



IFCI FINANCIAL SERVICES LIMITED

Annual Report 2015 - 16

IFCI FINANCIAL SERVICES LIMITED

Board of Directors*:

Shri Malay Mukherjee
Shri Achal Kumar Gupta
Shri M P Rege
Shri M V Muthu
Shri Lalit Kumar Patangia
Shri V Ramanan
Shri Rajesh Kumar Gupta
Smt. S Usha, Managing Director

*As on date of this report

Chief Financial Officer

Shri A.V. Pushparaj

Statutory Auditors (2015-16)

Kalyanasundaram & co.,
FRN 01676S
Chartered accountants
B. Kalyanasundaram
M. No: 011453
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 21st Annual General Meeting of the shareholders of the Company will be held at 17th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110 019 on Wednesday, September 7, 2016 at 02:00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2016, together with Board of Directors' Report and the Auditors Report thereon;
2. To appoint a director in place of Shri Rajesh Kumar Gupta, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company and fix their remuneration.

"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) M/s. Ponraj & Co., Chartered Accountants, having firm registration number 02672S, appointed by the Comptroller and Auditor General of India (CAG), be and is hereby appointed as the Statutory Auditor(s) of the Company for the financial year 2016-17.

RESOLVED FURTHER THAT M/s. Ponraj & Co., Statutory Auditor(s) of the Company, be paid a fee of Rs. 5,00,000/- (Five lakh Rupees only) in respect of the audit of the Accounts of the company for the year 2016-17, Rs. 60,000/- (Sixty thousand only) in respect of the Limited review for every quarter, Rs. 75,000/- (Seventy five thousand only) for consolidation purpose and Rs.25,000/- (Twenty five thousand only) towards tax audit of the company, plus applicable taxes and such other certification fees as payable from time to time."

AS SPECIAL BUSINESS

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

RE-APPOINTMENT OF SMT S. USHA AS MANAGING DIRECTOR OF THE COMPANY

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 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), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, the consent of the shareholders of the Company be and is hereby accorded for re-appointment of Smt S. Usha (DIN: 03567757, residing at New No.6, Old No.14, Parthasarathy Nagar, 10th Street, Adambakkam, Chennai, 600088), as Managing Director of the Company for a further period of one year with effect from April 21, 2016, on the existing terms & conditions of her deputation with liberty to the Board of Directors (herein after referred to as "the Board" which term shall deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and /or remuneration as it may deem fit and as may be acceptable to Smt Usha, subject to such remuneration not exceeding the limit prescribed under Schedule V to the Act or any statutory modification(s) thereto or re-enactment thereof;

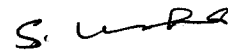
RESOLVED FURTHER THAT the total amount reimbursable to IFCI on account of the salary/allowance/perquisites may be amended from time to time based on the communication received by IFIN from IFCI, subject to all applicable provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the consent of the shareholders of the Company be and is hereby also accorded that where in any financial year the Company has no profits or inadequate profits then remuneration as decided above be paid in accordance with the limit prescribed under Schedule V of the Act subject to approval of the Central Government, if any.

RESOLVED FURTHER THAT the Board of Directors of the Company or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the Government departments, as may be required in this regard.

By Order of the Board

For **IFCI Financial Services Limited**



S.Usha

Managing Director

DIN: 03567757

(DIN: 03567757)

New No. 6, Old No. 14,
Parthasarathy Nagar 10th Street,
Adambakkam, Chennai-600 088

Place: Chennai

Date : 16.08.2016

Notes:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special business is annexed hereto.
2. **A MEMBER ENTITLED TO VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. CORPORATE MEMBERS ARE REQUESTED TO SEND CERTIFIED COPY OF BOARD RESOLUTION, PURSUANT TO SECTION 89 OF THE COMPANIES ACT, 2013, AUTHORIZING THEIR REPRESENTATIVE TO ATTEND AND VOTE AT THE MEETING.**
3. Members should bring the attendance slip duly filled in for attending the meeting.
4. The relevant documents referred to in the accompanying Notice and the Statement under Section 102(1) will be available for inspection of the members at the registered office of the Company on all working days during business hours, upto the date of ensuing Annual General Meeting.

ANNEXURE TO THE NOTICE

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013:

ITEM NO.4:

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, the Nomination and Remuneration Committee of the Board and the Board of Directors have, at their meeting held on April 11, 2014, appointed Smt. S. Usha as Managing Director of the Company for a period of two years with effect from April 21, 2014. The same was approved by the members of the Company by way of Special Resolution at the Annual General Meeting of the Company held on 30.09.2014.

Consequentially, the tenure of Smt. S. Usha as Managing Director came to an end on April 20, 2016. Therefore, the Nomination and Remuneration Committee of the Board and the Board of Directors have, at their meeting held on April 18, 2016, re-appointed Smt. S. Usha as Managing Director of the Company for a further period of one year with effect from April 21, 2016 on the existing terms & conditions of her deputation.

In case, the Company has no profits or its profits are inadequate, then the remuneration shall be paid to her with the prior approval of the Central Government or in accordance with the provisions of the Companies Act, 2013 read with Schedule V of the Act.

The terms and conditions of the re-appointment, including remuneration, etc., may be amended from time to time based on the communication received by the Company from IFCI Limited, subject to all applicable provisions of the Companies Act, 2013.

The details of Smt. S. Usha as set out below are subject to the approval of the shareholders of the Company under the provisions of 'Secretarial Standard on General Meetings (SS-2)'

A. Age, Qualification & Experience

Smt. S. Usha is 58 years old. She is a Chemistry Graduate from Madras Christian College. She did her CAIIB from Indian Institute of Banking & Finance and MBA (Finance) from Indira Gandhi National Open University.

She started her career with Central Government, Staff Selection Commission of India, Ministry of Home Affairs where she handled various departments like accounts, establishment, Human Resources etc. Later she joined in another Central Government organization in Accountant General's Office, Chennai.

In the year 1982 she joined IFCI Limited and rose to the level of Senior Associate Vice President at IFCI Limited. She successfully handled big portfolio of cases consisting of projects like, Thermal power, Hydro Power, Fertilizers, Hotels, Engineering, Chemical, Textiles etc.

B. Terms and conditions of re-appointment

She is re-appointed as Managing Director of the Company on the existing terms & conditions of her deputation.

C. Details of Remuneration

a) Past Remuneration : Rs. 29,40,972/- per annum.

b) Remuneration proposed : On the existing terms and conditions of her deputation.

D. Date of first appointment on the Board of the Company: 30.08.2013

E. Shareholding in the Company: Nil

F. Relationship with other Directors, Manager and other Key Managerial Personnel of the company: N.A.

G. Number of Meetings of the Board attended during the financial year 2015-16: 4

H. Directorships/Membership/Chairmanship of Committees of other Boards as on March 31, 2016:

S. No.	Names of the Companies/bodies corporate/firms/ association of individuals	Nature of Interest or concern /Change in interest or concern	Share holding	Date on which interest or concern arose/changed
1.	IFIN Securities Finance Limited	Director	01 share	29-08-2013
2.	IFIN Commodities Limited	Director	Nil	03-09-2013
3.	IFIN Credit Limited	Director	01 share	21-04-2014

The Board recommends resolution under Item No.4 to be passed as a Special resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution except and to the extent they are member of the Company, except Smt. S. Usha.

By Order of the Board
For **IFCI Financial Services Limited**

Place: Chennai
Date : 16.08.2016



S. Usha

Managing Director

DIN: 03567757

(DIN: 03567757)

New No. 6, Old No. 14,
Parthasarathy Nagar 10th Street,

IFCI FINANCIAL SERVICES LIMITED

CIN: U74899DL1995GOI064034

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

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

Name of the attending Member (in Block Letters) : _____
Member's Folio/Account Number : _____
Number of Shares held : _____

I hereby record my presence at the 21st Annual General Meeting of the Company held on Wednesday, September 7, 2016 at 02:00 p.m. at 17th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110 019.

Member's/Proxy's Signature

IFCI FINANCIAL SERVICES LIMITED

CIN: U74899DL1995GOI064034

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

FORM NO MGT-11

PROXY FORM

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

CIN : U74899DL1995GOI064034
Name of the Company : IFCI FINANCIAL SERVICES LIMITED
Registered Office : Registered Office: IFCI Tower, 61, Nehru Place,
New Delhi - 110 019

Email: cs@ifinltd.in Telephone: 044 2830 6634

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: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Wednesday, September 7, 2016 at 02:00 p.m. at 17th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110 019 and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTIONS

ORDINARY BUSINESS

1. Receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the year ended March 31, 2016, together with Board of Directors' Report and the Auditors Report thereon.
2. Appoint a director in place of Shri Rajesh Kumar Gupta, who retires by rotation and being eligible, offers herself for re-appointment.
3. Appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

4. Re-appointment of Smt S. Usha as Managing Director of the Company.

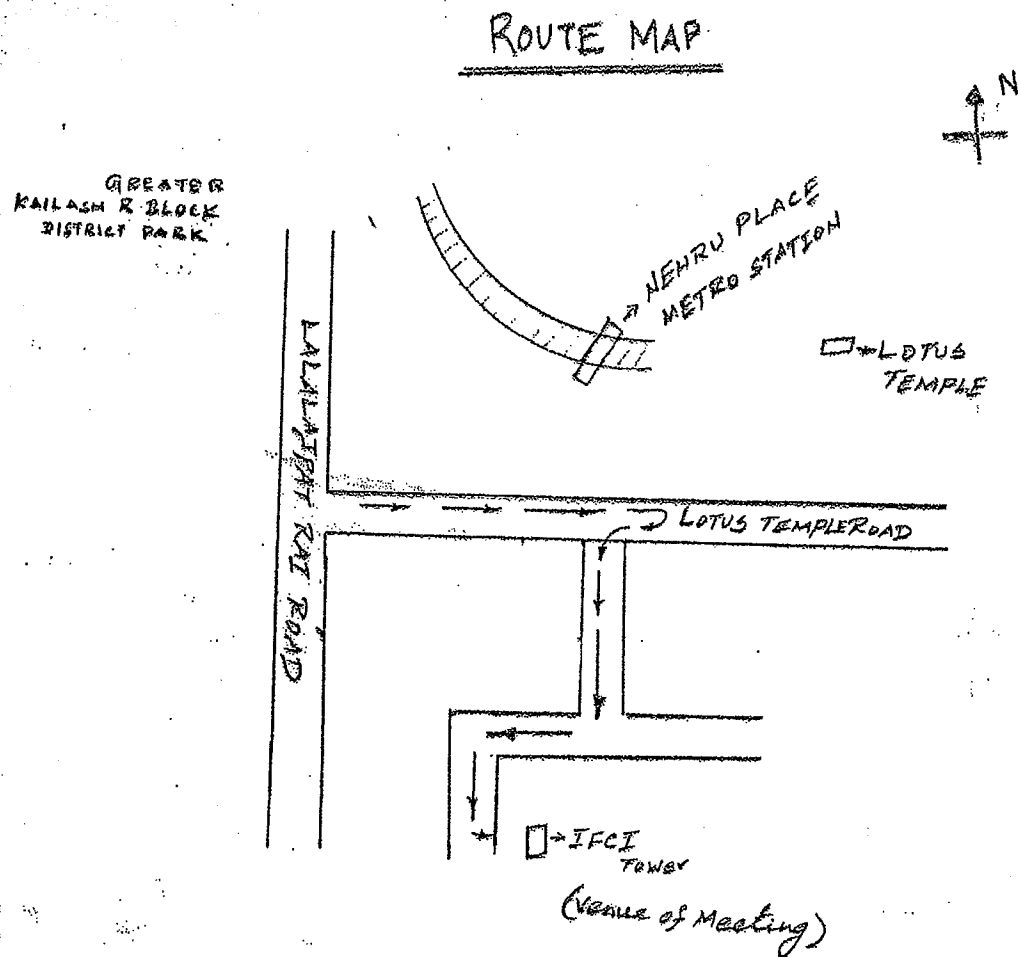
Signed this _____ day of _____ 2016

Signature of the Shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

**ROUTE MAP FOR THE VENUE OF 21ST ANNUAL GENERAL MEETING OF IFCI
FINANCIAL SERVICES LIMITED**



DIRECTORS' REPORT

To

The Members of

IFCI Financial Services Limited

The Board of Directors of your Company hereby presents the Twenty First Annual Report of IFCI Financial Services Limited together with the Audited Financial Statement for the financial year ended on March 31, 2016.

1. FINANCIAL RESULTS

Amount in Rs.lakh

Particulars	Standalone		Consolidated	
	2016	2015	2016	2015
Operating Results:				
Income from Operations	1293.48	1908.06	2250.05	3046.84
Other Income	527.86	315.53	463.62	387.17
Gross Income	1821.34	2223.59	2713.67	3434.01
Gross Expenditure	1752.48	2061.63	1988.01	2441.25
Profit/ (Loss) before Exceptional item, Interest, Depreciation and Tax	68.86	161.96	725.66	992.76
Less: Interest	19.69	19.31	274.64	450.82
Profit/(Loss) before Exceptional Item, Depreciation and Tax	49.17	142.65	451.02	541.94
Less: Depreciation	20.42	118.95	22.21	120.70
Profit before Exceptional item and tax	28.75	23.70	428.81	421.24
Add: Reversal of provisions for Diminution in the value of securities held as stock-in-trade	(64.76)	5.47	(64.91)	19.44
Less: Provision for Doubtful Debts and Advances/bad debts written off	38.33	107.10	732.49	322.42
Less: Exceptional item	-	(32.40)	12.11	(32.40)
Profit before Tax	(74.34)	(45.53)	380.70	150.66
Less: Current year tax MAT	-	-	6.86	103.58
Less: MAT Credit entitlement	-	-	-	-
Less: Deferred Tax Charges (Net)	(1.23)	(19.82)	(1.00)	(19.82)
Profit after tax	(73.11)	(25.71)	(386.56)	66.90

2. FINANCIAL PERFORMANCE

Broking income has decreased to Rs.1036 lakh during the current year from Rs.1392 lakh in the previous year due to non positive sentiments in capital market and consequently lower participation by the retail investors.

Income from distribution of 3rd party products has drastically reduced from Rs.209 lakh to Rs.75 lakh during the current year.

Other operating income mainly comprises of delayed payment interest and wind mill income.

Other income comprise of interest earned on fixed deposits kept with banks, rental income from ICOM, profit on sale of Windmill etc.

During the year, there has been decrease in employee cost from Rs.921 lakh to Rs.842 lakh due to reduction of man-power.

Other expenses include payment of broking commission, commission paid in respect of 3rd party products, rent besides other expenses.

Increase in Provision for doubtful debts during the current year is mainly in respect of diminution in value of client collateral stocks as on 31.3.2016.

3. OPERATIONAL PERFORMANCES

3.1 STOCK BROKING

The Company's stock broking operations have witnessed slowdown across geography. With wider reach expected in the Financial Year 2016-17, your Company is on the right path to add to its clientele base significantly. The net brokerage income of the company decreased from Rs.1392 lakh in the previous year to Rs.1036 lakh in the current year.

3.2 INSURANCE COMMISSION

Insurance Commission earned during the year is Rs. 0.72 Lakh for the year 2015- 16 (previous year Rs. 1.03 lakh).

3.3 BROKERAGE FROM SELLING OF MUTUAL FUNDS

During the year, your company has earned an income of Rs. 21.33 lakh from selling of mutual fund units as compared to Rs. 19.67 lakh in the previous year.

3.4 DISTRIBUTION OF IPO'S & BONDS

During the year, your company has earned an income of Rs. 30.20 lakh from distribution of IPO's & Bonds as compared to Rs. 160.27 lakh in the previous year.

3.5 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 2015-16 was Rs. 42.59 lakh (previous year Rs. 66.42 lakh)

3.6 NON FUND BASED ACTIVITY- MERCHANT BANKING AND INVESTMENT BANKING

During the year the Company has earned fees of Rs.4.00 lakh (Previous year Rs. 1.60 lakh).

3.7 INCOME FROM WINDMILL

During the year company has earned an income from sale of electricity of Rs. 3.57 lakh (Previous year Rs. 48.10 lakh). The reduction is due to sale of windmill in the month of June 2015.

4. BUSINESS ENVIRONMENT

Presently India is seen as the world's most attractive investment destination. With the opening up of foreign direct investment (FDI) in several sectors, India is today an eye-catching destination for overseas investors. The relaxation of norms by the government has created a vast opportunity for foreign players, who are competing for a greater role in the Indian market. Sectors projected to do well in the coming years include automotive, technology, life sciences and consumer products.

India has also become a hotbed for research and development (R&D) and the country is now a preferred destination for automotive R&D. It has been noted that there was strong potential for growth in areas such as engineering analytics and that significant talent could be found in 'Deccan Triangle' region, which encompasses Pune, Bangalore and Hyderabad.

The US\$ 1.2 trillion investment planned for the infrastructure sector in the 12th Five-Year Plan will go a long way in improving export performance of Indian companies and the Indian growth story, according to Union Minister for Commerce and Industry, Government of India.

Investors in India continue to be optimistic about the country's stock market performance for 2016. Investors believe that the best equity opportunities in 2016 and over the next 10 years will be in India, with rest of Asia in second place.

5. OUTLOOK

IFIN shall adopt the following strategy in order to maintain its growth and profitability for FY 2016-17.

- 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.

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, 2016.

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, 2016.

10. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

(a) As at March 31, 2016, the Board consisted of 8 (Eight) Directors. The Company has a Non-Executive Chairman and one Managing Director, 4 Independent Directors and 2 IFCI Nominees. The Management of the Company is headed by

the Managing Director, who operates under the supervision and control of the Board.

(b) The changes in Directors during the financial year 2015-16 are as follows:

- Shri O Ramesh Babu who was appointed as director on 30.08.2013 ceased to be a director with effect from 24.07.2015. Shri Rajesh Kumar Gupta was appointed as an additional Director of the Company by way of resolution passed at the Board Meeting held on 24.07.2015. The appointment of Shri Rajesh Kumar Gupta mentioned herein above was approved at the annual general meeting of shareholders held on August 28, 2015. Smt. S. Usha who was already appointed as Managing Director of the Company with effect from 21.04.2014 for a period of two years, was reappointed as Managing Director with effect from 18.04.2016 for a further period of one year.
- Shri Ashwin Kumar R, Company Secretary of the Company resigned from the position of Company Secretary with effect from 03.03.2016.

(c) Four Board Meetings were held during the year. The dates on which the Board meetings were held are as follows:

107 th Board Meeting	April 22, 2015
108 th Board Meeting	July 24, 2015
109 th Board Meeting	October23, 2015
110 th Board Meeting	January28, 2016

(d) 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 is as given herein below:-

Sl. No.	Name of Director	Attendance Particulars		No. of other Directorships 31 st March, 2016
		No. of Meetings during 2015-2016		Other Director-ships (Including Private Limited Companies)
		Held*	Attended	
1.	Shri Malay Mukherjee	4	4	5
2.	Shri Achal Kumar Gupta	4	4	8
3.	Shri Manoj P Rege	4	4	1
4.	Shri M. V. Muthu	4	4	2
5.	Shri V. Ramanan	4	4	10
6.	Shri Lalit Kumar Patangia	4	4	-
7.	Shri O Ramesh Babu®	2	-	4
8.	Smt. S Usha	4	4	3
9.	Shri Rajesh Kumar Gupta®	2	2	5

* No. of Board Meetings held during the tenure of directors in the financial year 2015-2016.

®Please refer clause 10(b) of this report regarding changes in Directors during the financial year 2015-16.

11. COMMITTEES OF THE BOARD

11.1 AUDIT COMMITTEE:

(A) COMPOSITION

The Audit Committee of the Company presently consists of two Non-Executive Independent Directors and one nominee of IFCI. The Chairman of the

Committee is an independent director. The composition of the Audit committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Designation	No. of Meetings during the tenure of respective directors in FY 2014-2015	
			Held	Attended
1	Shri Lalit Kumar Patangia	Chairman (Independent, Non-executive)	4	4
2	Shri M. V. Muthu	Member (Independent, Non-executive)	4	4
3	Shri Achal Kumar Gupta	Member (Non-executive)	4	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.

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.

(B) THE NUMBER OF AUDIT COMMITTEE MEETINGS HELD AND DATES:

During the financial year 2015-16, the Audit Committee of Directors of the Company met 4 times. The dates of the meetings were 21.04.2015, 23.07.2015, 22.10.2015 and 27.01.2016.

(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 & REMUNERATION COMMITTEE:

(A) COMPOSITION

The Nomination and Remuneration Committee of the Company presently consists of two Independent Directors and one director nominated by IFCI Ltd. The composition of the Nomination and Remuneration Committee and attendance of directors at the meetings is shown below:-

S. No.	Name of Director	Category	No. of Meetings during the tenure of respective directors in FY 2015-2016	
			Held	Attended
1.	Shri M. P. Rege	Chairman (Independent, Non-executive)	1	1
2.	Shri M. V. Muthu	Member (Independent, Non-executive)	1	1
3.	Shri Achal Kumar Gupta	Member (Non-executive)	1	1

(B) THE NUMBER OF MEETINGS HELD AND DATES

During the financial year 2015-16, the Nomination & Remuneration Committee of Directors of the Company met one time. The date of the meeting is 23.07.2015.

(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 THE ANNUAL RETURN AS PROVIDED UNDER SUB-SECTION (3) OF SECTION 92

The Extract of the annual return as provided under sub-section (3) of section 92 in Form MGT-9 is given in **Annexure-II**.

13. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement of Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

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

(b) 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 given in **Annexure-III**.

16. AUDITORS

M/s. Kalyanasundaram & Co, Chartered Accountants, Chennai are the retiring auditors of the Company and they hold office till the conclusion of this Annual General Meeting.

Comptroller and Auditor General of India (C&AG) vide letter dated 11.07.2016 have appointed M/s. Ponraj & Co, Chartered Accountants, Chennai as the Statutory Auditors of the Company for the financial year 2016-17. The necessary resolution for fixing the remuneration of auditors will be placed before the shareholders for their approval.

17. REPORTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA:

Company has received a Report under Section 143(6)(b) of the Companies Act, 2013 on the standalone and consolidated financial statements of the Company for the year ended 31st March, 2016 from the Comptroller and Auditor General of India (CAG). It has been mentioned in the report that there are no significant observations to comment upon. Copy is attached in **Annexure - IV** to this report.

18. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Loans, guarantees or investments under section 186 of the Companies Act 2013 form part of the notes to the financial statement.

19. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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 FY 2015-16 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. The details as required under Section 134 (3) (h) of the Companies Act, 2013 read with rules thereunder in Form AOC-2 are given in **Annexure V** to this report.

20. DEPOSITS

During the financial year 2015-16, the Company has not accepted 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

Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report are as follows:

IFIN Securities Finance Limited which is wholly owned subsidiary of the Company had written off during the year an amount of Rs. 1160.58 lakh (in the case of Zylog group accounts) which resulted in reversal of provision to the extent of Rs. 464.02 lakh which has impacted the profitability of the Company on a consolidated basis.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO & EXPENDITURE ON RESEARCH AND DEVELOPMENT

The Company has taken measures to conserve energy by having energy efficient air conditioners, blade servers, CFL lamps, LCD monitors etc. at its various locations. As regards absorption of technology, your Company has installed computer systems, software packages and other office equipments to increase its organisational efficiency, maximise 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. THE RISK MANAGEMENT POLICY.

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. IV Associates & Co as Internal Auditors to conduct the internal audit 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 established a vigil mechanism which is overseen through the Audit Committee. 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 has denied access to the Chairman of the Audit Committee.

One complaint was received from Shri Baby John, Equity Dealer at Hyderabad Branch (previously at Calicut Branch) against Shri Nijoy Jose, Branch Manager of Calicut under Whistle Blower Policy of the Company, addressed to the Chairman of the Audit Committee. As directed by the Audit Committee, proper enquiry was conducted as per extant rules of IFIN and disciplinary action initiated against both the employees.

26. ANTI SEXUAL HARASSMENT POLICY

The 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 complaint pursuant to the provisions of Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013.

27. FORMAL ANNUAL EVALUATION OF BOARD, ITS 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. DETAILS OF 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. PERSONNEL

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

IFCI Financial Services Limited



S Usha

Managing Director
(DIN 03567757)



Rajesh Kumar Gupta

Director
(DIN 07188093)

Place: Chennai

Date: 29.07.2016

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.)

Sl. 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	89,47,986	39,91,339	(40,49,168)
6.	Total assets	42,11,85,145	9,60,09,479	2,19,43,384
7.	Total Liabilities	42,11,85,145	9,60,09,479	2,19,43,384
8.	Investments	1,99,381	Nil	Nil
9.	Turnover	8,00,93,271	2,03,10,213	16,12,623
10.	Profit before taxation	(3,26,16,006)	19,30,165	50,111
11.	Provision for taxation	Nil	6,99,806	9,549
12.	Profit after taxation	(3,26,16,006)	12,30,359	40,562
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

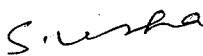
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

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


AV Pushparaj
Chief Financial Officer


S Usha
Managing Director
(DIN 03567757)


Rajesh Kumar Gupta
Director
(DIN 07188093)

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

**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*	(OLD - U74899DL1995PLC064034) (New - U74899DL1995GOI064034)
2.	Registration Date	04/01/1995
3.	Name of the Company	IFCI FINANCIAL SERVICES LIMITED
4.	Category/Sub-category of the Company*	Company Limited by shares/ Government Company
5.	Address of the Registered office & contact details	IFCI Towers, 61, Nehru Place, New Delhi – 110019 & Email: cs@ifinltd.in , Telephone: 044 2830 6650
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Nil

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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	56.90%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	IFCI Ltd IFCI Towers, 61, Nehru Place, New Delhi – 110019	(Old- L74899DL1993PLC053677) (New - L74899DL1993GOI053677)	Holding	94.78	Section 2 (87) & Section 2 (46)

2	IFIN Securities Finance Limited Continental Chambers, 142, 3 rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034	(Old - U65991TN1989PLC017792) (New - U65991TN1989GOI017792)	Subsidiary	100%	Section 2 (87)
3.	IFIN Commodities Limited Continental Chambers, 142, 3 rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034	(Old - U93000TN2009PLC070524) (New - U93000TN2009GOI070524)	Subsidiary	100%	Section 2 (87)
4.	IFIN Credit Limited Continental Chambers, 142, 3 rd Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600 034	(Old - U67190TN1995PLC032057) (New - U67190TN1995GOI032057)	Subsidiary	100%	Section 2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% 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)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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	-	2169900	2169900	5.22	-	2169900	2169900	5.22	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
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):-	-	2169900	2169900	5.22	-	2169900	2169900	5.22	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Grand Total (A+B+C)	-	41533709	41533709	100	-	41533709	41533709	100	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 N	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	94.78	-	3,93,63,803	94.78	-	-
2	Shri Satpal Arora (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
3	Shri Dileep Kumar Jain (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
4	Shri Biranchi N Nayak (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
5	Shri V. Satyavenkata Rao (Nominee of IFCI Limited)	1	0.00	-	1	0.00	-	-
6	Shri Pawan Kumar (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
7	Smt Rashmi Sachdev (Nominee of IFCI Limited)	1	0.00	-	0	0.00	-	-
8	Shri Deepak Mishra (Nominee of IFCI Limited)	0	0.00	-	1	0.00	-	-
9	Shri A K Assija (Nominee of IFCI Limited)	0	0.00	-	1	0.00	-	-
10	Shri Dharam Pal Rauhilla (Nominee of IFCI Limited)	0	0.00	-	1	0.00	-	-
	Total	3,93,63,809	94.78	-	3,93,63,809	94.78	-	-

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

SN	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	94.78	3,93,63,809	94.78
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	94.78	3,93,63,809	94.78

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	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:

SN	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.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) 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	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) 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)

SN.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		S. Usha (MD)	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28,79,968	28,79,968
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	61,004	61,004
	(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 (A)	29,40,972	29,40,972
	Ceiling as per the Act (as per Schedule V of the Companies Act, 2013)		42 Lakhs

B. Remuneration to other directors (Amount in Rs)

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Shri M V Muthu	Shri M P Rege	Shri V Ramanan	Shri Lalit Patangia	
1	Independent Directors					
	Fee for attending board committee meetings	97,500	67,500	60,000	90,000	3,15,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)					3,15,000
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	97,500	67,500	60,000	90,000	3,15,000
	Total Managerial Remuneration*					Nil
	Overall Ceiling as per the Act					(@1% of profits calculated under Section 198 of the Companies Act, 2013)

*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

SN	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	-	7,29,925	8,06,821	15,36,746
	(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...	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no Penalty / Punishment/ Compounding under Companies Act during the year ended 31.03.2016.

For IFCI FINANCIAL SERVICES LTD

S. Unkar
Managing Director

For IFCI FINANCIAL SERVICES LTD

Ramkrishna
Director

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 Policy also intends to bring in a pragmatic methodology in screening of candidates who may be recommended to the position of Directors and to establish an effective evaluation criteria to evaluate the performance of every Director and the overall Board of the Company.
- 1.3.** 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.
- 1.4.** 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 Officer, Chief Operating Officer or equivalent policy-making and operational level of a large organization that indicates that the candidate will be able to make a meaningful and immediate contribution to the Board's discussion and decision-making on the array of complex issues facing a large financial services business.
- The candidate has achieved prominence in his or her business, governmental or professional activities, and has built a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.

- The Nomination and Remuneration Committee must be satisfied that the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the company's stockholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- The Nomination and Remuneration Committee must satisfy itself that the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a Director.

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 the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;

(iii) holds together with his relatives two per cent. or more of the total voting power of the company; or

(iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or

(f) who possesses such other qualifications as may be prescribed.

- 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. Remuneration Policy

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 from 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. Monitoring and Evaluation

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.

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5/8/16
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भारतीय लेखा तथा लेखा परीक्षा विभाग

कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
तथा पदेन सदस्य लेखा परीक्षा बोर्ड, चेन्नै**Indian Audit and Accounts Department**Office of the Principal Director of Commercial Audit
and ex-officio Member Audit Board, Chennai

दिनांक Dated 02.08.16

सं/ No. PDCA/CA-III/2-72/IFCI SA A/cs 15-16/2016-17/167

सेवा में/ To

The Managing Director,
IFCI Financial Services Limited,
142, Continental Chambers, MG Road,
Nungambakkam,
Chennai – 600 034.

Sir,

Sub: 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 2016.

I forward herewith comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of IFCI Financial Services Limited for the year ended 31 March 2016.

The receipt of this letter may kindly be acknowledged.

Yours faithfully,

(G.SUDHARMINI)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Encl.: As stated.


1/13

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF IFCI FINANCIAL SERVICES LIMITED
FOR THE YEAR ENDED 31 MARCH 2016**

The preparation of financial statements of IFCI Financial Services Limited for the year ended 31 March 2016 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 30 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of IFCI Financial Services Limited for the year ended 31 March 2016. 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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


(G.SUDHARMINI)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Place: Chennai.
Date: 02.08.16

2/13



Confidential

भारतीय लेखा तथा लेखा परीक्षा विभाग

कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
तथा पदेन सदस्य लेखा परीक्षा बोर्ड, चेन्नै

Indian Audit and Accounts Department

*Office of the Principal Director of Commercial Audit
and ex-officio Member Audit Board, Chennai*

दिनांक Dated 02.08.16

सं/No. PDCA/CA-III/2-72/IFCI CFS A/cs 15-16/2016-17/169

सेवा में/ To

The Managing Director,
IFCI Financial Services Limited,
142, Continental Chambers, MG Road,
Nungambakkam,
Chennai – 600 034.

Sir,

Sub: 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 2016.

I forward herewith 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 for the year ended 31 March 2016.

The receipt of this letter may kindly be acknowledged.

Yours faithfully,

(G.SUDHARMINI)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Encl.: As stated.

8/13

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 : 044-28330142/145 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 FOR THE YEAR ENDED
31 MARCH 2016**

The preparation of consolidated financial statements of IFCI Financial Services Limited for the year ended 31 March 2016 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) read with section 129(4) of the Act are 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 30 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of IFCI Financial Services Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of IFCI Financial Services Limited and IFIN Securities Finance Limited but did not conduct supplementary audit of the financial statements of IFIN Credit Limited and IFIN Commodities 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 audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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


(G.SUDHARMINI)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Place: Chennai.
Date: 02.08.16

9/13

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 arms length transaction under third proviso thereto.

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

SL. 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.

SL. 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

For IFCI FINANCIAL SERVICES LTD

S. Gupta
Managing Director

For IFCI FINANCIAL SERVICES LTD

R. Gupta
Director



INDEPENDENT AUDITORS 'REPORT

TO

The members of IFCI Financial services limited

We have audited the accompanying financial statements of **IFCI Financial services limited** ("the company"), which comprises the balance sheet as at 31st March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management responsibility for the financial statements:

The company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance and cash flow of company in accordance with the accounting principles generally accepted in India. Including the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility:

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

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

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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

Opinion

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

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b. In the case of the statement of Profit and Loss, of the LOSS for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) As per the information and explanations given to us, the company has branch office(s) only for marketing purposes. Hence, no requirement to consider report of branch auditor and dealt with it in preparing our report.
 - d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.
 - g) On the basis of written representation received from the directors as on 31 March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.



KALYANASUNDARAM & Co.,
CHARTERED ACCOUNTANTS

- i) The company has adequate internal financial control system in place and the operating effectiveness of such controls.
- j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The company does not have any pending litigations which would impact it's financial position
 - ii) The Company does not have any long-term contracts including derivatives contracts for which there are any material foreseeable losses.
 - iii) The company is not required to transfer any amount to the Investor Education and Protection Fund by the Company.

Place: Chennai
Dated: 27.04.2016

For KALYANASUNDARAM & CO
Chartered accountants
FRN: 001676S

B.KALYANASUNDARAM
M.NO: 11453





ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF IFCI FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED MARCH 31, 2016:

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

(b) The physical verification of fixed assets is being done by the company once in a year which in our opinion is reasonable having regard to the size of the company and nature of business. During the year the assets have been physically verified by the management and no major variation noticed on comparing with book.

(c) As per our verification, the company is not having any immovable property in its name.
- ii) The Company does not have any inventory. Therefore, the provisions of clause 3(ii) of the order is not applicable.
- iii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, hence the provisions of clause iii(a), (b) and (c) of the order are not applicable.
- iv) The company has not granted any loans, investments, guarantees and securities to which provisions of section 185 and 186 of the Act applies.
- v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, wherever applicable. Therefore the provisions of clause 3(v) of the Order are not applicable.
- vi) The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the company.
- vii) a) According to the information and explanations given to us and the records produced before us for verification, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.




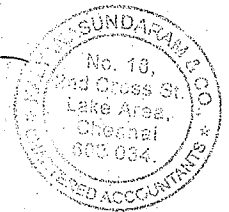
KALYANASUNDARAM & Co.,
CHARTERED ACCOUNTANTS

- viii) The company has not defaulted any repayment to financial institutions. The company has not taken any loan from banks or government. The company has no debenture holders.
- ix) The company has not raised any fund through IPO/term loan.
- x) To the best of our knowledge and belief and according to information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of audit
- xi) The company made managerial remuneration as per provisions of Section 197 read with schedule V of the Act.
- xii) The company is not a nidhi company. Hence clause (XII) is not applicable.
- xiii) As per information given to us, all the transactions to which section 177 and 188 applies, have been disclosed by the company as required by applicable accounting standards.
- xiv) As per information given to us, the company has not made any preferential issue/ private placement of shares/debentures. Hence this clause is not applicable.
- xv) The company has not entered into any non cash transactions with directors or other persons to whom the provisions of section 192 of the Act applies.
- xvi) The company does not require to be registered under section 45A of RBI Act 1934.

Place: Chennai
Dated: 27.04.16

For KALYANASUNDARAM & CO
Chartered accountants
FRN: 001676S


B.KALYANASUNDARAM
M.NO: 11453



IFCI Financial Services Limited
Balance Sheet as at 31st March 2016

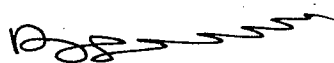
(Amount in Rs)

Particulars		Note No.	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share capital	2	41,53,37,090	41,53,37,090	
(b) Reserves and surplus	3	28,84,17,926	29,64,90,407	
3 Non-current liabilities				
(a) Long-term borrowings		-	-	
(a) Deferred tax liabilities (Net)		27,66,999	28,90,061	
(b) Other Long term liabilities	4	66,89,988	71,69,459	
(c) Long-term provisions		-	-	
4 Current liabilities				
(a) Short-term borrowings		-	-	
(b) Trade payables		14,14,12,793	12,57,00,958	
(c) Other current liabilities	5	2,35,41,507	2,75,80,418	
(d) Short-term provisions	6	37,80,009	29,78,951	
TOTAL			88,19,46,312	87,81,47,344
II. ASSETS				
1 Non-current assets				
(a) Fixed assets	7			
(i) Tangible assets		42,12,684	1,93,05,776	
(ii) Intangible assets		22,10,258	22,62,087	
(b) Non-current investments	8	38,52,23,063	38,52,23,063	
(c) Deferred tax assets (net)		-	-	
(d) Long-term loans and advances	9	3,55,80,716	3,93,60,260	
(e) Other non-current assets		-	-	
2 Current assets				
(a) Current investments	10	1,12,12,693	1,76,89,062	
(b) Trade receivables	11	10,36,87,265	10,77,44,654	
(c) Cash and cash equivalents	12	23,93,37,128	22,82,37,981	
(d) Short-term loans and advances	13	7,56,75,573	6,50,03,365	
(e) Other current assets	14	2,48,06,932	1,33,21,096	
TOTAL			88,19,46,312	87,81,47,344

The Notes 1 to 14 form an integral part of Balance Sheet


This is the Balance Sheet referred to in our Report of even date

For KALYANASUNDARAM & CO.,
Chartered Accountants
Firm Reg. No. 001676S




B. KALYANASUNDARAM
Partner, M.No. 11453

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



S. Usha
Managing Director



Achal Kumar Gupta
Director



A V Pushparaj
Chief Financial Officer

Place : Chennai
Date: 27/04/2016

IFCI Financial Services Limited
Profit and loss statement for the year ended 31st March 2016

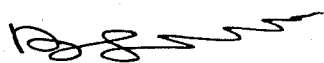
(Amount in Rs)

Particulars	Note No.	For the Year ended 31st March 2016	For the year ended 31st March 2015
I. Revenue from operations	15	11,60,83,680	16,74,62,315
II. Other Operating Income	16	1,32,64,119	2,33,43,817
III. Other Income	17	5,27,86,522	3,15,53,452
IV. Total Revenue (I + II + III)		18,21,34,321	22,23,59,584
V. Expenses:			
Employee benefits expense	18	8,42,30,133	9,20,94,224
Finance costs	19	19,69,504	19,30,730
Depreciation and amortization expense		20,42,094	1,18,95,557
Other expenses	20	9,10,17,784	11,40,69,085
Total expenses (V)		17,92,59,515	21,99,89,596
VI. Profit before bad & doubtful debts and tax (IV - V)		28,74,806	23,69,988
VII. Provision for bad & Doubtful debts	21	1,03,09,405	1,01,64,164
Exceptional Items -Interest received		-	(32,40,337)
VIII. Profit before extraordinary items and tax (VI - VII)		(74,34,599)	(45,53,839)
IX. Extraordinary Items			
X. Profit before tax (VI -VII)		(74,34,599)	(45,53,839)
XI. Tax expense:			
- Current Tax / Deferred Tax		-	-
- Deferred Tax Reversal (Net)		(1,22,992)	(19,82,252)
XII Profit (Loss) after tax (VIII -IX)		(73,11,607)	(25,71,587)
XIII Profit/(loss) from discontinuing operations		-	-
XIV Tax expense of discontinuing operations		-	-
XV Profit/(loss) from Discontinuing operations (after tax) (XIII - XIV)		-	-
XVI Profit (Loss) for the period (XII + XV)		(73,11,607)	(25,71,587)
XIII Earnings per equity share:			
(1) Basic		(0.18)	(0.06)
(2) Diluted		(0.18)	(0.06)

The Notes 1 & 15 to 21 form an integral part of Statement of Profit and Loss
This is the Statement of Profit and Loss referred to in our Report of even date

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

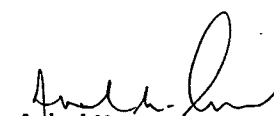
For KALYANASUNDARAM & CO.,
Chartered Accountants
Firm Reg. No. 001676S



B. KALYANASUNDARAM
Partner, M.No. 11453



S. Usha
Managing Director



Adhal Kumar Gupta
Director



A V Pushparaj
Chief Financial Officer

Place : Chennai
Date: 27/04/2016

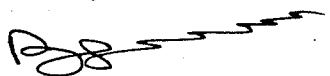
IFCI FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT AS ON 31ST MARCH 2016

		(Amount in Rs)			
Particulars		Year ended 31.03.2016		Year ended 31.03.2015	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit before tax		(74,34,599)		(45,53,839)
	Adjustments for:				
	Depreciation / Amortisation on Fixed Assets	20,42,094		1,18,95,557	
	Dividend Received (considered separately under Investment Activities)	(1,69,634)		(2,23,774)	
	Finance Cost (considered separately under Finance Activities)	19,69,504		19,30,730	
	Interest income	(2,08,04,746)		(1,74,04,852)	
	Profit/(Loss) on Fixed Asset	(1,86,82,315)	(3,56,45,096)		(38,02,339)
A	Operation Profit before Working Capital Changes		(4,30,79,695)		(83,56,178)
	Adjustments for:				
	(Increase) / Decrease in Current Investments	64,76,369		13,42,251	
	(Increase) / Decrease in Trade Receivables	40,57,390		4,71,62,879	
	(Increase) / Decrease in Loans & Advances	(68,92,663)		7,12,32,045	
	(Increase) / Decrease in Other current Assets	(1,14,85,836)		97,89,973	
	Increase / (Decrease) in Current Liabilities	1,57,11,835		(11,61,78,883)	
	Increase / (Decrease) in Provisions	8,01,058		19,97,019	
	Increase / (Decrease) in Non - Current Liabilities	(45,18,382)	41,49,771	6,16,181	1,59,61,465
	Cash Generated from Operation before tax		(3,89,29,924)		76,05,287
	Direct taxes paid		-		-
	Net cash from Operating Activities		(3,89,29,924)		76,05,287
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets		(3,70,262)		(1,45,727)
	Decrease in Capital advance		-		-
	(Increase) / Decrease in Fixed Deposits		(2,00,84,314)		(1,82,76,797)
	Dividend Received		1,69,634		2,23,774
	Interest received		2,08,04,746		1,74,04,852
	Investment in subsidiaries		-		-
	Sale of Fixed Assets		3,13,94,458		-
	Net Cash used in / raised from Investing Activities		3,19,14,262		(7,93,898)
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Short term Borrowing(net)				
	Finance Cost		(19,69,504)		(19,30,730)
	Repayment of Loans		-		-
	Net Changes in Cash & Cash Equivalent (a+b+c)		(19,69,504)		(19,30,730)
			(89,85,166)		48,80,660
	Opening Cash and Cash Equivalent		5,08,69,478		4,59,88,818
	Closing Cash and Cash Equivalent		4,18,84,312		5,08,69,478
	Increase / (Decrease) in Cash & Cash Equivalent		(89,85,166)		48,80,660

The above cash flow statement has been prepared under the "indirect method" set out in Accounting Standard-3 on Cash Flow Statement issued as per Company's Accounting Standard Rules, 2006.

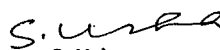
This is the Cash Flow referred to our report of even date

For KALYANASUNDARAM & CO.,
Chartered Accountants
Firm Reg. No. 001676S




B. KALYANASUNDARAM
Partner, M.No. 11453

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


S. Usha
Managing Director


Achal Kumar Gupta
Director


A V Pushparaj
Chief Financial Officer

Place : Chennai
Date : 27/04/2016

IFCI FINANCIAL SERVICES LIMITED
Note no. 2 Share Capital
(Amount in Rs.)

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	Rs.	Number	Rs.
Authorised				
Equity Shares of Rs.10/- each	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
Issued				
Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
Subscribed & Paid up				
Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
Subscribed but not fully Paid up				
Equity Shares of Rs.10/- each, not fully paid up	-	-	-	-
Total	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956
(Following disclosure should be made for each class of Shares)

Particulars	Equity Shares March 2016		Equity Shares March 2015	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090

3,93,63,809 Equity Shares (Previous year 3,93,63,809 equity shares) are held by IFCI Limited, the holding company and its nominees.

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IFCI Limited and nominees	3,93,63,809	94.78	3,93,63,809	94.78
Ms. Chandra Ramesh	17,57,619	4.23	17,57,619	4.23
Mr. D V Ramesh	4,12,281	0.99	4,12,281	0.99

On 01st November 2011, 3,24,60,622 equity shares of Rs.10/- each were allotted to IFCI Ltd for consideration other than cash on preferential basis by conversion of debt of Rs.76.25 Crore into equity

Terms/Rights attached to equity shares:

The Company has only one class of equity share, i.e. equity shares having face value of Rs.10/- per share entitled to one vote per share.

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IFCI FINANCIAL SERVICES LIMITED
Note No. 3 Reserves and Surplus
(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
A. Securities Premium Account		
Opening Balance	45,16,43,790	45,16,43,790
Add : Securities premium credited on Share issue	-	-
For Issuing Bonus Shares	-	-
Closing Balance	45,16,43,790	45,16,43,790
B. Other Reserves (Specify the nature and purpose of each reserve)		
i) Amalgamation Reserve:		
Opening Balance	97,63,970	97,63,970
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	97,63,970	97,63,970
ii) General Reserve:		
Opening Balance	91,79,620	91,79,620
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	91,79,620	91,79,620
C. Surplus:		
Opening balance	(17,40,96,973)	(17,15,25,386)
(+) Net Profit/(Net Loss) For the current year	(73,11,607)	(25,71,587)
(-) Adjustment for Fixed Asset	7,60,874	-
(+) Transfer from Reserves	-	-
(-) Transfer to Reserves	-	-
Closing Balance	(18,21,69,454)	(17,40,96,973)
Total	28,84,17,926	29,64,90,407

Note No. 4 Other Long Term Liabilities
(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Security Deposit and Sundry deposits	66,89,988	71,69,459
Total	66,89,988	71,69,459

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IFCI FINANCIAL SERVICES LIMITED
Note No. 5 Other Current Liabilities
(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
Other payables		
Creditors for expenses	20,29,353	60,47,448
Statutory dues	2,04,14,666	1,96,75,243
Other liabilities	10,97,488	18,57,727
Total	2,35,41,507	2,75,80,418

Note No. 6 Short Term Provisions

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Provision for employee benefits		
Gratuity	1,87,996	3,00,000
Leave Encashment	17,66,366	26,78,951
Bonus	18,25,647	-
Total	37,80,009	29,78,951

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IFCI FINANCIAL SERVICES LIMITED
Note: 7 Fixed Assets

Fixed Assets		Gross Block					Accumulated Depreciation				Net Block		(Amount in Rs.)	
		Balance as at 1st April 2015	Additions	Disposals	Balance as at 31st March 2016	Balance as at 1st April 2015	Depreciation charge for the year	On disposals	Balance as at 31st March 2016	Adjustment against retained earning	Balance as at 31st March 2016	Balance as at 31 March 2015	Rs.	Rs.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
a	Tangible Assets													
	Land	2,72,500	-	2,72,500	-	-	2,84,782	-	-	-	-	2,72,500		
	Plant and Equipment	4,45,68,782	-	4,45,68,782	-	3,20,06,657	5,69,840	3,22,91,439	-	-	-	1,25,62,125		
	Furniture and Fixtures	55,17,564	79,592	-	55,97,156	39,47,806	-	-	45,17,646	-	10,79,510	15,69,758		
	Vehicles	22,150	-	-	22,150	19,967	439	-	20,406	-	1,744	2,183		
	Office equipment	1,17,15,713	23,500	7,08,204.47	1,10,31,009	86,77,034	8,55,374	5,96,769.47	89,35,638	-	20,95,370	30,38,679		
	computer hardware	3,84,09,575	5,500	10,71,284.00	3,73,43,791	3,65,49,044	18,160	10,20,346.00	3,55,46,858	7,60,874	10,36,059	18,60,531		
	Total	10,05,06,284	1,08,592	4,66,20,770	5,39,94,106	8,12,00,508	17,28,595	3,39,08,554	4,90,20,548	7,60,874	42,12,684	1,93,05,776		
b	Intangible Assets													
	Computer software	3,24,35,609	2,61,670	-	3,26,97,279	3,01,73,522	3,13,499	-	3,04,87,021	-	22,10,258	22,62,087		
	Licenses and franchise	-	-	-	-	-	-	-	-	-	-	-		
	Others - Non compete fees	1,00,00,000	-	-	1,00,00,000	1,00,00,000	-	-	1,00,00,000	-	-	-		
	Total	4,24,35,609	2,61,670	-	4,26,97,279	4,01,73,522	3,13,499	-	4,04,87,021	-	22,10,258	22,62,087		
c	Capital Work in Progress													
	Total	-	-	-	-	-	-	-	-	-	-	-		
	Previous Year	14,29,41,893	3,70,262	4,66,20,770	9,66,91,385	12,13,74,030	20,42,094	3,39,08,554	8,95,07,569	7,60,874	64,22,942	2,15,67,863		
		14,27,96,166	1,45,727	-	14,29,41,893	10,94,78,473	1,18,95,557	-	12,13,74,030	-	2,15,67,863	3,33,17,693		

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IFCI FINANCIAL SERVICES LIMITED
Note 8 Non Current Investments

Particulars	As at 31st March 2016	As at 31st March 2015
Other Investments (Refer B below)		
(a) Investment Properties		
(b) Investment in Equity instruments	38,52,23,063	38,52,23,063
Total	38,52,23,063	38,52,23,063
Less : Provision for dimunition in the value of Investments	-	-
Total	38,52,23,063	38,52,23,063

Particulars	As at 31st March 2016	As at 31st March 2015
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	38,52,23,063	38,52,23,063

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IFCI FINANCIAL SERVICES LIMITED

Note 9 Long Term Loans and Advances

(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
a. Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	-	15,13,710
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	-	15,13,710
b. Security Deposits		
Secured, considered good	-	-
Unsecured, considered good *	3,09,63,430	3,15,32,074
Doubtful	-	-
	-	-
	3,09,63,430	3,15,32,074
c. Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	-	-
d. Other loans and advances (specify nature)		
Other Loans & Advances	46,17,286	63,14,476
Advance Tax (net of provisions)	-	-
Doubtful	-	-
	46,17,286	63,14,476
	3,55,80,716	3,93,60,260

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IFCI FINANCIAL SERVICES LIMITED
Note 10 Current Investments
(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Investment in Equity instruments	3,47,72,801	3,47,72,801
(b) Investments in preference shares	-	-
Total (A)	3,47,72,801	3,47,72,801
Less : Provision for dimunition in the value of Investments	2,35,60,108	1,70,83,739
Total	1,12,12,693	1,76,89,062

Particulars	As at 31st March 2016	As at 31st March 2015
Aggregate amount of quoted investments	1,12,12,693	1,76,89,062
Aggregate amount of unquoted investments	-	-

Note 11 Trade receivable
(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
Trade receivables outstanding for a period less than six months from the date they are due for payment	-	-
Secured, considered good	5,75,18,238	7,77,86,885
Unsecured, considered good	4,37,58,222	1,02,37,647
Unsecured, considered doubtful	1,08,294	10,05,068
	10,13,84,754	8,90,29,600
Less: Provision for doubtful debts	1,08,294	10,05,068
	10,12,76,460	8,80,24,532
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Secured, considered good	19,12,259	1,94,20,679
Unsecured, considered good	4,98,546	2,99,443
Unsecured, considered doubtful	13,86,50,726	13,39,19,510
	14,10,61,531	15,36,39,632
Less: Provision for doubtful debts*	13,86,50,726	13,39,19,510
* Includes Rs. 1,25,66,906 receivables from IFCI Limited	24,10,805	1,97,20,122
Total	10,36,87,265	10,77,44,654

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IFCI FINANCIAL SERVICES LIMITED
Note 12 Cash and cash equivalents
(Amount in Rs.)

Particulars	As at 31st March 2016		As at 31st March 2015	
a. Balances with banks				
In Current Accounts with Banks	-	4,18,73,677	-	5,08,67,684
Fixed Deposit		19,74,52,816		17,73,68,503
Other Commitments		-		-
Cash equivalents and Bank Deposits (Bank deposits with more than 12 months maturity)	7,08,23,583		6,95,40,117	
b. Cheques, drafts on hand	-	-	-	-
c. Cash on hand	-	10,635	-	1,794
		23,93,37,128		22,82,37,981

Note 13 Short term loans and advances
(Amount in Rs.)

Particulars	As at 31st March 2016		As at 31st March 2015	
a. Loans and advances to related parties				
Secured, considered good	-		-	
Unsecured, considered good	15,16,722		9,08,635	
Doubtful	-		-	
		15,16,722		9,08,635
b. Others				
Other Loans and Advances	2,86,41,023		2,70,99,083	
Advance Tax (net of provisions)	3,34,79,111		2,94,55,465	
Sundry Deposits	36,28,068		36,28,068	
Prepaid Expenses	84,10,649		39,12,114	
Secured, considered good		7,41,58,851		6,40,94,730
		7,41,58,851		6,40,94,730
		7,56,75,573		6,50,03,365

Note 14 Other current assets
(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
Interest accrued on Deposits	2,48,06,932	1,33,21,096
Interest Receivable	-	-
	2,48,06,932	1,33,21,096

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IFCI FINANCIAL SERVICES LIMITED
Note 15 Revenue from Operations
(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Brokerage On Stock Broking	10,36,35,385	13,92,02,916
Commission On Mutual Fund	21,32,670	19,67,086
Insurance Commission	72,289	1,02,985
Loan Syndication Fee	1,79,277	1,00,000
Fees for Merchant Banking	4,00,000	1,60,000
Depository Income	42,58,613	66,42,342
Commision From IPO / Bonds	30,20,279	1,60,27,387
Commision On Fixed deposits	21,63,483	28,02,144
Account Opening Charges	52,050	2,33,681
Dividend income	1,69,634	2,23,774
Total	11,60,83,680	16,74,62,315

Note 16 Other Operating Income
(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Sale of Power / Electricity	3,56,990	48,09,830
Delayed Payment Interest	1,29,07,129	1,85,33,987
Total	1,32,64,119	2,33,43,817

Note 17 Other Income
(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Rental Income	27,82,956	35,15,124
Miscellaneous Income	1,05,16,505	1,02,23,500
Profit on sale of Asset	1,86,82,315	-
Interest Income	2,08,04,746	1,74,04,852
Profit on Sale of Investments	-	4,09,976
Total	5,27,86,522	3,15,53,452

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IFCI FINANCIAL SERVICES LIMITED
Note 18 Employee Benefits expense

(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
(a) Salaries and incentives	7,61,45,218	8,31,50,467
(b) Contributions to - Provident fund & Employee State Insurance	54,07,020	56,09,399
Gratuity fund contributions	2,03,724	1,14,832
(c) Staff welfare expenses	24,74,171	32,19,526
Total	8,42,30,133	9,20,94,224

Note 19 Finance Costs

(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Interest expenses	-	86,364
Bank Financial Charges	19,69,504	18,44,366
Total	19,69,504	19,30,730

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IFCI FINANCIAL SERVICES LIMITED
Note: 20 Other Expenses
(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Fees To Clearing Member	14,44,489	17,44,955
Information Technology Exp	6,96,876	2,17,035
Data Feed Charges	12,82,617	14,93,837
Depository Participant Expenses	3,00,813	2,12,996
Broking Stamp Expenses	18,560	9,365
Turnover Based Fees - Sebi	5,21,035	6,74,539
Professional & Consultancy Charges	2,36,47,460	3,62,17,120
Transaction Charges	11,51,094	12,05,787
Advertisement	3,74,134	1,95,111
Audit Fees	7,55,000	6,95,000
Electricity Charges	40,58,594	44,77,762
Insurance Expenses	9,86,670	10,93,114
Commission Paid	39,85,232	1,39,70,823
Miscellaneous Expenses	22,86,092	25,57,516
Postage & Telegram	10,15,174	12,88,141
Printing & Stationery	13,57,554	15,54,175
Rent	2,70,18,888	2,73,15,764
Rates & Taxes	14,21,810	5,43,835
Repairs & Maintenance	16,44,844	10,65,868
Sitting Fees	3,15,000	3,33,000
Membership Fee And Subscription	56,53,247	46,93,176
Telephone Expenses	61,95,606	66,52,157
Training Expenses	1,63,499	1,11,063
Travelling & Conveyance Expenses	18,77,168	16,34,027
Office Maintenance	26,34,648	38,42,277
Business Development Expenses	2,11,680	2,70,642
TOTAL	9,10,17,784	11,40,69,085

IFCI FINANCIAL SERVICES LIMITED
Note: 21 Provision for Bad & Doubtful debts
(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Diminution in the value of shares (Net)	64,76,370	(5,46,685)
Bad Debts Written off	-	24,39,364
Provision for Doubtful Debts and Adv	38,33,035	82,71,485
	1,03,09,405	1,01,64,164

IFCI FINANCIAL SERVICES LIMITED

Note No. 1

A. Significant Accounting Policies:

- I. The financial accounts have been prepared on accrual basis in accordance with Generally Accepted Accounting Principles in compliance with all material aspects, in accordance with applicable Accounting Standards notified under section 133 of the Companies Act, 2013.

II. Use of Estimates:

The preparation of the financial statements is in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

III. Revenue Recognition:

Broking Income

Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.

Interest Income

Interest earned on fixed income bearing securities is accounted on a time proportion basis taking into account the amount outstanding and the rate applicable.

Loan Syndication Fees

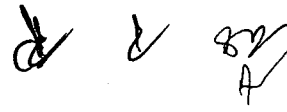
- Loan Syndication Fees are recognized when the right to receive the income is established.

Income from Depository Segment

- Depository Services incomes are recognized on the basis of agreements entered into with clients and when the right to receive the income is established.

Insurance Income

- Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.



Commission from marketing of Mutual Fund units and Bonds

- The Company is accounting for commission from marketing of mutual fund units and Bonds on accrual basis.

Equity Index/Stock – derivatives

- Equity Index/Stock Futures are marked to market on daily basis. Debit or Credit Balances disclosed under Current Assets or Current liabilities respectively represent the net amount paid or received on the basis of movement of prices in the Index Stock Futures till the Balance sheet date.

- As at the Balance sheet date, the profit or loss on open positions are accounted for as follows:

The unrealized profit determined Scrip wise/Index wise, being anticipated profit, is ignored and no credit is taken in the profit and loss account. The unrealized loss determined Scrip wise/Index wise, being anticipated loss, is recognized in the profit and loss account.

- On final settlement or squaring-up of contracts for Equity Index/Stock Futures, the profit or loss is calculated as difference between settlement/squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract is recognized as profit or loss upon expiry/squaring-up of the contracts. When more than one contract in respect of the relevant series of Equity Index/Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using weighted average method for calculating profit/loss on squaring up.
- Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets.

Dividend Income

- Dividend income is recognized when the shareholders' right to receive payment is established.

Income from sale of electricity

- Units generated from windmills are sold to the Tamil Nadu Electricity Board (TNEB) at agreed rates and the income is included in the value of power generated from windmills.

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IV. 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.

V. Fixed Assets and Depreciation:

- Fixed assets are stated at historical cost less accumulated depreciation.
- Intangible Assets:
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 useful life for these asset is 10 years as per schedule II of the Companies Act, 2013.
- 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.

VI. 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.

VII. 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 -

(a) 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.

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A

(b) 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.

▪ **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 basic pay along with December/January month salary of the immediate next calendar year. The expenses on account thus arising are recognized in the profit and loss account.

VIII. Borrowing Costs:

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other Interest and borrowing costs are charged to revenue.

IX. Taxation:

Income Tax expense comprises current tax as determined in accordance with the income tax laws and deferred tax charge or credit reflecting the tax effect of the timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liability / assets are recognized applying the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that such assets can be realized in future.

X. Provision , Contingent Liabilities and Contingent Assets:

Provisions are recognized when there is a present obligation as a result of past event and it is probable that there will be outflow of resources.

Contingent liabilities are disclosed without making a provision in books when there is an obligation that may, but probably will not require outflow of resources.

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

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B. Notes forming part of the Accounts

I. Nature of Business:

The Company is a SEBI registered Stock Broker on 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. Contingent Liabilities not provided for:

(a) Bank guarantees aggregating to Rs. 21,70,00,000 (Previous Year – Rs. 17,50,00,000 /-) to National Stock Exchange of India Limited, Rs. 3,00,00,000/- (Previous Year – 2,00,00,000/-) to Bombay Stock Exchange and Rs. 1,00,00,000/- (Previous Year – 1,00,00,000) to MCX-SX Stock Exchange as on 31st March 2016 for meeting margin requirements.

(b) The Company has pledged fixed deposits aggregating to Rs.12,75,00,000 /- (Previous Year – Rs. 12,75,00,000 /-) with banks for obtaining the above bank guarantees.

(c) Counter guarantee given by the Parent Company (IFCI Limited) to banks for issue of bank guarantee to the subsidiary company IFCI Financial Services Limited – Rs.30,00,00,000/- (previous year – Rs.30,00,00,000/-).

(d) Other Contingent liabilities – The Clients has lodged two cases against the company which is pending as follows.

Forum before which the cases are pending	No. of cases	Amount (Rs. In Lakhs)
14th Additional City Civil Court, Bangalore	1	127.45
District Court, Patiala House, New Delhi	1	1.43

III. 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)

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IV. Managerial Remuneration:

Particulars	2015-16	2014-15
To Whole Time Director		
(a) Salary and Allowances	-	-
(b) Contribution to PF and other funds	-	-
To Managing Director (On deputation from IFCI Limited)		
(a) Salary and Allowances	24,44,008	24,95,283
(b) Contribution to PF and other funds	4,35,960	1,71,562
Total	29,40,972	26,66,845

V. 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:

Particulars	As on 31-03-2016	As on 31-03-2015
Net Loss for the year available for the equity share holders (Before extra-ordinary Item)	(73,11,606)	(25,71,586)
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)	(0.18)	(0.06)
Net Loss for the year available for the equity share holders (After extra-ordinary Item)	(73,11,606)	(25,71,586)
Basic & Diluted Earnings per Share (After extra-ordinary Item)	(0.18)	(0.06)

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VI. Current and Deferred Taxation:

(a) No provision for current tax has been made due to losses.

(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	As on 31-03-2016 (Rs.)	As on 31-03-2015 (Rs.)
Deferred Tax Liability – Fixed Assets (accumulated depreciation)	27,66,999	28,90,061

VII. Details of Auditors Remuneration (Excluding Service Tax):

Nature of Service	2015-16	2014-15
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	40,000	40,000
Other services	100,000	100,000
Total	9,55,000	9,55,000

VIII. Disclosure as per AS-17 'Segmental Reporting'

Rs (in lakhs)

	Brokerage	Merchant Banking	Depository	Mutual Funds	Insurance income	PMS	Windmi II	Total
External -Segment Revenue	1,274.13	1.79	42.59	55.53	22.36	-	189.07	1,585.46
	(1,684.18)	(1.00)	(66.42)	(181.54)	(29.05)	-	(48.10)	(2,010.30)
Inter Segment Revenue	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Revenue	1,274.13	1.79	42.59	55.53	22.36	-	189.07	1,585.46
	(1,684.18)	(1.00)	(66.42)	(181.54)	(29.05)	-	(48.10)	(2,010.30)
Segment Result	973.78	1.79	39.58	15.68	22.36	-	189.07	1,242.26

	(1270.53)	(1.00)	(64.29)	(41.84)	(29.05)	-	(48.10)	(1,454.81)
Unallocated Corporate Expenses net of Income	-	-	-	-	-	-	-	(1,524.64)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-1706.80)
Operating Profit	-	-	-	-	-	-	-	(282.39)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(- 251.99)
Interest Income	208.05	-	-	-	-	-	-	208.05
	(206.45)	-	-	-	-	-	-	(206.45)
Net Profit before Tax	-	-	-	-	-	-	-	(74.34)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-45.54)
Tax Expenses	-	-	-	-	-	-	-	(1.23)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Net Profit after Tax	-	-	-	-	-	-	-	(73.11)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-45.54)
Segment Assets	3,461.25	-	21.55	-	-	-	-	3,482.80
	(4337.90)	(278.32)	(183.06)	(-)	(27.93)	(3.06)	(161.78)	(4992.06)
Unallocated Assets	5,336.66	-	-	-	-	-	-	5,336.66
	(3789.42)	-	-	-	-	-	-	(3789.42)
Total Assets	8,797.91	-	21.55	-	-	-	-	8,819.46
	(8127.32)	(278.32)	(183.06)	(-)	(27.93)	(3.06)	(161.78)	(8781.47)

	Brokerage	Merchant Banking	Depository	Mutual Funds	Insurance income	PMS	Windmill	Total
Segment Liabilities	1,715.81	-	0.64	-	-	-	-	1,716.44
	(1,444.53)	(-)	(0.53)	-	-	-	-	(1,445.06)
Unallocated Liabilities	7,103.02	-	-	-	-	-	-	7,103.02
	(7,336.42)	-	-	-	-	-	-	(7,336.42)
Total Liabilities	8,818.83	-	0.64	-	-	-	-	8,819.46
	(8,780.94)	(-)	(0.53)	-	-	-	-	(8,781.47)
Capital Expenditure	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Depreciation	-	-	-	-	-	-	-	(20.42)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(118.96)
Non-cash expenses other than Depreciation	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

IX. Employee Benefits :

(a) Provisions for employee benefits under revised AS 15:

Defined Contribution plan: Provident and other statutory funds. The amount recognized as an expense during the year is Rs.54,67,808/-(Previous Year – Rs. 56,09,399).

(b) Defined Benefit plan: 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 basic pay along with December / January month salary.

- (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 subject to maximum of Rs 10,00,000. Vesting occurs on completion of 5 years of service.**

The following table sets out the Gratuity plan as provided by LIC.

(Amount in Rs.)

Particulars	Year 2015-16
Policy No	605000538
Date of Valuation	31/03/2016
Membership Date	
Number of Members	175
Average age	36.98
Average Monthly Salary	16270.28
Average past Service	4.59
Valuation Method	Projected unit credit method
Results of Valuation	
Present value of Past Service Benefit	59,78,367
Service cost	10,41,893
Fund with lic	68,32,264
Accrued Gratuity	88,36,199
Actuarial Assumptions	
Mortality Rate	LIC (2006-08) ultimate
Discount rate	8% p.a.

Salary escalation rate	5%
Withdrawal rate	1% to 3% depending on age
Total Amount Payable	1,87,996

X. 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 Limited
d) Stock Holding Corporation of India Ltd
e) MPCON

(d) Key Management Personnel and relatives of such personnel:

Mrs. S. Usha : Managing Director (since 21.04.2014)
(On deputation from holding company IFCI Limited)

(e) Transaction with Related Parties:

Sr. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	Key Managerial Personnel
		2015-16	2014-15	2015-16	2014-15
1	Rent Paid to IFCI Ltd.	1,39,05,703	1,37,84,360	-	-
2	Rent received from IFIN Commodities Ltd.	27,82,956	35,15,124	-	-
3	Brokerage Received from IFCI Ltd	23,45,056	90,69,477	-	-
4	Portfolio Management Services fees received	-	-	-	-
5	Depository Services	9,48,817	25,86,770	-	-
6	Reimbursement of Expenses to IFCI Limited.	1,55,584	31,05,678	-	-
7	Reimbursement of Exp received from IFIN	-	-	-	-

	Commodities Limited				
8	Managerial Remuneration	-	-	43,40,692	26,66,845
9	Consultancy Fee received from IFIN Commodities Limited	-	-	-	-
10	Loan Availed from IFIN Securities Finance Limited	-	4,62,00,000	-	-
11	Loan Repaid	-	4,62,00,000	-	-
12	Corporate Guarantee Issued to IFIN Commodities Ltd	5,00,00,000	5,00,00,000	-	-
13	Interest Paid	-	64,466	-	-
14	Equity contribution made in IFIN Securities Finance Limited	30,01,00,000	30,01,00,000	-	-
15	Equity contribution made in IFIN Commodity Limited	5,00,00,000	5,00,00,000	-	-
16	Brokerage received from IFCI Factors Ltd	1,06,509	160,265	-	-
17	Reimbursement of Expenses from IFIN Securities Finance Limited	1,00,00,000	1,00,00,000	-	-
18	Amount Due to IFIN Securities Finance Limited	-	-	-	-
19	Reimbursement of Expenses from IFIN Credit Limited	14,40,000	14,40,000	-	-
20	Amount Due from IFIN Credit Limited	11,63,600	8,50,216	-	-
21	Insurance of IFIN Commodities Limited paid by IFCI Financial Services Limited	-	-	-	-
22	Payable by IFIN Commodities Limited	5,31,502	-	-	-

XI. Foreign Exchange Inflow and Outflow

During the year, the company has spent a sum of Rs.NIL. (Previous year-NIL) in foreign exchange, towards travelling and conveyance.

XII. Balances of Sundry Debtors confirmed on a regular basis from the respective parties. In the opinion of the management, the balances are considered as good and recoverable except debtors for an amount of Rs.13,87,59,020.(previous year Rs. 13,49,24,578) which includes provision of Rs.1,25,66,906/- towards Depository Services provided to M/s IFCI Limited.

XIII. The 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.

- XIV. Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.
- XV. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.
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Independent Auditors' Report
To the members of IFCI Financial Services Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **M/S IFCI Financial Services Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated balance sheet as at March 31, 2016, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Director of the Holding Company, as aforesaid.





Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 there under.

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 consolidated financial statements are free from material misstatement.

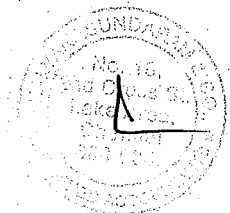
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India

- (i) in the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group, as at March 31, 2016;
- (ii) in the case of Consolidated Statement of Profit and Loss, of the consolidated LOSS for the year then ended on that date;
- (iii) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.





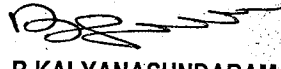
Report on other legal and regulatory requirements

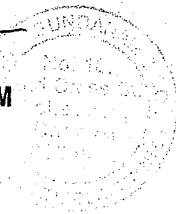
1. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) As per the information and explanations given to us, the company has no branch office.
- d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.
- g) On the basis of written representation received from the directors as on 31 March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
- i) The company has adequate internal financial control system in place and the operating effectiveness of such controls.
- j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position
 - ii) The Company does not have any long-term contracts including derivatives contracts for which there are any material foreseeable losses.
 - iii) The company is not required to transfer any amount to the Investor Education and Protection Fund.

Place: Chennai
Dated: 27.04.2016

FOR KALYANASUNDARAM & CO
Chartered accountants
FRN: 001676S


B.KALYANASUNDARAM
M.NO: 11453



IFCI Financial Services Limited
Consolidated Balance Sheet as at 31st March 2016

(Amount in Rs)

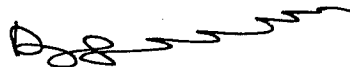
Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	41,53,37,090	41,53,37,090
(b) Reserves and surplus	3	28,48,13,452	32,43,30,120
2 Share application money pending allotment			
3 Non-current liabilities			
(a) Long-term borrowings	4	1,00,00,000	24,00,00,000
(a) Deferred tax liabilities (Net)		28,23,688	29,23,123
(b) Other Long term liabilities	5	66,89,988	71,69,459
(c) Long-term provisions		-	-
4 Current liabilities			
(a) Short-term borrowings	6	9,35,00,000	7,30,00,000
(b) Trade payables		17,24,07,806	15,62,52,175
(c) Other current liabilities	7	4,09,62,620	5,86,72,640
(d) Short-term provisions	8	57,62,236	5,11,26,997
TOTAL		1,03,22,96,880	1,32,88,11,604
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		44,75,589	1,96,42,029
(ii) Intangible assets		23,77,279	25,75,372
(iii) Goodwill		22,53,857	22,53,857
(b) Non-current investments	10	-	-
(c) Deferred tax assets (net)		-	-
(c) Long-term loans and advances	11	21,58,82,581	38,84,43,154
(d) Other non-current assets		-	-
2 Current assets			
(a) Current investments	12	67,86,648	1,33,65,577
(b) Trade receivables	13	10,50,41,168	10,81,04,989
(c) Cash and cash equivalents	14	33,70,53,696	31,40,99,766
(d) Short-term loans and advances	15	32,84,08,061	46,23,84,678
(e) Other current assets	16	3,00,18,001	1,79,42,182
TOTAL		1,03,22,96,880	1,32,88,11,604

The Notes 1 to 16 form an integral part of consolidated Balance Sheet

This is the consolidated Balance Sheet referred to in our Report of even date

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

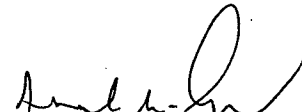
For KALYANASUNDARAM & CO.,
Chartered Accountants
Firm Reg. No. 001676S



B. KALYANASUNDARAM
Partner, M.No. 11453



S. Usha
Managing Director



Achal Kumar Gupta
Director



A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: 27/04/2016

IFCI Financial Services Limited
Consolidated Statement of Profit and loss for the Year ended 31st Mar 2016

(Amount in Rs)

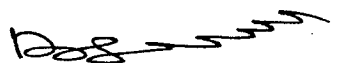
Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
I. Revenue from operations	17	21,16,95,937	28,31,10,956
II. Other Operating Income	18	1,33,09,293	2,33,43,817
III. Other Income	19	4,63,62,242	3,69,46,016
IV. Total Revenue (I + II + III)		27,13,67,472	34,34,00,789
V. Expenses:			
Employee benefits expense	20	9,80,77,827	10,63,70,820
Finance costs	21	2,74,64,428	4,50,82,002
Depreciation and amortization expense		22,20,722	1,20,69,782
Other expenses	22	10,07,23,160	13,77,55,450
Bad Debts Written off		11,60,58,850	89,11,192
Total expenses (V)		34,45,44,987	31,01,89,246
VI. Profit before bad & doubtful debts and tax (IV - V)		(7,31,77,515)	3,32,11,543
VII. Provision for bad & Doubtful debts	23	(3,63,18,516)	2,13,85,675
Prior period expenses		12,11,332	-
Exceptional Items -Interest received		-	(32,40,337)
VIII. Profit before extraordinary items and tax (VI - VII)		(3,80,70,331)	1,50,66,205
IX. Profit before tax (VI -VII)		(3,80,70,331)	1,50,66,205
X. Tax expense:			
- Income Tax			
- Current Tax - MAT provided		6,85,728	1,03,58,647
- Current Tax - MAT Credit Entitlement		-	-
- Deferred Tax Charge (Net)		(99,365)	(19,82,252)
XI. Profit (Loss) after tax (IX-X)		(3,86,56,694)	66,89,810
XII. Profit/(loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
XIII. Profit (Loss) for the period (XI-XII)		(3,86,56,694)	66,89,810
XIV. Earnings per equity share:			
(1) Basic		(0.93)	0.16
(2) Diluted		(0.93)	0.16

The notes 1 & 16 to 23 form an integral part of consolidated Statement of profit and loss


This is the Consolidated Statement of Profit and loss referred to in our Report of even date

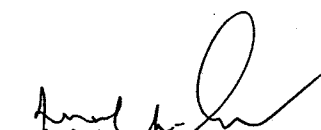
**FOR AND ON BEHALF OF THE BOARD OF
IFCI FINANCIAL SERVICES LIMITED**

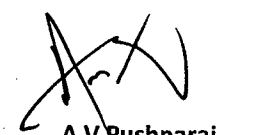
For KALYANASUNDARAM & CO.,
Chartered Accountants
Firm Reg. No. 001676S



B. KALYANASUNDARAM
Partner, M.No. 11453


S. Usha
Managing Director


Achal Kumar Gupta
Director


A V Pushparaj
Chief Financial Officer

Place: Chennai
Date: 27/04/2016

IFCI FINANCIAL SERVICES LIMITED(CONSOLIDATED FINANCIAL STATEMENT)

Note no. 2 Share Capital

(Amount in Rs.)

Share Capital	As at 31st March 2016		As at 31st March 2015	
	Number	Rs.	Number	Rs.
Authorised				
Equity Shares of Rs.10/- each	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
Issued				
Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
Subscribed & Paid up				
Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
TOTAL	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IFCI Limited and nominees	3,93,63,809	95	3,93,63,809	94.78
Ms. Chandra Ramesh	17,57,619	4.23	17,57,619	4.23
Mr. D V Ramesh	4,12,281	0.99	4,12,281	0.99

On 01st November 2011, 3,24,60,622 equity shares of Rs.10/- each were allotted to IFCI Ltd for consideration other than cash on preferential basis by conversion of debt of Rs.76.25 Crore into equity

Terms/Rights attached to equity shares:

The Company has only one class of equity share, i.e. equity shares having face value of Rs.10/- per share entitled to one vote per share.

IFCI FINANCIAL SERVICES LIMITED(CONSOLIDATED FINANCIAL STATEMENT)

Note No. 3 Reserves and Surplus

(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
a. Capital Reserves		
Opening Balance	-	-
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	-	-
b. Capital Redemption Reserve		
Opening Balance	-	-
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	-	-
c. Statutory Reserve		
Opening Balance	45,16,43,790	45,16,43,790
Add: Amount transferred from surplus in the Statement of Profit and Loss	-	-
Closing Balance	45,16,43,790	45,16,43,790
d. Revaluation Reserve		
Opening Balance	-	-
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	-	-
f. Share Options Outstanding Account		
Opening Balance	-	-
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	-	-
i) Amalgamation Reserve:		
Opening Balance	17,45,305	17,45,305
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	17,45,305	17,45,305
ii) General Reserve:		
Opening Balance	95,01,851	95,01,851
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	95,01,851	95,01,851
f. Surplus:		
Opening balance	(13,85,60,826)	(14,49,26,635)
Less : Adjustment for Fixed asset	8,59,974	-
(+) Net Profit/(Net Loss) For the current year	(3,86,56,694)	63,65,809
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Closing Balance	(17,80,77,494)	(13,85,60,826)
TOTAL	28,48,13,452	32,43,30,120

IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

Note 4 Long Term Borrowings

(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
<u>Secured</u>		
(a) Loans repayable on demand		
(b) Loans and advances from related parties	1,00,00,000	24,00,00,000
(c) Deposits	-	-
(d) Other loans and advances from others	-	-
	1,00,00,000	24,00,00,000
<u>Unsecured</u>		
(a) Loans and advances from related parties	-	-
(b) Other Loans from Financial institutions (Secured by book debts)	-	-
	-	-
TOTAL	1,00,00,000	24,00,00,000

Note No. 5 Other Long Term Liabilities

Particulars	As at 31st March 2016	As at 31st March 2015
Security Deposit and Sundry deposits	66,89,988	71,69,459
TOTAL	66,89,988	71,69,459

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IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

Note No. 6 Short Term Borrowings

(Amount in Rs)

Particulars	As at 31st March 2016	As at 31st March 2015
Secured		
(a) Loans repayable on demand	-	-
Unsecured		
(a) Loans repayable on demand	-	-
(b) Loans and advances from related parties	-	-
(c) Deposits	-	-
(d) Other loans and advances from Financial Institutions	9,35,00,000	7,30,00,000
	9,35,00,000	7,30,00,000

Note No. 7 Other Current Liabilities

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Current maturities of long-term debt	-	-
(b) Current maturities of finance lease	-	-
(c) Interest accrued but not due on borrowings	3,09,863	14,63,836
(d) Loans and advances from related parties	-	-
(e) Income received in advance	14,71,439	14,92,082
Sundry Deposits	3,89,999	5,02,248
Payable to Exchanges	57,44,884	1,90,08,492
(f) Other payables	-	-
Creditors for expenses	34,73,254	1,24,66,604
Statutory dues	2,16,44,704	2,01,02,937
Other liabilities	79,28,477	36,36,441
TOTAL	4,09,62,620	5,86,72,640

IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

Note No. 8 Short Term Provisions

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Provision for employee benefits		
Gratuity	2,17,684	3,10,000
Leave Encashment	19,60,120	28,55,068
Provision for Bonus	23,42,517	77,000
(b) Others		
Provision for Sub-Standard Assets	-	4,64,02,206
Provision for doubtful debts	-	-
Provision for Standard Assets	12,41,915	14,82,723
TOTAL	57,62,236	5,11,26,997

Fixed Assets		Gross Block				Accumulated Depreciation				Net Block				(Amount in Rs.)	
		Balance as at 1st April 2015		Additions	Disposals	Balance as at 31st Mar 2016	Balance as at 1st April 2015	Depreciation charge for the year	On disposals	Balance as at 31st Mar 2016	Prior Period Depreciation	Adjustment against retained earning	Balance as at 31st Mar 2016	Balance as at 31 March 2015	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
a	Tangible Assets														
	Land	2,72,500	-	2,72,500	-	-	-	-	-	-	-	-	-	2,72,500	
	Plant and Equipment	4,45,68,782	-	4,45,68,782	-	3,20,06,657	2,84,782	3,22,91,439	-	-	-	-	-	1,25,62,125	
	Furniture and Fixtures	62,35,278	79,592	-	63,14,870	46,07,573	5,78,400	-	51,85,973	-	-	11,28,897	-	16,27,705	
	Vehicles	22,150	-	-	22,150	19,967	439	-	20,406	-	-	1,744	-	2,183	
	Office equipment	1,19,24,488	32,950	7,08,204	1,12,49,234	87,67,316	9,57,939	5,96,769	91,28,486	-	-	21,20,748	-	31,57,172	
	computer hardware	3,96,23,848	5,500	10,71,284	3,85,58,064	3,74,76,077	18,160	10,20,346	3,64,73,891	-	8,59,974	12,24,200	-	21,47,771	
	Total	10,26,47,046	1,18,042	4,66,20,770	5,61,44,318	8,28,77,590	18,39,720	3,39,08,554	5,08,08,756	-	8,59,974	44,75,589	-	1,97,69,456	
b	Intangible Assets														
	Computer software	3,39,89,337	15,21,670	-	3,55,11,007	3,15,41,393	3,81,002	-	3,19,22,395	12,11,333	-	23,77,279	-	24,47,944	
	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	-	-	-	-	-	
	Goodwill	22,53,857	-	-	22,53,857	-	-	-	-	-	-	-	-	-	
	Total	4,94,43,194	15,21,670	-	5,09,64,864	4,47,41,393	3,81,002	-	4,51,22,395	12,11,333	-	46,31,136	-	22,53,857	
c	Capital Work In Progress														
	Total	-	-	-	-	-	-	-	-	-	-	-	-	-	
d	Intangible assets under Development														
	Total	15,20,90,240	16,39,712	4,66,20,770	10,71,09,182	12,76,18,983	22,20,722	3,39,08,554	9,59,31,151	12,11,333	8,59,974	91,06,725	-	2,44,71,257	
	Intangible assets under Development	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Total	15,20,90,240	16,39,712	4,66,20,770	10,71,09,182	12,76,18,983	22,20,722	3,39,08,554	9,59,31,151	12,11,333	8,59,974	91,06,725	-	2,44,71,257	
	Previous Year	14,96,90,656	1,45,727	-	14,98,36,383	11,55,49,202	1,20,69,781	-	12,76,18,983	-	-	2,44,71,257	-	3,41,41,455	

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Note 10 Non Current Investments

IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
Other Investments (Refer B below)		
(b) Investment in Equity instruments	-	-
TOTAL	-	-
Less : Provision for dimunition in the value of Investments	-	-
TOTAL	-	-

Particulars	As at 31st March 2016	As at 31st March 2015
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	-	-

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IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

Note 11 Long Term Loans and Advances

(Amount in Rs)

Particulars	As at 31st March 2016	As at 31st March 2015
a. Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	-	15,13,710
Doubtful	-	-
Less: Provision for doubtful advances	-	-
	-	15,13,710
b. Security Deposits		
Secured, considered good	-	-
Unsecured, considered good *	4,31,63,430	6,92,32,074
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
	4,31,63,430	6,92,32,074
c. Other loans and advances		
Secured, considered good	16,81,01,865	31,13,82,894
d. Other loans and advances (specify nature)		
Other Loans & Advances	46,17,286	63,14,476
Doubtful	-	-
	46,17,286	63,14,476
TOTAL	21,58,82,581	38,84,43,154

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IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)
Note 12 Current Investments **(Amount in Rs)**

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Investment in Equity instruments	3,04,25,152	3,05,12,800
TOTAL	3,04,25,152	3,05,12,800
Less : Provision for diminution in the value of Investments	2,36,38,503	1,71,47,223
TOTAL	67,86,648	1,33,65,577

Particulars	As at 31st March 2016	As at 31st March 2015
Aggregate amount of quoted investments	1,14,12,073	1,33,65,577

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IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

Note 13 Trade receivable

(Amount in Rs)

Trade Receivables	As at 31st March 2016	As at 31st March 2015
Trade receivables outstanding for a period less than six months from the date they are due for payment	-	-
Secured, considered good	5,75,18,238	7,77,86,885
Unsecured, considered good	4,51,12,124	1,05,97,982
Unsecured, considered doubtful	1,08,294	14,87,662
	10,27,38,656	8,98,72,529
Less: Provision for doubtful debts	1,08,294	14,87,662
	10,26,30,362	8,83,84,867
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Secured, considered good	19,12,259	1,94,20,679
Unsecured, considered good	4,98,547	2,99,443
Unsecured, considered doubtful	14,14,14,602	13,67,00,792
	14,38,25,408	15,64,20,914
Less: Provision for doubtful debts*	14,14,14,602	13,67,00,792
* Includes Rs. 1,53,03,165 receivables from IFCI Limited	24,10,806	1,97,20,122
TOTAL	10,50,41,168	10,81,04,989

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IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)
Note 14 Cash and cash equivalents (Amount In Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
a. Balances with banks		
In Current Accounts with Banks	7,07,92,512	7,12,59,910
Margin money	-	-
Fixed Deposit	26,62,46,028	24,28,35,563
c. Cash on hand	15,156	4,293
TOTAL	33,70,53,696	31,40,99,766

Note 15 Short term loans and advances

Particulars	As at 31st March 2016	As at 31st March 2015
a. Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	-	9,08,635
Doubtful Bad Debts	-	-
Less: Provision for doubtful loans and	-	-
TOTAL	-	9,08,635
b. Others		
Other Loans and Advances	2,99,54,195	-
Secured, considered good	24,72,07,907	31,43,16,161
Balance with govt authorities	36,91,867	-
Unsecured, considered good	-	-
Doubtful Bad Debts	-	11,36,57,576
Advance Tax (net of provisions)	3,54,36,195	2,59,42,157
Sundry Deposits	36,28,068	36,28,068
Prepaid Expenses	84,89,829	39,32,081
TOTAL	32,84,08,061	46,14,76,043
TOTAL	32,84,08,061	46,23,84,678

Note 16 Other current assets

Particulars	As at 31st March 2016	As at 31st March 2015
Interest accrued on Deposits	2,79,35,886	1,77,11,033
Other assets	20,82,115	2,31,149
TOTAL	3,00,18,001	1,79,42,182

IFCI FINANCIAL SERVICES LIMITED

IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

Note 17 Revenue from Operations

(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Operating revenues:		
Brokerage On Stock Broking	11,94,26,938	15,49,59,698
Commission On Mutual Fund	21,32,670	19,67,086
Insurance Commission	72,289	1,02,985
Loan Syndication Fee	1,79,277	1,00,000
Fees for Merchant Banking	4,00,000	1,60,000
Depository/Other Operating Income	42,58,613	66,93,342
Commission From IPO / Bonds	30,20,279	1,60,27,387
Commission On Fixed deposits	21,63,483	28,02,144
Account Opening Charges	63,000	2,33,681
Dividend income	2,14,893	3,10,164
Processing Fees	24,66,600	42,25,000
Interest Receipt from Fixed deposit	16,03,374	17,55,251
Interest Receipt from Income Tax	9,249	15,794
Interest Receipt from Loans	7,56,85,272	9,37,58,424
TOTAL	21,16,95,937	28,31,10,956

Note 18 Other Operating Income

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Sale of Power / Electricity	3,56,990	48,09,830
Delayed Payment Interest	1,29,52,303	1,85,33,987
Consultance Fee Received	-	-
TOTAL	1,33,09,293	2,33,43,817

Note 19 Other Income

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Rental Income	-	35,15,124
Miscellaneous Income	5,29,505	85,80,482
Profit on Sale of WindMill/Assets	1,86,82,315	-
Interest Income Fixed deposit	2,52,54,282	2,19,58,026
Pre Closure Income	7,39,063	-
Penalty interest	8,92,011	-
Profit on Sale of Investments	2,65,066	28,92,384
Provision for Diminution of Securities	-	-
Written back	-	-
TOTAL	4,63,62,242	3,69,46,016

IFCI FINANCIAL SERVICES LIMITED (CONSOLIDATED FINANCIAL STATEMENT)

Note 20 Employee Benefits expenses

(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
(a) Salaries and incentives	8,90,39,534	9,63,87,694
(b) Contributions to - Provident fund & Employee State Insurance	61,57,203	63,83,812
Gratuity fund contributions	2,03,724	1,55,334
Employee State Insurance	56,607	1,07,867
(c) Staff welfare expenses	26,20,759	33,36,113
TOTAL	9,80,77,827	10,63,70,820

Note 21 Finance Cost

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Interest expenses	2,52,20,217	4,30,40,833
Bank Financial Charges	22,44,211	20,41,169
TOTAL	2,74,64,428	4,50,82,002

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IFCI FINANCIAL SERVICES LIMITED(CONSOLIDATED FINANCIAL STATEMENT)
Note No. 22 Other Expenses

(Amount in Rs)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Advertisement	4,10,134	2,16,195
Annual Maintenance Charges	3,88,083	4,62,077
Arbitration fees Charges	-	10,000
Audit Fees	13,62,500	13,27,500
Bank Charges	73,264	8,406
Broking Stamp Expenses	18,560	9,365
Business Development Expenses	2,11,680	2,70,642
Commission Paid	73,51,978	1,66,13,689
Contbh to inv prot fund	-	4,394
Data Feed Charges	12,82,617	14,93,837
Depository Participant Expenses	3,06,293	2,12,996
Electricity Charges	40,58,594	50,34,502
Fees To Clearing Member	14,44,489	17,44,955
Information Technology Exp	7,21,858	1,97,934
Insurance Expenses	10,71,443	13,07,054
Meeting Expenses	1,58,671	3,93,145
Membership Fee And Subscription	57,69,354	47,68,793
Miscellaneous Expenses	23,12,092	25,94,044
Office Maintenance	40,55,373	56,11,150
Penal Charges	5,15,484	32,012
Postage & Telegram	12,97,524	16,98,112
Printing & Stationery	16,04,390	18,42,690
Processing Charges	56,868	48,750
Professional & Consultancy Charges	2,47,78,640	4,24,06,088
Rates & Taxes	16,75,938	6,23,702
Rent	2,73,78,888	3,25,86,888
Repairs & Maintenance	16,48,044	10,65,868
Sitting Fees	4,85,000	5,53,000
Staff Welfare	59,002	1,38,494
Stamp Charges	3,585	-
Swachh Bharat Cess	40,273	-
Telephone Expenses	62,36,175	72,19,385
Training Expenses	1,70,524	1,14,313
Transaction Charges	11,51,094	12,05,787
Tour, Travelling & Conveyance Expenses	21,03,713	52,46,043
Turnover Based Fees - Sebi	5,21,035	6,74,539
Vsat Charges	-	19,101
TOTAL	10,07,23,160	13,77,55,450

IFCI FINANCIAL SERVICES LIMITED(CONSOLIDATED FINANCIAL STATEMENT)
Note: 23 Provision for Bad & Doubtful debts

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Provision for Reversal of Diminution in the value of Securities held as stock in trade	64,91,280	(13,97,178)
Bad Debts Written off	-	24,39,364
Requirement	-	(5,46,685)
Provision for Doubtful Debts and Adv	(4,25,68,988)	(21,13,928)
Provision for Standard Assets as per Regulatory requirement	(2,40,808)	(2,14,842)
Provision for substandard Asset	-	2,32,18,944
TOTAL	(3,63,18,516)	2,13,85,675

IFCI Financial Services Limited (Consolidated)

Note No.1

A. Significant Accounting Policies & Notes to Accounts for the year ended March, 31 2016

I. Basis of Preparation of Financial Statements:

The accompanying consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply in all material respects with the accounting standards issued by the Institute of Chartered Accountants of India / accounting standards notified under section 133 of the Companies Act, 2013 (to the extent applicable) and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 2013.

II. Use of Estimates:

The preparation of the consolidated financial statements is in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying consolidated financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

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III. Principles and assumptions used for consolidated financial statements and pro-forma adjustments

The consolidated financial statements have been prepared applying the principles laid in the Accounting Standard (AS) 21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India as considered appropriate for the purposes of these Consolidated Balance Sheet, and Profit and Loss Account, together referred to in as 'Consolidated Financial Statements'. Following are the companies whose accounts have been considered for the consolidated financial statements.

IFCI Financial Services Ltd's (the parent company or the holding company) shareholding in the following companies as on 31st March 2016 and 31st March 2015 are as under:

Name of the Subsidiary	Country Date on which became a Subsidiary		As on 31st March 2016		As on 31st March 2015	
			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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IV. Principles used in preparing Consolidated Financial statements:

a) In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries is combined on a line by line basis by adding together like items of assets, liabilities, income and expenses.

b) Intra-group transactions are eliminated in preparation of consolidated financial statements

c) The cost to the parent of its investment in each subsidiary and the parent's portion of equity of each subsidiary, at the date on which investment in each subsidiary is made, is eliminated. (i) 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.

(ii) 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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(iii) 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.

V. Revenue Recognition:

Broking Income

Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.

Interest Income from Fixed Deposits

Interest earned on fixed income bearing securities is accounted on a time proportion basis taking into account the amount outstanding and the rate applicable.

Loan Syndication Fees

Loan Syndication Fees are recognised when the right to receive the income is established.

Income from Depository Segment

Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.

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Insurance Income

Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.

Commission from selling of Mutual Fund

Commission from selling of mutual funds is accounted on accrual basis.

Interest Income from Loans disbursed

Interest earned on Loan is accounted on accrual basis. In terms of the RBI Directions, interest income on Non-performing assets ("NPAs") is recognised only when it is actually realized.

Processing Fee:

Processing Fee received in respect of loans is accounted for in the year in which the loan is disbursed

Dividend Income

Dividend income is recognized when the shareholders' right to receive payment is established.

Equity Index/Stock – derivatives

Equity Index/Stock/Commodity Futures are marked to market on daily basis. Debit or Credit Balances disclosed under Current Assets or Current liabilities respectively represent the net amount paid or received on the basis of movement of prices in the Index Stock Futures till the Balance sheet date.

(a) As at the Balance sheet date, the profit or loss on open positions are accounted for as follows:

The unrealized profit determined scrip wise/Index wise, being anticipated profit, is ignored and no credit is taken in the profit and loss account.

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The unrealized loss determined scrip wise/Index wise, being anticipated loss, is recognized in the profit and loss account.

- (b) On final settlement or squaring-up of contracts, the profit or loss is calculated as difference between settlement/squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/squared-up contract is recognized as profit or loss upon expiry/squaring-up of the contracts. When more than one contract in respect of the relevant series of Equity Index/Stock / Commodity Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using weighted average method for calculating profit/loss on squaring up.

- (c) Initial and additional margin paid over and above initial margin, for entering into contracts which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets.

Income from sale of electricity

Units generated from windmills are sold to the Tamil Nadu Electricity Board (TNEB) at agreed rates and the income is included in the value of power generated from windmills.

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VI. Stock-in-trade:

Stock-in-trade is valued at lower of cost and quoted value, computed category wise. Cost is ascertained on FIFO basis. Provision is made for diminution arising there from.

VII. 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.

VIII. Fixed Assets and Depreciation:

Fixed assets are stated at historical cost less accumulated depreciation.

Intangible Assets:

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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IX. 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.

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 basic pay along with January month salary of the immediate next calendar year. The expenses on account thus arising are recognized in the profit and loss account.

XI. Borrowing Cost:

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other Interest and borrowing costs are charged to revenue.

XII. Taxation:

Income Tax expense comprises current tax as determined in accordance with the income tax laws and deferred tax charge or credit reflecting the tax effect of the timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liability / assets are recognized applying the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that such assets can be realized in future.

B. Notes forming part of the Accounts

I. Nature of Business:

The Parent Company is a SEBI registered Stock Broker on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange (BSE) is primarily engaged in the business of providing securities market related transaction services.

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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 engaged primarily in the business of extending credit facilities to customers and in investing activities.

- II. The Board of Directors of IFIN, ICOM and IFIN Credit at their meeting held on July 24, 2015 had approved merger of IFIN Commodities (ICOM) and IFIN Credit Limited. M/s. Bail Associates, Chartered Accountants and M/s. S Ramasubramaniam & Associates, Advocates were engaged as consultants for completion of process of merger and for appearing at Hon'ble Madras High Court. As regards the status of merger of IFIN Credit Ltd and IFIN Commodities Ltd., on March 7, 2016, the Ld. Official Liquidator appeared and submitted that Report was under preparation and requested that further time of 3 weeks be granted to finalize and file the same. The Hon'ble Court had adjourned the matter by 3 weeks and the next date of hearing was fixed on 28.3.2016. On March 28, 2016 the Official Liquidator had requested for further time and the Hon'ble Court had adjourned the matter



II. Contingent Liabilities not provided for:

Bank guarantees aggregating to Rs.21,70,00,000 (Previous Year – Rs.17,50,00,000/-) to National Stock Exchange of India Limited, Rs.3,00,00,000/- (Previous Year – 3,00,00,000/-) to Bombay Stock Exchange and Rs.4,00,00,000/- (Previous Year – 4,00,00,000) to MCX Stock Exchange Limited as on 31st March 2016 for meeting margin requirements.

The Company has pledged fixed deposits aggregating to Rs. 14,75,00,000/- (Previous Year – Rs. 12,75,00,000/-) with banks for obtaining the above bank guarantees.

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.30,00,00,000/- (previous year – Rs.30,00,00,000/-) and IFIN Commodities Limited – Rs.5,00,00,000/-(previous year – Rs.5,00,00,000/-)

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
Principal District Judge, Panaji	1	465.33
State Consumer Dispute Redressal Forum, Bangalore	1	4.30

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III. 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)

IV. 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:

(Amounts in Rupees)

Particulars	As on 31-03-2016	As on 31-03-2015
Net Loss for the year available for the equity share holders (Before extra-ordinary Item)	(3,86,56,691)	66,89,810
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)	(0.93)	0.16
Net Profit for the year available for the equity share holders (After extra-ordinary Item)	(3,86,56,691)	66,89,810
Basic & Diluted Earnings per Share (After extra-ordinary Item)	(0.93)	0.16

V. Current and Deferred Taxation:

- (a) The Subsidiary Company IFIN Commodities Limited has provided Rs. 6,76,179 (Previous Year – Rs. 89,792) as per provisions of Income Tax Act, 1961
- (b) The Subsidiary Company IFIN Credit Limited has provided Rs.9,549 (Previous Year – Rs.65,233) as per provisions of Income Tax Act, 1961.

- (c) During the year the tax effect on timing difference has resulted in Deferred Tax Liability and as a matter of prudence the company has recognized the same in the books. The Parent Company IFCI Financial Services Limited has recognized Rs. 27,66,999 and the Subsidiary Company IFIN Commodities Limited has recognized Rs. Rs.1,82,730 towards the same.

VI. Managerial Remuneration:

(Amount in Rupees)

Particulars	2015-16	2014-15
To Whole Time Director		
(a) Salary and Allowances	23,21,200	20,53,590
(b) Contribution to PF and other funds	1,59,756	1,53,620
To Managing Director (On deputation from IFCI Limited)		
(a) Salary and Allowances	24,44,008	24,95,282
(b) Contribution to PF and other funds	4,35,960	1,71,562
Total	53,60,924	48,74,054

VII. 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 Ltd
e) MPCON Ltd

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d) Transaction with Related Parties:

(Amount in Rupees)

Sl. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2015-16	2014-15	2015-16	2014-15
1	Rent Paid to IFCI Ltd.	1,39,05,703	1,37,84,360	-	-
2	Rent received from IFIN Commodities Ltd.	27,82,956	35,15,124	-	-
3	Brokerage Received from IFCI Ltd	23,45,055	90,69,477	-	-
4	Portfolio Management Services fees received	-	-	-	-
5	Depository Services	9,48,817	25,86,770	-	-
6	Reimbursement of Expenses to IFCI Limited.	1,55,584	31,05,678	-	-
7	Reimbursement of Exp received from IFIN Commodities Limited	27,82,956	35,15,124	-	-
8	Managerial Remuneration	68,34,148	4825718.50	-	-
9	Consultancy Fee received from IFIN Commodities Limited	-	-	-	-
10	Loan Availed from IFIN Securities Finance Limited	-	4,62,00,000	-	-
11	Loan Repaid to IFIN Securities Finance Limited	-	4,62,00,000	-	-
12	Corporate Guarantee Issued to IFIN Commodities Ltd	5,00,00,000	5,00,00,000	-	-
13	Interest Paid to IFIN	-	64,466	-	-

	Securities Finance Ltd				
14	Equity contribution made in IFIN Securities Finance Limited	30,01,00,000	30,01,00,000	-	-
15	Equity contribution made in IFIN Commodity Limited	5,00,00,000	5,00,00,000	-	-
16	Brokerage received from IFCI Factors Ltd	1,06,509	1,60,265	-	-
17	Reimbursement of Expenses from IFIN Securities Finance Limited	1,00,00,000	1,00,00,000	-	-
18	Amount Due to IFIN Securities Finance Limited	-	-	-	-
19	Reimbursement of Expenses from IFIN Credit Limited	14,40,000	14,40,000	-	-
20	Amount Due from IFIN Credit Limited	11,63,600	8,50,216	-	-
21	Insurance of IFIN Commodities Ltd Paid by IFCI Financial Services Ltd.	-	-	-	-
22	Amount Payable by IFIN Commodities to IFCI Financial Services Ltd	5,31,502	-	-	-
23	Loan availed from IFCI Venture Capital Ltd by IFIN Securities Finance Ltd	-	4,00,00,000	-	-
24	Loan repaid to IFCI Venture Capital Ltd by IFIN Securities Finance Ltd	-	4,00,00,000	-	-
25	Interest paid to IFCI Venture Capital Ltd by IFIN Securities Finance Ltd	-	6,90,411	-	-

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26	Loan availed from IFCI Factors Ltd by IFIN Securities Finance Ltd	-	-	-	-
27	Loan repaid to IFCI Venture Capital Ltd by IFIN Securities Ltd	-	-	-	-
28	Interest paid to IFCI Venture Capital Ltd by IFIN Securities Finance Ltd	-	-	-	-

VIII. Employee Benefits

Provisions for employee benefits under revised AS 15:

- (a) Defined Contribution plan: The amount recognized as an expense during the year is Rs.61,57,203- (Previous Year – Rs. 63,83,812/-) 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.






IX. Employee Benefits

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

Particulars	IFIN - Year 2015-16	ICOM - Year 2015-16
Policy No	605000538	605000514
Date of Valuation	31/03/2016	31/03/2016
Membership Date		
Number of Members	175	31
Average age	36.98	32.87
Average Monthly Salary	16270.28	10796
Average past Service	4.59	3.94
Valuation Method	Projected unit credit method	Projected unit credit method
Results of Valuation		
Present value of Past Service Benefit	59,78,367	4,27,010
Service cost	10,41,893	1,05,614
Fund with LIC	68,32,264	4,90,800
Accrued Gratuity	88,36,199	7,41,214
Actuarial Assumptions		
Mortality Rate	LIC (2006-08) ultimate	LIC (2006-08) ultimate
Discount rate	8% p.a.	8% p.a.
Salary escalation rate	5%	5%
Withdrawal rate	1% to 3% depending on age	1% to 3% depending on age
Total Amount Payable	1,87,996	41,824

- X. 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.14,15,22,896 which is provided for.
- XI. Company had initiated the process of identifying the vendors under Micro, Small & Medium Enterprises Development Act, 2006. The Company is yet to

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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.

XII. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.

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