director (On deputation from IFCI Limited)		
(a) Salary and Allowances	8,66,835	35,04,429
(b) Contribution to PF and other funds	-	-
Total	**8,66,835**	**35,04,429**

d. Details of Auditors Remuneration (Excluding Service Tax / GST):

Nature of Service	2018-19	2017-18
Statutory Audit Fee	5,00,000	5,00,000
Consolidation Fee	75,000	75,000
For Quarterly Reporting and Consolidating financial Statements	1,80,000	1,80,000
Tax Audit	50,000	25,000
Other Services	-	-
Total	8,05,000	7,80,000

e. Related Party Disclosure :

a) Holding Company : IFCI Limited

b) Subsidiary Companies : a) IFIN Commodities Limited

b) IFIN Credit Limited

c) IFIN Securities Finance Limited (Formerly known as Narayan Sriram Investments Private Limited)

c) Fellow Subsidiaries : a) IFCI Venture Capital ~~Funds Limited~~

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b) IFCI Factors Limited

c) IFCI Infrastructure Development limit

d) Stock Holding Corporation of india Limited

e) MPCON Limited

d) Transaction with Related Parties:

(Amount in Rupees)

Sl. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2018-19	**2017-18**	**2018-19**	**2017-18**
1	Rent Paid to IFCI Ltd.	1,13,21,290	1,14,76,559	-	-
2	Rent received from IFIN Commodities Ltd.	22,63,458	22,97,928	-	-
3	Brokerage Received from IFCI Ltd	32,17,597	39,35,381	-	-
4	Portfolio Management Services fees received	-	-	-	-
5	Depository Services Fees received from IFCI Limited	10,67,833	8,61,310	-	-
6	Reimbursement of Expenses to IFCI Limited.	6,14,543	43,011	-	-
7	Reimbursement of Exp received from IFIN Commodities Limited	-	-	-	-
8	Managerial Remuneration	-	-	2,52,292	34,61,418
9	Consultancy Fee received from IFIN Commodities Limited	-	-	-	-
10	Loan Availed from IFIN Securities Finance Limited	-	-	-	-
11	Loan Repaid to IFIN Securities Finance Limited	-	-	-	-
12	Corporate Guarantee Issued to IFIN Commodities ltd	5,00,00,000	5,00,00,000	-	-
13	Interest Paid to IFIN Securities Finance Ltd	-	-	-	-
14	Equity contribution made in IFIN Securities Finance Limited	30,01,00,000	30,01,00,000	-	-

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15	Equity contribution made in IFIN Commodity Limited	5,00,00,000	5,00,00,000	-	-
16	Brokerage received from IFCI Factors Ltd	60,382	22,803	-	-
17	DP income received from IFCI Factors Ltd	12,733	2,84,063	-	-
18	Reimbursement of Expenses from IFIN Securities Finance Limited	1,25,00,000	1,25,00,000	-	-
19	Amount Due from IFIN Securities Finance Limited	-	35,62,500	-	-
20	Brokerage Income received from IFIN Securities Finance Limited	14,080	1,37,550	-	-
21	Reimbursement of Expenses from IFIN Credit Limited	12,60,000	14,40,000	-	-
22	Amount Due from IFIN Credit Limited	14,68,692	12,95,383	-	-
23	Amount Due from IFIN Commodities Limited	-	4,13,634	-	-
24	DP income received from IFCI Ventures Capital Fund Limited	47,000	87,425	-	-
25	Brokerage income received from IFCI Ventures Capital Fund Limited	24,824	1,74,037	-	-
26	Amount Paid to IFCI Limited for Letter of Credit	4,59,769	4,06,875	-	-

XVI. Employee Benefits

Provisions for employee benefits as per Ind AS:

(a) Defined Contribution plan: Provident and other statutory funds. The amount recognized as an expense during the year is Rs. 51,96,808/- (Previous Year – Rs. 54,57,926 /-) towards Provident fund.

(b) Defined Benefit plan-Liability on account of encashment of leave to employees is paid within one year from the end of the financial year.

(c) The Company has constituted The Employees Group Gratuity Fund under the Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India. The scheme provides for Lump sum payment to vested employees at retirement, death

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while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each year of completed service or part thereof in excess of 6 months. Vesting occurs on completion of 5 years of service.

XVII. Employee Benefits

The following table sets out the Gratuity plan as per Ind AS:

Particulars	Year 2018-19	Year 2017-18
Policy No	605000538	605000538
Date of Valuation	31/03/2019	31/03/2018
Membership Date		
Number of Members	150	155
Average age	39.73	39.04
Average Monthly Salary	20207.84	20007.33
Average past Service	7.13	6.25
Valuation Method	Projected unit credit method	Projected unit credit method
Results of Valuation		
Present value of Past Service Benefit	1,31,28,064	89,08,516
Service cost	15,94,494	12,29,137
Fund with LIC	1,11,62,337	78,18,766
Accrued Gratuity	1,40,24,947	1,23,94,726
Actuarial Assumptions		
Mortality Rate	LIC (2006-08) ultimate	LIC (2006-08) ultimate
Discount rate	7.50 % p.a.	7.50 % p.a.
Salary escalation rate	7%	5%
Withdrawal rate	1% to 3% depending on age	1% to 3% depending on age
Total Amount Payable	35,60,221	24,25,804

XVIII. Balances of Sundry Debtors, Advances recoverable are subject to confirmation from the respective parties. In the opinion of the management the same are good and recoverable, except for an amount of Rs. 11,48,11,042 /- which is provided for.

XIX. Company had initiated the process of identifying the vendors under Micro, Small & Medium Enterprises Development Act, 2006. The Company is yet to receive intimation from the vendors stating their status under Micro, Small & Medium Enterprises Development Act, 2006. In view of this, the company has not made any provision and disclosure required by this Act.

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XX. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures. Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.

RAMAN ASSOCIATE
CHENNAI
FRN: 002910S
Chartered Accountants

RAMAN ASSOCIATE
Chartered Accountants
H.O. : 13, Luz Avenue,
Mylapore, Chennai – 600 004

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Mobile : 98403 60575
E-mail : ramanassociate@rediffmail.com
ramanassociate@yahoo.com

Independent Auditors' Certificate on Corporate Governance to The Members of IFCI Financial Services Limited

1. We, Raman Associate, Chartered Accountants, the Statutory Auditors of **IFCI Financial Services Limited** ["the Company"], have examined the compliance of Corporate Governance by the Company, for the year ended on **March 31, 2019**, as stipulated in regulations 17 to 27 and clauses [b] to [i] of regulation 46 [2] and para C and D of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015 ["SEBI Listing Regulations"].

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

5. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that as per the records maintained and certified by the Registrars of Company, there were no investors' grievances remaining unattended / pending for more than 30 days as at **31st March 2019.**

6. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses [b] to [i] of regulation 46 [2] and para C and D of Schedule V of the SEBI Listing Regulations during the year ended **March 31, 2019.**

7. We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Raman Associate**
Chartered Accountants
FRN: 002910S

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

A.P. Vijayendran
Partner
M. No. 215166
Chennai,

RAMAN ASSOCIATE
Chartered Accountants
H.O. : 13, Luz Avenue,
Mylapore, Chennai – 600 004

Telephone : 091 – 004 - 24996255
Mobile : 98403 60575
E-mail : ramanassociate@rediffmail.com
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Independent Auditor's Report
To the Members of IFCI Financial Services Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **M/s. IFCI Financial Services Limited** ['the Company'] which comprise the Balance Sheet as at **31st March 2019** and the Statement of Profit and Loss [including other comprehensive income], the statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information [hereinafter referred to as "standalone Ind AS financial statements"].

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134[5] of the Companies Act, 2013 ["the Act"] with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards [Ind AS] specified under Section 133 of the Act, read with relevant rules issued in the Companies [Accounts] Rules, 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 standalone Ind AS 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 standalone Ind AS 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 specified 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS 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 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 standalone Ind AS 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 standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including Ind AS, of the financial position of the Company as at **31st March 2019**, and its financial performance including other comprehensive income, its Cash Flows and the changes in equity for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required under Section 143 [5] of the Companies Act, 2013, we give in the "Annexure A" our report on the directions issued by the Comptroller and Auditor General of India.

2. As required by the Companies [Auditor's Report] Order, 2016 ["the Order"], issued by the Central Government of India in terms of Sub-section [11] of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

3. 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) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Cash Flows and the Statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued in the Companies [Accounts] Rules, 2014;

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

RAMAN ASSOCIATE Chartered Accountants CHENNAI FRN: 002910S

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls as required under Clause [i] of Sub-section 3 of Section 143 of the Companies Act, 2013, we give in the "Annexure B" our report on Internal Financial Controls of the Company for the year ended 31st March 2019 and

g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements as referred to in Notes 37 to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts as referred to in Notes 39 to the standalone Ind AS financial statements;

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

For **Raman Associate**
Chartered Accountants
FRN – 002910S

A.P. Vijayendran
Partner
M. No. 215166
Chennai,

RAMAN ASSOCIATE * Chartered Accountants * CHENNAI FRN: 002910S

"Annexure A" to the Independent Auditor's Report of even date on the Standalone Ind AS financial statements of M/s. IFCI Financial Services Limited

<table>
<tr><th>No.</th><th>Compliance</th><th colspan="2">Comments</th></tr>
<tr><td>01</td><td>If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets [including intangible assets and land] and Liabilities [including Committed & General Reserves] may be examined including the mode and present stage of disinvestment process</td><td colspan="2">N-I-L</td></tr>
<tr><td>02</td><td>Please report whether there are any cases of waiver / write-off of debts / loans / interest, etc. If yes, the reasons therefore and the amount involved</td><td colspan="2">N-I-L</td></tr>
<tr><td>03</td><td>Whether proper records are maintained for inventories lying with third parties and assets received as gift from Government or other authorities</td><td colspan="2">N-I-L</td></tr>
<tr><td rowspan="8">04</td><td>A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases [foreign and local] may be given</td><td colspan="2">APPLICABLE</td></tr>
<tr><td>Sl. No.</td><td>Period</td><td>No. of Cases</td></tr>
<tr><td>01</td><td>Less than 1 year</td><td>-</td></tr>
<tr><td>02</td><td>1 year to 3 years</td><td>5</td></tr>
<tr><td>03</td><td>3 years to 5 years</td><td>7</td></tr>
<tr><td>04</td><td>5 years to 10 years</td><td>6</td></tr>
<tr><td>05</td><td>More than 10 years</td><td>-</td></tr>
<tr><td colspan="2" align="right">Total</td><td>18</td></tr>
</table>

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05	Whether the Company's pricing policy absorbs all fixed and variable costs of production as well as the allocation of overheads?	*N-I-L*
06	Whether the Company has fixed norms for normal losses and a system for evaluation of abnormal losses for remedial action is in existence?	*N-I-L*
07	What is the system of valuation of by-products and finished products? List out the cases of deviation from its declared policy	*N-I-L*
08	State the extent of utilization of plant and machinery during the year vis-à-vis installed capacity	*N-I-L*
09	Whether the Company has effective system for physical verification, valuation of stock, treatment of non-moving items and accounting of effect of shortage / excess noticed during physical verification	*N-I-L*

For **Raman Associate**
Chartered Accountants
FRN – 002910S

RAMAN ASSOCIATE * Chartered Accountants * CHENNAI FRN: 002910S

A.P. Vijayendran
Partner
M. No. 215166

Chennai,

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statement of M/s. IFCI Financial Services Limited

Report on the Internal Financial Controls under Clause [i] of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **M/s. IFCI Financial Services Limited** ["the Company"] as of **March 31, 2019** in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

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Meaning of Internal Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operative effectively as at **March 31, 2019,** based on the internal control over financial reporting criteria that are established by the Company in their separate internal control manuals considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Raman Associate**
Chartered Accountants
FRN – 002910S

RAMAN ASSOCIATE * Chartered Accountants * CHENNAI FRN: 002910S

A.P. Vijayendran
Partner
M. No. 215166

Chennai,

Annexure to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statement for the year ended 31st March 2019, on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we report that –

Fixed Assets

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

b) The fixed assets have been physically verified by the Management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c) All title deeds of the immovable properties are held by the Company.

d) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.

Inventory and its physical verification

a) The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.

b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verifications.

Loans granted / taken from related Companies

a) The Company has not granted any loans and advances, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.

b) The Company has not taken any loans and advances, secured or unsecured from companies, firms or other parties covered in the register maintained under section 189 of the Act.

Guarantees given / acquired by the Company

a) In our opinion and according to the information and explanation given to us and based on the records produced before us during the course of our audit, the Company has not given any guarantee or to provide security in connection with a loan or acquire by way of subscription, purchase or otherwise, the guarantees or securities during the year under review.

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Public Deposits

a) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.

Cost Records

a) The Central Government has prescribed the maintenance of cost records by the Company under Section 148 [1] of the Companies Act, 2013 and we are of the opinion that prima facie, the books of accounts have been maintained by the Company and the proforma specified therein for the year are under preparation. We have however not carried out a detailed verification of such records.

Statutory Dues

a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess and any other statutory dues applicable to it with appropriate authorities.

b) According to the information and explanations given to us, no undisputed amounts payable were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.

c) According to the information and explanations given to us, there are no material dues of Sales Tax / Value Added Tax / Income Tax / Customs Duty / Wealth Tax / Service Tax / Excise Duty / Cess which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of statutory dues have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of Dues	Period to which the amount pertains	Amount [Rs. Lakhs]	Forum where the dispute is pending
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

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d) According to the information and explanation given to us, the amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder have been transferred by the Company to the fund within time.

Term Loans

a) The Company has obtained term loans during the year which were *prima facie*, applied for the purpose which they were obtained.

b) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders during the year under review.

c) The Company did not raise any monies by way of issue of debentures or further public offer including debt instruments during the year.

Frauds noticed

a) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and to the best of our knowledge and according to the information and explanations given to us, no fraud of material nature on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the management.

Managerial Remuneration

a) On the basis of verification of records and according to the information and explanations given to us and based on our examination of records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 during the year under review.

Nidhi Company

a) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the provisions of the Nidhi Rules, 2014 are not applicable to the Company.

Related Party Transactions

a) On the basis of verification of records and according to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the details have been properly disclosed in the standalone Ind AS financial statements for the year under review.

Shares and Debentures

a) On the basis of verification of records and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

Non-cash Transactions

a) According to information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash

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transactions with directors or persons connected with him / her during the year under review.

Registration under RBI Act, 1934

a) In our opinion and according to the information and explanations given to us and in accordance with the nature of activity of the Company, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

As per our report of even date
For **Raman Associate**
Chartered Accountants
FRN – 002910S

A.P. Vijayendran
Partner
M. No. 215166

Chennai,

RAMAN ASSOCIATE
Chartered Accountants
H.O. : 13, Luz Avenue,
Mylapore, Chennai – 600 004

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Mobile : 98403 60575
E-mail : ramanassociate@rediffmail.com
ramanassociate@yahoo.com

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IFCI FINANCIAL SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of IFCI Financial Services Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

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Key Audit Matters

The Primary activity of one of the subsidiary company IFIN Securities Finance Limited (ISFL) is to provide loans against shares and towards Margin Funding. ISFL earns the major component of its income from interest and loans form the largest component of its total assets. ISFL has adopted the EIR method to recognize interest on loans from shares whilst stating its loan outstandings at amortised cost. Impairment provisioning on the loans has been done utilizing the expected credit loss model. Our audit procedures included considering appropriateness of policies and assessing compliance with Standards based on our testing. On verification we found them to be broadly in conformity except for some immaterial differences.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India . The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

RAMAN ASSOCIATES CHENNAI FRN: 002910S Chartered Accountants

Report on Other Legal and Regulatory Requirements

1.As required by Section 143(3) of the Act, based on our audit we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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CHENNAI
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Chartered Accountants

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

i. The consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

For Raman Associate
Chartered Accountants
(Firm's Registration No. 002910S)

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P. Vijayendran
Partner
M. No. 215166
Chennai,

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of IFCI Financial Services Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **IFCI Financial Services Limited** (hereinafter referred to as "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

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Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Raman Associate
Chartered Accountants
(Firm's Registration No. 002910S)

RAMAN ASSOCIATES
CHENNAI
FRN: 002910S
Chartered Accountants

Dr. A.P. Vijayendran
Partner
M. No. 215166
Chennai,

IFCI Financial Services Limited
Consolidated Balance Sheet as at 31st March 2019

(Amount in Rs)

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018	As at 01.04.2017
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	1	27,18,985	25,71,941	32,57,816
(b) Capital work-in-progress		-	-	-
(c) Investment Property	2	-	-	-
(d) Goodwill		22,53,857	22,53,857	22,53,857
(e) Other Intangible assets	3	16,63,583	18,63,478	21,09,280
(f) Intangible assets under development		-	-	-
(g) Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Trade receivables		-	-	-
(iii) Loans	4	8,40,05,100	8,93,93,188	15,24,13,436
(iv) Others (to be specified)		-	-	-
(h) Deferred tax assets (net)		-	-	-
(i) Other non-current assets		-	-	-
Current assets				
(a) Inventories		-	-	-
(b) Financial Assets		-	-	-
(i) Investments	5	16,76,74,171	4,38,57,495	1,14,61,957
(ii) Trade receivables	6	13,01,24,343	8,93,08,745	7,50,56,980
(iii) Other Receivables		-	-	-
(iv) Cash and cash equivalents	7	41,70,49,131	47,32,69,384	38,41,08,833
(v) Bank balances other than (iii) above		-	-	-
(vi) Loans	8	15,49,18,624	33,88,45,325	47,29,31,335
(vii) Others (to be specified)		-	-	-
(c) Current Tax Assets (Net)		-	-	-
(d) Other current assets	9	74,40,197	59,74,758	1,19,63,834
Total Assets		96,78,47,991	1,04,73,38,171	1,11,55,57,328
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	SCE	41,53,37,090	41,53,37,090	41,53,37,090
(b) Other Equity	SCE	27,70,44,713	31,40,09,547	29,34,08,937
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings		-	-	-
(ii) Trade payables		-	-	-
(iii) Other financial liabilities		-	-	-
(b) Provisions		-	-	-
(c) Deferred tax liabilities (Net)	10	25,39,398	25,32,993	26,59,146
(d) Other non-current liabilities	11	69,02,487	68,52,327	66,26,724
Current liabilities				
(a) Financial Liabilities		-	-	-
(i) Borrowings	12	-	10,00,000	7,15,00,000
(ii) Trade payables		23,03,77,522	23,62,99,689	28,22,27,814
(iii) Other financial liabilities		-	-	-
(b) Other current liabilities	13	2,55,10,840	6,04,27,047	3,13,85,645
(c) Provisions	14	1,01,35,941	1,08,79,478	1,24,11,972
(d) Current Tax Liabilities (Net)		-	-	-
Total Equity and Liabilities		96,78,47,991	1,04,73,38,171	1,11,55,57,328

See accompanying notes to the financial statements

For Raman Asscoiate
Chartered Accountants
FRN - 002910S

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P Vijayendran
Partner , M. No. 215166

FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED

Karra Visweswar Rao
Managing Director

Biswajit Banerjee
Chairman

Aby Eapen
Company Secretary

A V Pushparaj
Chief Financial Officer

Place : Mumbai
Date : 24/04/2019

IFCI Financial Services Limited

IND AS Reconcilation

Balance Sheet

(Amount in Rs)

Particulars	Note No.	As Per GAAP As at 31.03.2018	Transition Effect As at 31.03.2018	Ind AS As at 31.03.2018	As Per GAAP As at 01.04.2017	Transition Effect As at 01.04.2017	Ind AS As at 01.04.2017
ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	1	25,71,941	-	25,71,941	32,57,816	-	32,57,816
(b) Capital work-in-progress		-	-	-	-	-	-
(c) Investment Property	2	-	-	-	-	-	-
(d) Goodwill		22,53,857	-	22,53,857	22,53,857	-	22,53,857
(e) Other Intangible assets	3	18,63,478	-	18,63,478	21,09,280	-	21,09,280
(f) Intangible assets under development		-	-	-	-	-	-
(g) Financial Assets							
(i) Investments		-	-	-	-	-	-
(ii) Trade receivables		-	-	-	-	-	-
(iii) Loans	4	29,34,11,758	20,40,18,570	8,93,93,188	30,85,25,080	15,61,11,644	15,24,13,436
(iv) Others (to be specified)		-	-	-	-	-	-
(h) Deferred tax assets (net)		-	-	-	-	-	-
(i) Other non-current assets		-	-	-	-	-	-
Current assets							
(a) Inventories		-	-	-	-	-	-
(b) Financial Assets		-	-	-	-	-	-
(i) Investments	5	4,32,03,625	(6,53,870)	4,38,57,495	1,14,61,957	-	1,14,61,957
(ii) Trade receivables	6	8,93,08,745	-	8,93,08,745	7,50,56,980	-	7,50,56,980
(iii) Other Receivables		-	-	-	-	-	-
(iv) Cash and cash equivalents	7	47,32,69,384	-	47,32,69,384	38,41,08,833	-	38,41,08,833
(v) Bank balances other than (iii) above		-	-	-	-	-	-
(vi) Loans	8	14,50,80,683	(19,37,64,642)	33,88,45,325	33,41,33,299	(13,87,98,036)	47,29,31,335
(vii) Others (to be specified)		-	-	-	-	-	-
(c) Current Tax Assets (Net)		-	-	-	-	-	-
(d) Other current assets	9	59,74,758	-	59,74,758	1,19,63,834	-	1,19,63,834
Total Assets		1,05,69,38,229	96,00,058	1,04,73,38,171	1,13,28,70,936	1,73,13,608	1,11,55,57,328

RAMAN ASSOCIATES CHENNAI FRN: 002910S Chartered Accountants

Particulars	Note No.	As Per GAAP As at 31.03.2018	Transition Effect As at 31.03.2018	Ind AS As at 31.03.2018	As Per GAAP As at 01.04.2017	Transition Effect As at 01.04.2017	Ind AS As at 01.04.2017
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital	SCE	41,53,37,090	-	41,53,37,090	41,53,37,090	-	41,53,37,090
(b) Other Equity	SCE	32,23,90,114	83,80,567	31,40,09,547	30,83,89,075	1,49,80,138	29,34,08,937
LIABILITIES							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		-	-	-	-	-	-
(ii) Trade payables		-	-	-	-	-	-
(iii) Other financial liabilities		-	-	-	-	-	-
(b) Provisions		-	-	-	-	-	-
(c) Deferred tax liabilities (Net)	10	25,32,993	-	25,32,993	26,59,146	-	26,59,146
(d) Other non-current liabilities	11	68,52,327	-	68,52,327	66,26,724	-	66,26,724
Current liabilities							
(a) Financial Liabilities							
(i) Borrowings	12	10,00,000	-	10,00,000	7,15,00,000	-	7,15,00,000
(ii) Trade payables		23,62,99,689	-	23,62,99,689	28,22,27,814	-	28,22,27,814
(iii) Other financial liabilities (other than those specified in item (c)		-	-	-	-	-	-
(b) Other current liabilities	13	6,04,27,047	-	6,04,27,047	3,22,67,124	8,81,479	3,13,85,645
(c) Provisions and Current Tax Liabilities	14	1,20,98,969	12,19,491	1,08,79,478	1,38,63,963	14,51,991	1,24,11,972
(d) Current Tax Liabilities (Net)		-	-	-	-	-	-
Total Equity and Liabilities		1,05,69,38,229	96,00,058	1,04,73,38,171	1,13,28,70,936	1,73,13,608	1,11,55,57,328

See accompanying notes to the financial statements

For Raman Asscoiate
Chartered Accountants
FRN - 002910S

RAMAN ASSOCIATE * CHENNAI FRN: 002910S * Chartered Accountants

Dr. A.P Vijayendran
Partner , M. No. 215166

Karra Visweswar Rao
Managing Director

Aby Eapen
Company Secretary

FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED

Biswajit Banerjee
Chairman

A V Pushparaj
Chief Financial Officer

Place : Mumbai
Date : 24/04/2019

IFCI Financial Services Limited

Consolidated Statement of Profit and Loss for the period ended 31st March 2019

(Amount in Rs)

	Particulars	Note No.	Ind AS Y.E 31st March 2019	Ind AS Y.E 31st March 2018
I	Revenue From Operations	15	18,13,55,028	21,30,83,170
II	Other Operating Income	16	1,16,97,879	1,54,46,072
II	Other Income	17	4,52,43,478	3,35,19,025
III	**Total Income (I+II)**		**23,82,96,385**	**26,20,48,267**
IV	**EXPENSES**			
	Employee benefits expense	18	9,80,86,977	10,76,24,821
	Finance costs	19	24,13,748	36,61,349
	Depreciation and amortization expense	1	5,96,241	10,70,857
	Bad Debts		14,84,346	1,95,80,237
	Other expenses	20	9,59,18,586	10,49,45,610
	Total expenses (IV)		**19,84,99,898**	**23,68,82,874**
V	Profit/(loss) before exceptional items and Tax (I- IV)		**3,97,96,487**	**2,51,65,394**
VI	Impairment on financial instrument	21	6,99,93,852	(22,93,675)
	Prior period income		-	-
	Prior period expenses		-	-
VII	Profit/(loss) before tax (V-VI)		**(3,01,97,365)**	**2,74,59,069**
VIII	Tax expense:		-	-
	(1) Current tax		67,61,064	47,71,862
	(1A) Income Tax for earlier Years		-	31,41,097
	(2) Deferred tax		6,405	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		**(3,69,64,834)**	**1,95,46,110**
X	Profit/(loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-
XIII	**Profit/(loss) for the period (IX+XII)**		**(3,69,64,834)**	**1,95,46,110**
XIV	**Other Comprehensive Income**			
a. (i)	Items that will not be reclassified to Profit or Loss		-	-
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
b. (i)	Items that will be reclassified to Profit or Loss		-	-
(ii)	Income Tax relating to items that will be reclassified to Profit or Loss		-	-
XV	**Total Other Comprehensive Income for the period**		**(3,69,64,834)**	**1,95,46,110**
XVI	Earnings per Share (EPS) - not annualised			
	Basic & Diluted		**(0.89)**	**0.47**

See accompanying notes to the financial statements

For Raman Asscoiate
Chartered Accountants
FRN - 002910S

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P Vijayendran
Partner, M. No. 215166

FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED

Karra Visweswar Rao
Managing Director

Biswajit Banerjee
Chairman

Aby Eapen
Company Secretary

A V Pushparaj
Chief Financial Officer

Place : Mumbai
Date : 24/04/2019

IFCI Financial Services Limited

IND AS reconcilation

Statement of Profit and Loss Statement

(Amount in Rs)

	Particulars	Note No.	As Per GAAP Year ended 31st March 2018	Transition Effect Year ended 31st March 2018	Ind AS Year ended 31st March 2018
I	Revenue From Operations	15	21,23,20,611	(7,62,559)	21,30,83,170
II	Other Operating Income	16	1,54,46,072	-	1,54,46,072
II	Other Income	17	2,66,58,467	(68,60,558)	3,35,19,025
III	**Total Income (I+II)**		**25,44,25,150**	**(76,23,117)**	**26,20,48,267**
IV	**EXPENSES**				
	Employee benefits expense	18	10,76,24,821	-	10,76,24,821
	Finance costs	19	36,61,349	-	36,61,349
	Depreciation and amortization expense	1	10,70,857	-	10,70,857
	Bad Debts		1,96,34,943	54,706	1,95,80,237
	Other expenses	20	10,49,45,610	-	10,49,45,610
	Total expenses (IV)		**23,69,37,580**	**54,706**	**23,68,82,874**
V	Profit/(loss) before exceptional items and Tax (I- IV)		**1,74,87,571**	**(76,77,823)**	**2,51,65,394**
VI	Impairment on financial instrument	21	(25,80,882)	(2,32,501)	(22,93,675)
	Prior period Income		(8,81,480)	(8,81,480)	-
	Prior period expenses		90,435	90,435	-
VII	Profit / (loss) before tax (V-VI)		**2,08,59,498**	**(66,54,277)**	**2,74,59,069**
VIII	Tax expense :				
	(1) Current tax		-	-	-
	(1A) Income Tax for earlier Years		47,71,862	-	47,71,862
	(2) Deferred tax		31,41,097	-	31,41,097
			-	-	-
IX	Profit (Loss) for the period from continuing operations (VII-VIII)		**1,29,46,539**	**(66,54,277)**	**1,95,46,110**
X	Profit/(loss) from discontinued operations		-	-	-
XI	Tax expense of discontinued operations		-	-	-
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)		-	-	-
XIII	**Profit/(loss) for the period (IX+XII)**		**1,29,46,539**	**(66,54,277)**	**1,95,46,110**
XIV	**Other Comprehensive Income**				
a. (i)	Items that will not be reclassified to Profit or Loss		-	-	-
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss		-	-	-
b. (i)	Items that will be reclassified to Profit or Loss		-	-	-
(ii)	Income Tax relating to items that will be reclassified to Profit or Loss		-	-	-
XV	**Total Other Comprehensive Income for the period**		**1,29,46,539**	**(66,54,277)**	**1,95,46,110**
XVI	**Earnings per Share (EPS) - not annualised**				
	Basic & Diluted		**0.31**	**(0.16)**	**0.47**

See accompanying notes to the financial statements

For Raman Asscolate
Chartered Accountants
FRN - 002910S

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P Vijayendran
Partner , M. No. 215166

FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED

Karra Visweswar Rao
Managing Director

Biswajit Banerjee
Chairman

Aby Eapen
Company Secretary

A V Pushparaj
Chief Financial Officer

Place : Mumbai
Date : 24/04/2019

IFCI Financial Services Limited

Consolidated Cash Flow Statement As On 31st March 2019

(Amount in Rs)

	Particulars	Year ended 31.03.2019		Year ended 31.03.2018	
A	**CASH FLOW FROM OPERATING ACTIVITES**				
	Net Profit befor tax		(3,01,97,365)		2,74,59,069
	Adjustments for:				
	Depreciation / Amortisation on Fixed Assets	5,96,241		10,70,857	
	Dividend Received (considered seperately under Investment Activities)	95,156		(1,80,767)	
	Finance Cost (considered seperately under Finance Activities)	24,13,748		36,61,349	
	Interest income	41,16,114		(2,19,35,189)	
	Interest expenses	-		-	
	Amount transferred to statutory reserves	-		10,54,500	
	Profit/(Loss) on Fixed Asset	-	72,21,259	-	(1,63,29,249)
A	**Operation Profit before Working Capital Changes**		(2,29,76,106)		1,11,29,820
	Adjustments for:				
	(Increase) / Decrease in Current Investments	(12,38,16,677)		(3,23,95,538)	
	(Increase) / Decrease in Trade Receivables	(4,08,15,598)		(1,42,51,765)	
	(Increase) / Decrease in Short term Loans and Advances	-		-	
	(Increase) / Decrease in Loans & Advances	18,39,26,702		13,40,86,009	
	(Increase) / Decrease in Other current Assets	(14,65,439)		59,89,076	
	Increase / (Decrease) in Trade Payable	(59,22,167)		(4,59,28,125)	
	Increase / (Decrease) in Other Current Liabilities	(3,49,16,207)		2,90,41,402	
	Increase / (Decrease) in Provisions	(7,43,537)		(15,32,494)	
	Increase / (Decrease) in Non - Current Liabilities	50,160	(2,37,02,763)	2,25,603	7,52,34,169
	Cash Generated from Operation before tax		(4,66,78,870)		8,63,63,989
	Direct taxes paid		67,67,469		79,12,959
	Reversal of Tax Provisions		-		-
	Net cash from Operating Activities		(5,34,46,339)		7,84,51,030
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets		(5,43,389)		(1,39,178)
	(Increase) / Decrease in Fixed Deposits		-		-
	(Increase) / Decrease in Long Term Advances		-		-
	Dividend Received		(95,156)		1,80,767
	Interest received		(41,16,114)		2,19,35,189
	Repayment of Long Term Borrowings		-		-
	Repayment of Long Term Liabilities		-		-
	Net Cash used in / raised from Investing Activities		(47,54,659)		2,19,76,778
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Short term Borrowing(net)		-		-
	New Borrowings		-		-
	Deferred tax paid		6,405		(1,26,153)
	Issue of Share Capital		-		-
	Share Application Money Repaid		-		-
	Interest Paid		-		-
	Finance Cost		(10,00,000)		(7,05,00,000)
	Loan Proceeds Received		53,88,088		6,30,20,248
	Repayment of Loans		(24,13,748)		(36,61,350)
			19,80,745		(1,12,67,257)
	Net Changes in Cash & Cash Equivalent (a+b+c)		(5,62,20,253)		8,91,60,551
	Opening Cash and Cash Equivalent		47,32,69,384		38,41,08,833
	Closing Cash and Cash Equivalent		41,70,49,131		47,32,69,384
	Increase / (Decrease) in Cash & Cash Equivalent		(5,62,20,253)		8,91,60,551

Notes

Cash flows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents

Effective April 1, 2018, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements

FOR AND ON BEHALF OF THE BOARD OF IFCI FINANCIAL SERVICES LIMITED

Karra Visweswar Rao
Managing Director

Biswajit Banerjee
Chairman

For Raman Associate
Chartered Accountants
FRN - 002910S

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

Dr. A.P Vijayendran
Partner , M. No. 215166

Aby Eapen
Company Secretary

V Pushparaj
Chief Financial Officer

Place : Mumbai
Date : 24/04/2019

IFCI Financial Services Limited (Consolidated)
Statement of Changes in Equity for the period ended 31st March 2019

A. Equity Share Capital

Units

Particulars	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period (Qty)	Balance at the end of the reporting period (Rs.)	% of Share Holding
IFCI Limited and nominees	3,93,63,809	-	3,93,63,809	39,36,38,090	94.78
Ms. Chandra Ramesh	17,57,619	-	17,57,619	1,75,76,190	4.23
Mr. D V Ramesh	4,12,281	-	4,12,281	41,22,810	0.99
Total	**4,15,33,709**	**-**	**4,15,33,709**	**41,53,37,090**	**100.00**

RAMAN ASSOCIATE
CHENNAI
FRN: 002910S
Chartered Accountants

IFCI Financial Services Limited (Consolidated Financial Statement)

Note No. 1,2,3

Amount in Rs.

Fixed Assets	Gross Block						Accumulated Depreciation			Net Block	
	Balance as at 1st April 2018	Additions	Disposals	Acquired through business combinations	Revaluations/ (Impairments)	Balance as at 31st March 2019	Balance as at 1st April 2018	Depreciation charge for the year	Balance as at 31st March 2019	Balance as at 31st March 2019	Balance as at 31 March 2018
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a Tangible Assets											
Furniture and Fixtures	56,77,766	-	-	-	-	56,77,766	52,30,619	1,46,828	53,77,447	3,00,319	4,83,033
Vehicles	22,150	-	-	-	-	22,150	21,259	248	21,507	643	891
Office equipment	1,20,67,128	3,71,778	-	-	-	1,24,38,905	1,10,03,879	2,33,233	1,12,37,112	12,01,793	10,28,547
computer hardware	3,85,90,012	1,71,611	-	-	-	3,87,61,623	3,75,29,358	16,036	3,75,45,394	12,16,229	10,59,470
Total	5,63,57,056	5,43,389	-	-	-	5,69,00,445	5,37,85,115	3,96,345	5,41,81,460	27,18,985	25,71,941
b Intangible Assets											
Goodwill	22,53,857	-	-	-	-	22,53,857	-	-	-	22,53,857	22,53,857
Computer software	3,55,46,903	-	-	-	-	3,55,46,903	3,36,83,424	1,99,896	3,38,83,320	16,63,583	18,63,478
Intangible Membership Card	32,00,000	-	-	-	-	32,00,000	32,00,000	-	32,00,000	-	-
Others - Non compete fees	1,00,00,000	-	-	-	-	1,00,00,000	1,00,00,000	-	1,00,00,000	-	-
Total	4,87,46,903	-	-	-	-	4,87,46,903	4,68,83,424	1,99,896	4,70,83,320	16,63,583	18,63,478
c Capital Work In Progress	-	-	-	-	-	-	-	-	-	-	-
Total	10,51,03,959	5,43,389	-	-	-	10,56,47,348	10,06,68,539	5,96,241	10,12,64,780	43,82,568	44,35,419
d Intangible assets under Development	-	-	-	-	-	-	-	-	-	-	-
Total	10,51,03,959	5,43,389	-	-	-	10,56,47,348	10,06,68,539	5,96,241	10,12,64,780	43,82,568	44,35,419
Previous Year	10,49,64,781	1,39,178	-	-	-	10,51,03,959	9,95,97,685	10,70,856	10,06,68,541	44,35,418	76,20,953

RAMAN ASSOCIATE
CHENNAI
FRN: 002910S
Chartered Accountants

IFCI Financial Services Limited (Consolidated)
Statement of Changes in Equity for the period ended 31st March 2019

B. Other Equity

Amount in Rs.

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus						Total
			Capital Reserve	Securities Premium Reserve	Statutory Reserves	General Reserve	Amalgamation Reserve	Retained Earnings	
Balance at the beginning of the reporting period	-	-	-	45,16,43,790	61,89,500	95,01,851	17,45,305	(15,50,70,900)	31,40,09,546
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	(3,69,64,834)	(3,69,64,834)
Any other change (to be specified)	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period	-	-	-	45,16,43,790	61,89,500	95,01,851	17,45,305	(19,20,35,734)	27,70,44,713

RAMAN ASSOCIATE * Chartered Accountants * CHENNAI FRN: 002910S

IFCI Financial Services Limited (Consolidated Financial Statement)				
				(Amount in Rs.)
Note 4	**Particulars**	**As at 31st March 2019**	**As at 31st March 2018**	**As at 1st April 2017**
A	**Security Deposits**			
	Fixed Deposits	-		-
	Secured, considered good	7,89,60,688	8,43,81,469	14,35,13,930
	Unsecured, considered good *	-	-	-
	Doubtful	-	-	-
	Total	**7,89,60,688**	**8,43,81,469**	**14,35,13,930**
B	**Other Loans and advances**			
	Secured, considered good	-	-	-
	Unsecured, considered good *	-	-	-
	Doubtful	-	-	-
	Ohers Loans and advances	50,44,412	50,11,719	88,99,506
	Total	**50,44,412**	**50,11,719**	**88,99,506**
	Less : Loss on Impairment	-	-	-
	Total	**8,40,05,100**	**8,93,93,188**	**15,24,13,436**

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

IFCI Financial Services Limited (Consolidated Financial Statement)

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
5	**Current Investments**			
	(a) Investment in Equity instruments	27,32,747	2,23,95,590	2,95,83,896
	(b) Investments in mutual funds	16,62,19,577	3,95,95,887	-
	Total	**16,89,52,324**	**6,19,91,477**	**2,95,83,896**
	Less:			
	Provision for Impairment loss	12,78,153	1,81,33,982	1,81,21,939
	Total	**16,76,74,171**	**4,38,57,495**	**1,14,61,957**
6	**Trade receivables**			
a	**Trade receivables outstanding for a period less than six months from the date they are due for payment**			
	Secured, considered good	12,92,77,408	5,31,61,696	7,16,89,973
	Unsecured, considered good	364	359	353
	Unsecured, considered doubtful	2,43,602	3,84,570	8,96,432
	Total	**12,95,21,374**	**5,35,46,625**	**7,25,86,758**
	Less:			
	Impairment loss	2,43,602	3,84,570	8,96,432
	Total	**12,92,77,772**	**5,31,62,055**	**7,16,90,326**
b	**Trade receivables outstanding for a period greater than six months from the date they are due for payment**			
	Secured, considered good	8,46,571	3,61,46,691	33,66,654
	Unsecured, considered good	-	-	-
	Unsecured, considered doubtful	11,45,80,522	11,60,75,424	13,45,14,236
	Total	**11,54,27,093**	**15,22,22,115**	**13,78,80,890**
	Less:			
	Impairment loss	11,45,80,521	11,60,75,424	13,45,14,236
	Total	**8,46,571**	**3,61,46,690**	**33,66,654**
	Grand Total	**13,01,24,343**	**8,93,08,745**	**7,50,56,980**

RAMAN ASSOCIATE CHENNAI FRN: 002910S Chartered Accountants

IFCI Financial Services Limited (Consolidated Financial Statement)

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
7	**Cash and cash equivalents**			
	Bank Balances			
	a.Current Accounts	12,36,43,047	17,67,47,484	9,69,07,634
	b.Fixed Deposits	**29,33,98,025**	**29,65,07,808**	**28,71,72,333**
	Less than 3 Months	4,63,14,316	4,17,53,121	1,90,00,000
	Greater than 3 Months	24,70,83,709	25,47,54,687	26,81,72,333
	c. Short Term Deposits	-		
	Total	**41,70,41,072**	**47,32,55,292**	**38,40,79,967**
	Cash Balances			
	Cash Balance	8,059	14,093	28,867
	Total	**41,70,49,131**	**47,32,69,384**	**38,41,08,833**
8	**Short term loans and advances**			
	a. Loans and advances to related parties			
	Secured, considered good	-	-	-
	b.Others			
	Other Loans and Advances	19,82,39,026	30,58,81,605	45,26,20,359
	Advance Tax (net of provisions)	3,21,29,686	3,96,75,136	3,57,74,234
	Prepaid Expenses	59,76,313	47,62,002	33,02,341
	Total	**23,63,45,025**	**35,03,18,743**	**49,16,96,934**
	Less : Loss on Impairment	8,14,26,401	1,14,73,418	1,87,65,599
	Total	**15,49,18,624**	**33,88,45,325**	**47,29,31,335**
		15,49,18,624	**33,88,45,325**	**47,29,31,335**
9	**Other current assets**			
	Interest accrued on Deposits	74,40,197	59,74,758	1,19,63,834
	Other Assets	-	-	-
	Interest Receivable	-	-	-
	Total	**74,40,197**	**59,74,758**	**1,19,63,834**

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IFCI Financial Services Limited (Consolidated Financial Statement)

(Amount in Rs.)

Note No.	Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April 2017
10	**Deferred Tax Liabilities**			
	Deferred Tax Liabilities (Net)	25,39,398	25,32,993	26,59,146
	Total	**25,39,398**	**25,32,993**	**26,59,146**
11	**Other Non Current Liabilities**			
	Security and Sundry Deposits	69,02,487	68,52,327	66,26,724
	Total	**69,02,487**	**68,52,327**	**66,26,724**
12	**Trade Payables**			
	Dues of creditors other than Micro and Small Enterprises	**23,03,77,522**	**23,62,99,689**	**28,22,27,814**
	Borrowings	-	10,00,000	7,15,00,000
		23,03,77,522	**23,62,99,689**	**28,22,27,814**
13	**Other current Liabilities**			
	Creditors for expenses	71,05,685	90,58,776	42,12,531
	Statutory dues	51,92,425	1,67,79,831	1,50,47,863
	Other liabilities	1,32,12,730	3,45,88,441	1,21,25,251
	Total	**2,55,10,840**	**6,04,27,047**	**3,13,85,645**
14	**Short term provisions**			
	Gratuity	2,38,060	26,30,739	2,06,949
	Leave Encashment	90,77,023	89,66,832	65,42,320
	Bonus	8,20,858	5,01,398	9,77,523
	Provision for Impairment	-	(12,19,491)	(14,51,991)
	Provision for Income tax	-	-	61,37,171
	Total	**1,01,35,941**	**1,08,79,478**	**1,24,11,972**

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IFCI Financial Services Limited (Consolidated Financial Statement)

(Amount in Rs.)

Note No.	Particulars	Year ended 31st March 2019	Year ended 31st March 2018
15	**Revenue From Operations**		
	Brokerage On Stock Broking	11,78,13,770	14,02,56,459
	Commission On Mutual Fund	1,21,39,789	91,29,693
	Insurance Commission	1,08,048	52,992
	Loan Syndication Fee	1,12,500	14,66,500
	Valuation Fees	-	16,78,478
	Depository Income	40,12,482	47,24,543
	Commision From IPO / Bonds /Others	-	28,97,581
	Interest on loans	3,30,87,796	5,15,38,025
	Gain on Fair value changes	1,37,99,998	-
	Processing Fees	25,000	4,05,000
	Commision On Fixed deposits	-	4,75,482
	Account Opening Charges	1,60,489	2,77,650
	Dividend income	95,156	1,80,767
		18,13,55,028	**21,30,83,170**
16	**Other Operational Income**		
	Delayed Payment Interest	1,16,97,879	1,54,46,072
	Total	**1,16,97,879**	**1,54,46,072**
17	**Other Income**		
	Accounts written off Earlier recovered	-	-
	Interest Income	2,15,14,672	2,19,35,189
	Profit on Sale of Investments	41,16,114	39,16,174
	Net gain on fair value changes	30,14,606	6,53,870
	ECL provision written back	-	62,06,688
	Interest Income on IT Refund	4,72,896	3,40,720
	Miscellaneous Income	1,61,25,190	4,66,385
	Total	**4,52,43,478**	**3,35,19,025**

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IFCI Financial Services Limited (Consolidated Financial Statement)

(Amount in Rs.)

Note No.	Particulars	Year ended 31st March 2019	Year ended 31st March 2018
18	**Employee Benefit Expenditure**		
	(a) Salaries and incentives	8,71,11,175	9,57,50,314
	(b) Contributions to -		
	Provident fund & Employee State Insurance	59,86,195	62,63,782
	Gratuity fund contributions	12,79,988	31,02,346
	Staff Welfare	37,09,619	25,08,379
	Total	**9,80,86,977**	**10,76,24,821**
19	**Finance Costs**		
	Interest Expenses	55,028	18,61,227
	Bank Financial Costs	23,58,720	18,00,122
	Total	**24,13,748**	**36,61,349**

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IFCI Financial Services Limited (Consolidated Financial Statement)			
			(Amount in Rs.)
Note No.	**Particulars**	**Year ended 31st March 2019**	**Year ended 31st March 2018**
20	**Other Expenses**		
	Fees To Clearing Member	33,77,830	45,93,013
	Information Technology Exp	8,53,503	7,98,871
	Data Feed Charges	19,74,114	16,45,291
	DP Expenses	3,07,760	6,44,965
	Professional Charges	2,54,85,442	3,14,63,502
	Advertisement	40,634	-
	Audit Fees	14,92,470	16,20,180
	Electricity Charges	40,59,233	40,15,839
	Insurance Expenses	19,43,379	16,92,910
	Commission Paid	82,00,967	1,02,94,229
	Postage & Telegram	9,20,033	11,55,912
	Printing & Stationery	13,19,157	15,86,068
	Rent	2,15,93,834	2,10,94,972
	Rates & Taxes	1,15,465	1,83,337
	Repairs & Maintenance	6,57,816	14,52,560
	Sitting Fees	3,12,500	7,43,500
	Membership Fee	64,40,278	67,74,683
	Telephone Expenses	57,87,218	62,29,021
	Training Expenses	1,24,118	1,12,917
	Travelling & Conveyance Exp	13,22,922	13,16,301
	Office Maintenance	60,47,463	52,34,817
	Other Administrative Expenses	35,42,451	22,92,722
	Total	**9,59,18,586**	**10,49,45,610**
21	**Impairment on financial instrument**		
	Loss on fair value of shares	(1,68,55,829)	12,043
	Loss on sale of shares	1,76,02,226	-
	Bad debts written off	14,84,346	1,95,80,237
	Loss on Impairment	6,92,47,455	(23,05,718)
	Total	**7,14,78,198**	**1,72,86,562**

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IFCI Financial Services Limited.

Notes to the Consolidated Financial Statements

(For the year ended 31st March 2019)

Groups Background:

The consolidated Financial Statements comprise financial statements of IFCI Financial Services Limited (the Parent) and its subsidiaries collectively the group for the year ended 31st March,2019.

IFCI Financial Services Ltd (IFIN) was promoted in 1995, by IFCI Ltd., to provide a wide range of financial products and services to investors, institutional and retail. IFIN is primarily involved in Stock Broking, Investment Banking, Mutual Fund Distribution & Advisory Services, Depository Participant Services, Insurance Products Distribution and the like.

IFIN is a SEBI registered Stock Broker on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange (BSE) etc.. and is positioned as a global financial supermarket, built on the foundations of incisive research and trust. Intense interaction with investors helps us understand their specific needs and suggest holistic and appropriate financial solutions. Our team of professionals continuously scans the financial arena and stay ever prepared to educate investors and partner them in creating enduring wealth.

Subsidiaries:

The subsidiary company IFIN Commodity Limited is a registered member of Multi Commodity Exchange Limited and its primarily engaged in the business of providing Commodity Market related transaction services.

The subsidiary company IFIN Securities Finance Limited is a Non Banking Finance Company, registered u/s 45-IA of Reserve Bank of India Act, Is primarily engaged in the business of margin funding, providing loan against shares & property, Promoter funding, etc.

The subsidiary company IFIN Credit Limited is not engaged in any business activity.

Decision to continue with the process of merger considered at the meeting of the Board of Directors held on 22.04.2015, with the IFIN Commodities Limited and IFIN Credit Limited,

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(subsidiaries of IFCI Financial Services Limited) was put on hold vide letter dated 13.06.2016 from IFCI limited (ultimate holding company), as they are in the process of obtaining approval in this regards from Government of India. The same had been intimated to the office of the Regional Director, Southern Region , Minister of Corporate affairs vide company's letter dated 24.06.2016. The company is yet to receive any approval in this regard.

IFCI Limited, Our legendary parent Institution

The Government of India established The Industrial Finance Corporation of India (IFCI) on July 1, 1948, as India's first and premier Development Financial Institution, to cater to the long – term financial needs of the industrial sector.

Significant Accounting Policies & Key accounting estimates and judgements :

I. Basis of Preparation of consolidated Financial Statements :

These financial statements are the consolidated financial statements of Group prepared in accordance with Indian Accounting Standards ('IND AS') notified under section 133 of the companies act 2013, read together with the companies (Indian Accounting Standards) Rules,2015 (as amended).

These consolidated financial statements are prepared under the historical cost convention except for certain financial assets and financial liabilities that are measured at each of each reporting period, as stated in the accounting policies stated below. These accounting policies have been applied consistently over all the periods presented in these consolidated financial statements.

The financial statements for the year ended March 31, 2019 are the first financial statements of the Company prepared under Ind AS.

In accordance with Ind AS 101 on First time adoption of Ind AS, the Company has prepared its first Ind AS financial statements which include:

(i) Three Balance sheets namely, the opening Balance sheet as at April 1, 2017 (the transition date) by recognising all assets and liabilities whose recognition is by Ind AS, not recognising assets or liabilities which are not required by Ind AS, by reclassifying assets and liabilities from previous GAAP as required by Ind AS, and applying Ind AS in measurement of recognised assets and liabilities; and Balance sheets as at March 31, 2019 and 2018; and

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(ii) Two statements each of profit and loss; cash flows and changes in equity for the years ended March 31, 2019 and 2018 together with the related notes.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The financial statements were authorised for issue by the Company's Board of Directors on 24th April, 2019.

II. First time adoption of Ind AS

Explanation of transition to Ind AS

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

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

'In preparing its Ind AS balance sheet as at 1 April 2017 and in presenting the comparative information for the year ended 31 March 2018, the Company has availed the optional exemptions for the amounts reported previously in financial statements prepared in accordance with previous GAAP.

Optional exemptions availed and mandatory exceptions

In preparing the financial statements, the company has option to avail the below mentioned exemptions and mandatory exceptions.

Optional exemptions:

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As per Ind AS 101 an entity may elect to :

a) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date; or

b) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

- fair value;

- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index

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

(c) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS.

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

Investments in group companies

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries and associates at:

a) cost determined in accordance with Ind AS 27; or

b) deemed cost, which shall be its:

i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or

ii) previous GAAP carrying amount at that date.

A first-time adopter may elect the above option for each subsidiary that it elects to measure using a deemed cost.

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

Mandatory exceptions:

Derecognition of financial assets and liabilities

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

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

Estimates

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

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

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

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

Classification and measurement of financial assets

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

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition.

III. Functional and Presentation currency:

These financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency. All amounts have been denominated in Indian Rupees and rounded off to the nearest two decimal, except when otherwise indicated.

IV. Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following material items:

- Loans and Advances were measured at Amortised cost using Effective rate of interest.
- Revenue from loans and advances (Interest income) recognized using Effective interest rate.
- Expected Credit Loss (ECL) method was invoked for computing credit impairment on financial assets (loans & advances).
- Mutual Fund Investments were measured at fair value.

V. Use of Judgements and Estimates:

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities as on the date of the financial statements and the reported income and expenses for

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the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

A. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included here:

Impairment of financial assets: establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL (refer detail note XI)

Equity accounted investees: The Company has significant influence over its subsidiaries (investee) of Ifin Commodities Limited (ICOM), Ifin Securities Finance Limited (ISFL) & Ifin Credit Limited (ICL).

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 is included in the following notes:

Impairment of financial instruments: determining inputs into the ECL measurement model, including incorporation of forward looking information including key assumptions used in estimating recoverable cash flows. (refer detail note XI)

- ❖ Measurement of defined benefit obligations: key actuarial assumptions (refer point i to the notes forming part of accounts)
- ❖ Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used (refer point d to the notes forming part of accounts)
- ❖ determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized
- ❖ recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (refer point III to the notes forming part of accounts)

VI. Business Combinations

Business Combinations are accounted for using the acquisitions method. At the Acquisitions date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the

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liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The Consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceed the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisitions excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amount on the date of the acquisition subject to necessary adjustments required to harmonic accounting policies. Any excess or short fall of the consideration paid over the share capital of transferor entity or business is recognized as capital reserve under equity.

GOODWILL

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the group's cash generation Units(CGUs) that are expected to

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benefit from the combination. A CGU is the Smallest identifiable group of assets that generates cash inflows that that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGU to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the group.

A CGU to which the goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill with the recoverable amount of the CGU. If the recoverable amount of the CGU exceed the carrying amount of the CGU exceed the recoverable amount of the CGU, the group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the statement of profit and loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

VII. Principles used in Consolidation Procedure:

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of the subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of Parent's investment in each subsidiary and the parents portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- In the case of IFIN Commodity Ltd., since the amount paid is equal to the paid up capital of the subsidiary, there is neither goodwill nor a capital reserve.
- In the case of IFIN Credit Ltd., IFCI Financial Services Ltd. had acquired the 100% of the share capital in two stages i.e. initially 45% in the accounting year 2008-09 and the balance in 2009-10. The total amount paid is Rs.2,79,00,000 for a net asset value of Rs. 1,98,81,335/- as on 01.02.2010 i.e., the date on which the Company became a subsidiary (Wholly owned). The surplus of Rs. 80,18,665/- is adjusted against the Amalgamation Reserve of Rs.97,63,970/- ~~leaving a balance of Rs.17,45,305/-.~~

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- In the case of IFIN Securities Finance Ltd (Formerly known as Narayan Sriram Investments Private Ltd.), IFCI Financial Services Ltd. had acquired the 100% of the share capital for a consideration of Rs. 73,23,063 for a total equity of Rs.1,00,000/- as on 02.03.2011 i.e., the date on which the Company became a subsidiary (Wholly owned). The total reserves and surplus as on date of acquisition of Rs.50,69,206/- and the balance amount of Rs. 22,53,857 is shown as goodwill.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses, and cash flows relating to the transactions between entities of group (profit or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminate in full). Intra group losses may indicate an impairment that requires recognition in the consolidate financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the owners of the company and to the non-controlling interests, even if this results in the non-controlling interests having deficit balance. When necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group's accounting policies. All intra-groups assets and liabilities, equity, income, expenses and cashflows between members of Group are eliminated in full on consolidation.

IFCI Financial Services Ltd's (the parent company or the holding company) shareholding in the following companies as on 31st March 2019 and 31st March 2018 are as under:

Name of the Subsidiary	Country	Date on which became a Subsidiary	As on 31st Mar 2019		As on 31st Mar 2018	
			No of shares held	% of holding	No of shares held	% of holding
IFIN Commodities Ltd.	India	30.01.2009	50,00,000	100	50,00,000	100
IFIN Credit Ltd.	India	01.02.2010	25,00,000	100	25,00,000	100
IFIN Securities Finance Ltd. (Formerly known as Narayan Sriram Investments Private Ltd)	India	02.03.2011	30,01,000	100	30,01,000	100

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VIII. **Revenue Recognition:**

1) **Interest Income**

❖ **On Loan Against Shares :**

Interest earned on loans against shares (financial asset) is recognized based on the effective interest rate (EIR) method as per Ind AS 109 & 32 and is the rate that exactly discounts the estimated future repayments of principal and interest through the expected life of the financial asset to the gross carrying amount of a financial asset i.e the amortised cost of the financial asset, before adjusting for any credit loss allowance which are applicable for Stage 1 (Performing) and Stage 2 (Under performing) assets. For Stage 3 (Non-performing) assets, expected interest rate is calculated on the amortised cost less expected credit loss adjustment. Refer note 11a for details on impairment.

Processing fee received by the company relating to the creation or acquisition of a financial asset is considered an integral part of the effective interest rate of a financial instrument and is treated as an adjustment to the effective interest rate and recognised over the lifetime of the financial instrument.

❖ **On Margin Funding :**

Considering the nature and complexity of margin trading, it is not possible to apply the effective interest rate method and so interest has been considered on a time proportion basis taking into account the amount outstanding and the rate applicable.

❖ **On Fixed deposit :**

Interest income from financial assets is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

2) Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.
3) Loan Syndication Fees are recognised when the right to receive the income is established.
4) Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.
5) Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.
6) Commission from selling of mutual funds is accounted on receipt basis.
7) Recovery from bad debts written off is recognised as income on the basis of actual realisation from customers.
8) Dividends are recognised in profit or loss only when

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(a) the company's right to receive payment of the dividend is established;
(b) it is probable that the economic benefits associated with the dividend will flow to the company; and
(c) the amount of the dividend can be measured reliably.

IX. Borrowing costs

The borrowing costs are recognised in profit or loss in the period in which they are incurred.

X. Recognition of Financial Instruments

(a) Financial assets

Classification of financial assets

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

A financial asset is measured at amortised cost using effective interest rate method if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. Financial assets i.e. derivative instruments and investments in instruments other than equity of subsidiaries, joint ventures and associates) are subsequently measured at fair value.

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Such financial assets are measured at fair value at the end of each reporting period, with any gains (e.g. any dividend or interest earned on the financial asset) or losses arising on re-measurement recognised in profit or loss and included in the "Other Income". Investments in equity instruments & mutual funds are classified as fair value through profit or loss.

Impairment of Financial Assets

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the Company expects to receive.

Expected Credit Loss (ECL)

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of those financial instruments.

The Company measures the loss allowance for the financial instruments at an amount equal to the lifetime expected credit losses if the credit risk on those financial instruments has increased significantly since initial recognition. If the credit risk on financial instruments has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instruments at an amount equal to 12 month expected credit losses. The twelve months expected credit losses are portion of the lifetime cash shortfalls that will result if default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted beyond the 12 months.

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If the Company measured loss allowance for the financial instruments at life time expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12 month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses. To make the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

The company recognises stages for recognition of expected credit loss on financial instruments for which there has been significant increase in credit risk since initial recognition. The probability of default and loss given default have been measured using past credit history, and forward looking credit risk estimations which may include external credit ratings and credit loss experiences of other peer companies wherever applicable.

Stage	Category	Days due since initial recognition	Expected credit loss (ECL)
1	Performing	0-30 days or cash Margin clause not invoked as Stage 1	12 months ECL
2	Under-performing	31-90 days or cash margin clause invoked and the client has paid cash margin	Life time ECL
3	Non-performing	Beyond 90 days or cash margin clause invoked but the client has not paid ,entity has sold the security to the extent of cash margin short fall to recover the dues.	Life time ECL

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De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. The company directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

The Company has applied the de-recognition requirements of financial assets prospectively for transactions occurring on or after April 1, 2017 (the transition date).

❖ **Trade Receivables & Trade Payables**

The respective carrying values of certain on-balance sheet financial instruments approximated their fair value. These financial instruments include trade receivables, trade payables and certain other financial assets and liabilities. Carrying values were assumed to approximate fair values for these financial instruments as they are short-term in nature.

Management reviews the financial instruments on the reporting date and recognizes impairment losses, when the carrying amount is less than the recoverable amount.

❖ **Investment in equity instruments in subsidiaries**

Ind AS 101 provides an exemption to the first-time adopter to measure an investment in subsidiaries and associates at:

a) cost determined in accordance with Ind AS 27; or

b) deemed cost, which shall be its:

i) fair value at the entity's date of transition to Ind ASs in its separate financial statements; or

ii) previous GAAP carrying amount at that date.

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A first-time adopter may elect the above option for each subsidiary, that it elects to measure using a deemed cost.

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

❖ Cash and cash equivalents

The Company holds cash and cash equivalents of Rs. 4170.29 lacs at 31 March 2019 (31 March 2018 Rs. 4732.69 lacs). The cash and cash equivalents are held with bank as current account balances and Fixed Deposit balances.

The Company considers that its cash and cash equivalents have low credit risk and thus no need for any impairment.

Financial liabilities

All financial liabilities are initially measured at fair value and subsequently measured at amortised cost, if material.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The Company has applied the de-recognition requirements of financial liabilities prospectively for transactions occurring on or after April 1, 2017 (the transition date). The company removes a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires.

XI. Investments:

❖ The Company acquires holds and deals in shares in its own account also. The investments intended to be held for one year or more were classified as long-term investments and provision for diminution in the value of long term investments being made only if such a decline is other than temporary.

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- Current investments are considered as stock in trade and are valued at lower of cost or net realizable value.

XII. Property, plant and equipment and Investment property

Recognition and measurement

Property, plant and equipment held for use or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. The cost includes non-refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Investment Property consists of building let out to earn rentals. The Company follows cost model for measurement of investment property.

Depreciation

Depreciation is provided using the straight line method over the useful life as prescribed under Schedule II to the Companies Act, 2013. Depreciation is calculated on pro-rata basis, including the month of addition and excluding the date of sale/disposal. Residual value in respect of assets is considered as 5% of the cost for computing depreciation.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

De-recognition

An item of property, plant and equipment or investment property is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment or investment property is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its property, plant and equipment and investment property recognised as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

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Intangible assets

Recognition and measurement

Intangible assets are recognized at cost of acquisition which includes all expenditure that can be directly attributed or allocated on a reasonable and consistent basis, to create, produce or making the asset ready for its intended use.

Amortisation

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

De-recognition

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is de-recognized.

Transition to Ind AS

The Company has elected to continue with the carrying value of all of its intangible asset recognised as of April 1, 2018 (the transition date) measured as per the previous GAAP and use such carrying value as its deemed cost as of the transition date.

Non Competent Fee:

Intangible assets are recognized if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account.

The computer software is identified as Intangible assets and has been amortized at the rate 40% following WDV method.The consideration paid as non-compete fees is identified as an Intangible Asset and has been amortised as per the terms of the agreement on straight line basis.

Depreciation on the fixed assets is provided on the written down value method in the manner prescribed under Schedule II of the Companies Act, 2013

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XIII. Impairment of Assets:

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the period/year in which the said asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

XIV. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amount of its non financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The 'recoverable amount' of an asset is the greater of its value in use and its fair value less costs to sell.

Impairment losses are recognised in profit and loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

XV. Employee Benefits:

Employee benefits comprise both Defined contribution plan and Defined benefit plans. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

Defined contribution plan

❖ The Company's Provident Fund Scheme and Employee State insurance scheme are defined contribution plan and company's contribution paid/payable is recognized as expense in Profit & Loss account during the period in which the employee renders the related service.

Defined Benefit Plan -Gratuity

❖ The Company's liability towards Gratuity is a Defined Benefit Plan. The liability towards Gratuity is determined using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of Employee benefit entitlement. The gratuity Scheme is

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operated through Group gratuity Scheme of LIC. The gratuity liabilities are provided based on Actuarial Valuation certified by LIC. Actuarial gains and losses are charged to Profit and Loss Account.

Compensated Absence-Leave Salary

- The policy provides for that an employee is entitled to 24 days of earned leave per year and maximum of 15 days leave standing to the credit of the employee at the end of the calendar year will be paid as leave salary calculated on the Gross component. The expenses on account thus arising are recognized in the profit and loss account.

XVI. Income Taxes:

Income-tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of temporary differences between tax base and book base). It is recognised in profit or loss except to the extent that it relates to a business combination

A. Current tax

Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

B. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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Deferred tax assets are reviewed at each reporting date and based on management's judgement, are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if the Company:

a) has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

XVII. Contingent Liabilities not provided for:

Bank guarantees aggregating to Rs. 25,23,75,000 (Previous Year – Rs. 25,00,00,000/-) to National Stock Exchange of India Limited, Rs.3,00,00,000/- (Previous Year – 3,00,00,000/-) to Bombay Stock Exchange, Rs. Nil (Previous Year – 1,00,00,000)/- to MCX-SX Stock Exchange and Rs. Nil (Previous Year – 4,00,00,000) , Multi Commodity Exchange Limited , Rs. 4,00,00,000 /- (Previous Year Rs. 5,00,00,000 /-) as on 31st March 2018 for meeting margin requirements.

The Company has pledged fixed deposits aggregating to Rs. 16,11,87,500/- (Previous Year – Rs. 14,35,00,000/-) with banks for obtaining the above bank guarantees.

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Counter guarantee given by the Parent Company (IFCI Limited) to a bank for issue of bank guarantee to the subsidiary company IFCI Financial Services Limited – Rs. Nil (previous year – Rs.30,00,00,000/-) and IFIN Commodities Limited – Rs. Nil (previous year – Rs. 4,00,00,000/-)

Other Contingent liabilities in respect of claims against the company:

(Rupees in lakhs)

Forum before which the case is pending	No. of cases	Amount
District Court, Patiala House, New Delhi	1	1.43
Additional City Civil & Sessions Judge, Bangalore	1	127.45
Highcourt of Madras	1	5.00
Principal District Judge, Panaji	8	465.33

XVIII. Estimated amount of contracts remaining to be executed

Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) is Rs. NIL (Previous Year –Nil)

XIX. Loans Borrowed :

Loans borrowed as on 31/03/2019 amounting to Rs. Nil ~~(Previous year Rs. 10,00,000/-) and the~~ details of security offered is Receivables of the company along with a comfort letter from IFCI Limited.

XX. Earnings Per Share:

The Earning per Share [EPS] has been computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India. The numerators and denominators used to calculate the EPS are:

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(Amounts in Rupees)

Particulars	As on 31-03-2019	As on 31-03-2018
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	(3,69,64,834)	1,95,46,110
Nominal value per equity share	10	10
Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	4,15,33,709	4,15,33,709
Basic & Diluted Earnings per Share (Before extra-ordinary Item)	(0.89)	0.47

XXI. Current and Deferred Taxation:

(a) The Subsidiary Company IFIN Commodities Limited has provided Current Tax Rs. 6,33,570 (Previous Year Rs. 3,817) and Deferred Tax Rs. (2,870) /- (Previous Year Rs. Nil as per provisions of Income Tax Act, 1961

(b) The Subsidiary Company IFIN Credit Limited has provided Current Tax Rs. NIL (Previous Year – Rs. Nil) as per provisions of Income Tax Act, 1961 and Deferred Tax during the year the tax effect on timing difference has not been recognized

(c) The Subsidiary Company IFIN Securities Finance Limited has has provided for Minimum Alternative Tax (MAT) amounting to Rs. 54,51,948/- (Previous Year Rs. 53,91,097) as per provisions of Sec 115JB of the Income Tax Act, 1961 and Deferred Tax The company's carried forward losses results in Deferred Tax Asset which has not been recognized in these accounts as a matter of prudence.

(d) During the year the Parent Company has provided Current Tax Rs. 6,75,546 (Previous Year Rs. 26,48,015) and Deferred Tax Rs. 9,275 /- (Previous Year Rs. (1,29,970) as per provisions of Income Tax Act, 1961

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XXII. **Managerial Remuneration:**

(Amount in Rupees)

Particulars	2018-19	2017-18
To Managing Director (On deputation from IFCI Limited)		
(a) Salary and Allowances	8,66,835	35,04,429
(b) Contribution to PF and other funds	-	-
Total	8,66,835	35,04,429

XXIII. **Related Party Disclosure as per AS 18:**

a) Holding Company : IFCI Limited

b) Subsidiary Companies : a) IFIN Commodities Limited

b) IFIN Credit Limited

c) IFIN Securities Finance Limited (Formerly known as Narayan Sriram Investments Private Limited)

c) Fellow Subsidiaries : a) IFCI Venture Capital Funds Limited

b) IFCI Factors Limited

c) IFCI Infrastructure Development limit

d) Stock Holding Corporation of india Limited

e) MPCON Limited

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d) **Transaction with Related Parties:**

(Amount in Rupees)

Sl. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2018-19	2017-18	2018-19	2017-18
1	Rent Paid to IFCI Ltd.	1,13,21,290	1,14,76,559	-	-
2	Rent received from IFIN Commodities Ltd.	27,11,592	27,11,592	-	-
3	Brokerage Received from IFCI Ltd	32,17,597	39,35,381	-	-
4	Portfolio Management Services fees received	-	-	-	-
5	Depository Services Fees received from IFCI Limited	10,67,833	8,61,310	-	-
6	Reimbursement of Expenses to IFCI Limited.	6,14,543	43,011	-	-
7	Managerial Remuneration	-	-	2,52,292	34,61,418
8	Corporate Guarantee Issued to IFIN Commodities ltd	5,00,00,000	5,00,00,000	-	-
9	Equity contribution made in IFIN Securities Finance Limited	30,01,00,000	30,01,00,000	-	-
10	Equity contribution made in IFIN Commodity Limited	5,00,00,000	5,00,00,000	-	-
11	Brokerage received from IFCI Factors Ltd	60,382	22,803	-	-
12	Reimbursement of Expenses from IFIN Securities Finance Limited	1,25,00,000	1,25,00,000	-	
13	Reimbursement of Expenses from IFIN Credit Limited	12,60,000	14,40,000	-	-
14	Amount Due from IFIN Credit Limited	14,68,692	19,71,383	-	-
15	Amount Due from IFIN Commodities Limited	-	4,13,634		

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XXIV. Employee Benefits

Provisions for employee benefits under revised AS 15:

(a) Defined Contribution plan: Provident and other statutory funds. The amount recognized as an expense during the year is Rs . 77,66,183/- (Previous Year – Rs. 93,66,128 /-) towards Provident fund.

(b) Defined Benefit plan-Liability on account of encashment of leave to employees is paid within one year from the end of the financial year.

(c) The Company has constituted The Employees Group Gratuity Fund under the Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India. The scheme provides for Lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each year of completed service or part thereof in excess of 6 months. Vesting occurs on completion of 5 years of service.

The following table sets out the Gratuity plan as required under AS-15 (revised).

Particulars	IFIN - Year 2018-19	ICOM - Year 2018-19
Policy No	605000538	605000514
Date of Valuation	31/03/2019	31/03/2019
Membership Date		
Number of Members	150	23
Average age	39.73	36.13
Average Monthly Salary	20207.84	13490.91
Average past Service	7.13	5.78
Valuation Method	Projected unit credit method	Projected unit credit method
Results of Valuation		
Present value of Past Service Benefit	1,31,28,064	9,52,168
Service cost	15,94,494	1,59,134
Fund with LIC	1,11,62,337	7,57,188
Accrued Gratuity	1,40,24,947	10,38,746
Actuarial Assumptions		
Mortality Rate	LIC (2006-08) ultimate	LIC (2006-08) ultimate
Discount rate	7.50 % p.a.	7.50 % p.a.
Salary escalation rate	7%	7%
Withdrawal rate	1% to 3% depending on age	1% to 3% depending on age
Total Amount Payable	35,60,221	3,54,114

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XXV. **Operating Segments**

A. Basis of Segmentation:

- Accounting Pronouncements establish standards for the manner in which public companies report information about operating segments in annual and interim financial statements.
- Operating Segments are component of an enterprise that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Company's other components, about which separate financial information is available that is evaluated regularly by the management on deciding how to allocate resources and in assessing performance.
- The company operates predominantly relate to financial services and accordingly multiple segments were reported.
- Segment reporting presented in consolidated Financial statements is based on the "Management Approach" as defined IndAS Operating Segments.

B. Segment Report:

Particulars	Brokerage	Merchant Banking	Depository	Mutual Funds	Insurance income	Loans (NBFC)	Total
External -Segment Revenue	1458.92 (1,566.27)	1.13 (31.45)	40.12 (47.25)	121.40 (120.27)	1.08 (5.28)	499.27 (588.04)	2121.93 (2,358.56)
Inter Segment Revenue	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Total Revenue	1458.92 (1,566.27)	1.13 (31.45)	40.12 (47.25)	121.40 (120.27)	1.08 (5.28)	499.27 (588.04)	2121.93 (2,358.56)
Segment Result	1126.96 (1,171.25)	1.13 (31.45)	37.05 (40.80)	39.39 (17.33)	1.08 (5.28)	498.72 (569.42)	1704.33 (1,835.54)
Unallocated Corporate Expenses net of Income	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	-2221.45 (-1780.30)
Operating Profit	(-)	(-)	(-)	(-)	(-)	(-)	-517.12 (55.24)
Interest Income	215.15	-	-	-	-	-	215.15

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	(219.35)	(-)	(-)	(-)	(-)	(-)	(219.35)
Net Profit before Tax	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	-301.97 (274.59)
Tax Expenses	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	67.67 (79.13)
Net Profit after Tax	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	-369.65 (195.46)
Segment Assets	1,301.24 (893.09)	- (-)	- (-)	- (-)	- (-)	840.05 (2,831.58)	2141.29 (3,724.67)
Unallocated Assets	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	7537.19 (6,748.72)
Total Assets	1,301.24 (893.09)	- (-)	- (-)	- (-)	- (-)	840.05 (2,831.58)	9678.48 (10,473.39)

Particulars	**Brokerage**	**Merchant Banking**	**Depository**	**Mutual Funds**	**Insurance income**		**Total**
Segment Liabilities	2,627.91 (3,035.79)	- (-)	- (-)	- (-)	- (-)	-	2627.91 (3,035.79)
Unallocated Liabilities	- (-)	- (-)	- (-)	- (-)	- (-)	-	7050.57 7,437.59
Total Liabilities	2,627.91 (3,035.79)	- (-)	- (-)	- (-)	- (-)	-	9678.48 (10,473.38)
Capital Expenditure	- (-)	- (-)	- (-)	- (-)	- (-)	-	- (-)
Depreciation	- (-)	- (-)	- (-)	- (-)	- (-)	-	5.96 (1.70)

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XXV. **Others**

- Balances of Sundry Debtors, Advances recoverable are subject to confirmation from the respective parties. In the opinion of the management the same are good and recoverable, except for an amount of Rs. 11,48,24,123 /- which is provided for.
- Company had initiated the process of identifying the vendors under Micro, Small & Medium Enterprises Development Act, 2006. The Company is yet to receive intimation from the vendors stating their status under Micro, Small & Medium Enterprises Development Act, 2006. In view of this, the company has not made any provision and disclosure required by this Act.
- Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.
- Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.

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