



IFCI FINANCIAL SERVICES LIMITED

18th Annual General Meeting

September 30, 2013

IFCI FINANCIAL SERVICES LIMITED

Board of Directors:

Shri S. B. Nayar	-	Chairman
Shri Suneet Shukla	-	Managing Director
Shri M. P. Rege	-	Director
Shri M. V. Muthu	-	Director
Shri Satpal Kumar Arora	-	Director
Shri O. Ramesh Babu	-	Director
Smt. S. Usha	-	Director

Company Secretary

Shri K. J. Chandra Mouli

Statutory Auditors (2012-13)

Vinay Kumar & Co
Chartered Accountants
Bhargawas, H-80
Lower Ground Floor
Kalkaji, New Delhi

Registered Office

IFCI Tower, No. 61
Nehru Place
New Delhi-110 019
Web: www.ifcilttd.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 18th 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 Monday, September 30, 2013 at 12.30 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2013 and Profit and Loss Account for the year ended on 31st March 2013, together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Shri M. V. Muthu, who retires by rotation and being eligible, offers himself for reappointment.
3. To fix the remuneration of the Auditors of the Company

"RESOLVED THAT pursuant to the requirement of sub-section 8(aa) to Section 224 of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorized to fix the remuneration and other terms and conditions, including reimbursement of out of pocket expenses in connection with the audit work, to the Statutory Auditors as appointed by the Comptroller and Auditor-General of India for the year 2013-14."

AS SPECIAL BUSINESS

4. **APPOINTMENT OF SHRI SANTOSH B NAYAR AS DIRECTOR OF THE COMPANY**

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

/

"RESOLVED THAT Shri Santosh B Nayar, was appointed as an additional (Nominee of IFCI) director of the Company by the Board of directors and who ceases to hold office under Section 260 of the Companies Act, 1956 on the date of this meeting and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby elected and appointed as a director of the Company is not liable to retire by rotation."

5. APPOINTMENT OF SMT. S. USHA AS DIRECTOR OF THE COMPANY

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

"RESOLVED THAT Smt. S. Usha, was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under Section 260 of the Companies Act, 1956 on the date of this meeting and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby elected and appointed as a director of the Company is liable to retire by rotation."

6. APPOINTMENT OF SHRI O RAMESH BABU AS DIRECTOR OF THE COMPANY

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

"RESOLVED THAT Shri O Ramesh Babu, was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under Section 260 of the Companies Act, 1956 on the date of this meeting and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby elected and appointed as a director of the Company is liable to retire by rotation."

7. APPOINTMENT OF SHRI SUNEET SHUKLA AS DIRECTOR OF THE COMPANY

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

"RESOLVED THAT Shri Suneet Shukla, who was deputed from IFCI limited to the Company, was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under Section 260 of the Companies Act, 1956 on the date of this meeting and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby elected and appointed as a director of the Company."

8. APPOINTMENT OF SHRI SUNEET SHUKLA AS MANAGING DIRECTOR OF THE COMPANY.

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

"RESOLVED THAT pursuant to Sections 198, 269 and 309 of the Companies Act, 1956, read with Schedule XIII as amended and subject to the approval of Central Government and such other approval(s)/sanction(s) as may be necessary, the Company hereby approves the appointment of Shri Suneet Shukla as Managing Director of the Company for a period of three years with effect from July 23, 2013 on the terms and conditions set out in the Explanatory Statement attached to the Notice."

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as stated in Explanatory Statement attached to the Notice shall be paid to Shri Suneet Shukla as minimum remuneration with the approval of the Central Government, if required."

"RESOLVED FURTHER THAT so long as Shri Suneet Shukla functions as the Managing Director of the Company, he will not be paid any fees for attending the meeting of the Board of Directors or any Committee thereof."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution."

9. AMENDMENT TO ARTICLES OF ASSOCIATION

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

"RESOLVED THAT pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by deleting the existing Article 98(1) and substituting in place thereof the following as Article 98(1)—

"98(1). The remuneration of a Director shall be subject to a maximum limit of Rs. 20,000/- for each meeting of the Board and Rs. 10,000/- for each meeting of a Committee of the Board attended by him as sitting fees, as the Board may from time to time determine in their meeting."

RESOLVED FURTHER THAT Shri Suneet Shukla, Managing Director and/or K. J. Chandra Mouli, Company Secretary of the Company be and are hereby authorised to do all such acts as may be found necessary for giving effect to the Resolution for amendment of the Articles of Association of the Company."

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

Sd/-

Place: Chennai

Date: September 6, 2013

K. J. Chandra Mouli
Company Secretary

Notes:

1. An Explanatory Statement pursuant to Section 173(2) of the Company Act, 1956 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 187 OF THE COMPANIES ACT, 1956, AUTHORIZING THEIR REPRESENTATIVE TO ATTEND AND VOTE AT THE MEETING.**
3. Draft copy of the Articles of Association after incorporating the aforesaid alterations, 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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO.4 - 6:

Shri Santosh B Nayar, Smt. S. Usha and Shri O Ramesh Babu were appointed as an Additional Director by the Board of Director with effect from August 30, 2013.

In terms of Articles of Association of the Company read with Section 260 of the Companies Act, 1956, these directors hold office till the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board of Directors, therefore, recommends that the resolution be passed as an Ordinary Resolution.

None of the directors except the directors proposed to be appointed is interested in this resolution.

ITEM NO. 7 & 8

Consequent to the resignation of Shri Biswajit Banerjee as Whole-time Director of the Company, the Board of Directors in their meeting held on January 15, 2013 has appointed Shri P. N. Swaminathan as additional Director, to assume responsibilities as Whole-time Director of the Company designated as "Chief Operating Officer" on temporary basis(January 15, 2013 to April 11, 2014). IFCI has vide letter No. IFCI/SACC/IFIN/2013/130718035 dated July 18, 2013 nominated to appoint Shri Suneet Shukla V.P., IFCI as a director of IFIN with a request to designate him as the Managing Director of the company. Subsequently the Board in their meeting held on

July 23, 2013 appointed him as Additional Director of the Company designated as Managing Director for a period of three year.

He has worked in manmade fiber industry for 9 years before joining IFCI Limited in April 2000. At IFCI he has gained vast experience in all the dimensions of project financing, structured financing and equity/equity related products. He headed the Hyderabad Regional Office of IFCI Ltd. for more than two and half years and is currently heading the Mumbai Regional Office since April 2011. He is a graduate in Chemical Technology from HBTI, Kanpur, a CAIIB from the Indian Institute of Banking and Finance and has done MBA (Banking and Finance) from IGNOU.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from him proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The remuneration and the perquisites of Shri Suneet Shukla as set out below are subject to the approval of the shareholders of the Company under the provisions of Section 269, 309 and Schedule XIII of the Companies Act, 1956.

A. Period of Deputation

Three years with effect from July 23, 2013.

B. Basic Salary:

During the period of deputation, he will receive the salary of Rs. 84708 /- per month from IFCI Limited and IFIN shall reimburse to IFCI Limited paid to him during the period of deputation, subject to the overall monetary limit specified hereunder.

C. Allowance

- a) Supplementary Allowance: IFCI will pay Rs. 71644/- per month during the deputation period and IFIN should remit the same to IFCI.
- b) Education Allowance: IFCI will pay Rs.200 per month as Education allowance and IFIN should remit the same to IFCI
- c) Leave Travel Allowance: Entitled to travel with family, by any mode i.e. Air, Train, and Road once in a year for visiting any place in India with allowance/ reimbursement up to a maximum of Rs. 84708 as per IFCI norms.
- d) Vehicle Maintenance/Fuel re-imbursement /driver salary: Rs.25,500 per month will be paid by IFCI and IFIN should remit the same to IFCI.

D. Perquisites:

Following perquisites shall be allowed in addition to the Salary and allowance:

- a) Housing: He will be eligible for residential accommodation.
- b) Traveling, Boarding & Lodging: Actual expenditure to be reimbursed by the Company for outstation journey for official work.
- c) Leave salary Contribution: IFIN shall reimburse to IFCI, the monthly contribution made by IFCI towards leave salary as per the rules/policy of IFCI in this regards. Accordingly, leave salary for any ordinary leave taken during the period of deputation will be borne by the IFCI.
- d) Provident Fund Contribution: IFIN shall reimburse to IFCI, the actual cost made by IFCI to the provident fund and other statutory funding.
- e) Gratuity: IFIN shall make proportionate contribution towards Gratuity for the period the officer remains on deputation. Such contribution of the proportionate Gratuity will be reimbursed to IFCI at the end of deputation.
- f) Other facilities: IFIN shall also reimburse to IFCI the cost of other facilities including meal coupons, hospitalization facility for self and family, car insurance premium and Group Term Life Assurance Contribution as per the applicable rules /policies in IFCI.
- g) Telephone bill reimbursement: Actual landline-residential and mobile

bill will be reimbursed as per IFIN policy.

The total amount reimbursable to IFCI on account of the salary/allowance/perquisites shall not exceed the amount of Rs. 35 Lakh per annum or such amount as may be amended from time to time and communicated by IFCI, subject to all applicable provisions of the Companies Act, 1956.

The statement required under Schedule XIII of the Companies Act, 1956, is provided hereunder

I. GENERAL INFORMATION

1. Nature of Industry: Stock Broking & Financial Services
2. Date or expected date of Commencement of Commercial Production – N. A.
3. In Case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in prospectus – N. A.
4. Financial performance based on indication

As on March 31, 2013 had a total income of Rs. 24.13 Crores with Loss of Rs. 1.66 Corers (as computed under section 198 of the Companies Act)

5. Export performance and net foreign exchange collaboration: N. A
6. Foreign Investments or Collaborators if any: N. A

II. INFORMATION ABOUT THE APPOINTEE

1. Background details

He has worked in manmade fiber industry for 9 years before joining IFCI Limited in April 2000. At IFCI he has gained vast experience in all the dimensions of project financing, structured financing and equity/equity related products. He headed the Hyderabad Regional Office of IFCI Ltd. for more than two and half years and is currently

heading the Mumbai Regional Office since April 2011. He is a graduate in Chemical Technology from HBTI, Kanpur, a CAIIB from the Indian Institute of Banking and Finance (IIBF) and has done MBA (Banking and Finance) from IGNOU/IIBF.

2. Past remuneration

He was receiving around Rs. 34 lakh per annum from IFCI Limited

3. Job Profile and Suitability

He would be responsible for the overall management of the Company under the direction of the Board of Directors.

4. Remuneration proposed:

As per the details mentioned above

5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and persons:

The remuneration proposed to Shri Suneet Shukla is in accordance with the remuneration scale prevailing in the industry and justifiable in term of rich experience of the appointee

6. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

N. A

III. OTHER INFORMATION

1. Reason for loss or inadequate profits

The financial performance of the Company has been affected due to reduced brokerage and depository income of the Company.

2. Steps taken or proposed to be taken for improvement

The Company plans to rationalize its network of Branches and with some aggressive marketing to increase the revenue and improve on the

profitability of operations. Also, recovering the doubtful debts and advances.

3. Expected increase in productivity and profits in measureable terms:

The performance of the stock broking industry is directly linked to the capital markets. The performance of these markets are based on varies factors both international and domestic. Considering the measures taken by your Company and further plans and strategies drawn, the Company is expected to improve its performance barring unprecedented market setback.

IV. Disclosure

The Shareholders are being informed the remuneration package by way of explanatory statement as given above

This may be treated as an abstract of the terms and conditions of appointment including remuneration of a Managing Director under the provision of Section 302 of the Companies Act, 1956.

None of the Directors, except Shri Suneet Shukla is concerned or interested in this resolution

ITEM NO. 8:

AMENDMENT TO ARTICLES OF ASSOCIATION

Pursuant to the Government Notification No. GSR 580(E) issued by the Department of Company Affairs dated 24th July, 2003 read with Rule 10B of Companies (Central Governments) General Rules and Forms, 1956 the maximum amount payable by way of fees for each meeting of the Board of directors or a Committee thereof has been enhanced to Rs. 20,000. Board of directors in their meeting held on July 22, 2011

fixed the sitting fees at Rs. 12000/- per Board meeting and at Rs. 7500/- per every committee meeting w.e.f the subsequent Board Meeting / Committee meeting.

Accordingly, it is proposed that Article 98(1) of the Articles of Association of the company, providing for payment of sitting fees be altered to reflect increase in the limit as above pursuant to section 31 of the Companies Act, 1956.

The Board of Directors, therefore, recommends that the resolution be passed as a Special Resolution.

None of the Directors, except Shri M. P. Rege and Shri M. V. Muthu is concerned or interested in this resolution

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

Sd/-

Place: Chennai

Date: September 6, 2013

K. J. Chandra Mouli

Company Secretary

DIRECTORS' REPORT

TO THE MEMBERS

The Board of Directors of your Company has the pleasure of presenting the Eighteenth Annual Report of IFCI Financial Services Limited together with the Auditors Report and Audited Account for the financial year ended on 31st March 2013.

1. FINANCIAL RESULTS

PARTICULARS	(Rs. in Lakhs)	
	2013	2012
Operating Results:		
Income from Operations	1934.46	2130.75
Other Income	478.60	599.36
Gross Income	2413.06	2,730.11
Gross Expenditure	2577.86	3,038.39
Profit/ (Loss) before Exceptional item, Interest, Depreciation and Tax	(164.80)	(308.28)
Less: Interest	20.11	207.13
Profit/(Loss) before Exceptional Item, Depreciation and Tax	(184.91)	(515.41)
Less: Depreciation	193.97	283.82
Profit before Exceptional item and tax	(378.90)	(799.23)
Add: Reversal of provisions for Diminution in the value of securities held as stock-in-trade (March 2012).	175.00	-
Add: Provision for doubtful debts and advances – reversed	300.26	-
Less: Provision for Doubtful Debts and Advances	-	1,226.12
Profit before Tax	96.36	(2025.35)
Current year tax MAT	-	-
MAT Credit entitlement	-	-
Income Tax for earlier year	-	28.58
Deferred Tax Charges (Net)	-	(20.77)
Profit after tax	96.36	(2033.16)

2. FINANCIAL PERFORMANCE

During the year 2012-13, your Company made a net profit of Rs. 96.36 lakh. The total income of the Company for the financial year 2012-13 has declined to Rs. 2413.06 lakh as against Rs. 2730.11 lakh in the previous year. This was due to fall in Investment banking income, depository income and IPO/Mutual fund/bonds distribution income of the Company. The expenditure of the company decreased to Rs. 2577.86 lakh as against Rs. 3,038.39 lakh in the previous years.

As on March 31, 2013, IFIN have 41 branches in major urban and semi-urban areas in the country with wider coverage in southern India & with reasonable coverage of western and northern India.

On the institutional front also, the company witnessed reasonable growth and overall number of empanelment at the end of the year was 483.

3. DIVIDEND

No dividend is being recommended by the Directors for the year ended March 31, 2013.

4. OPERATIONAL PERFORMANCES

4.1 STOCK BROKING

The Company's stock broking operations have witnessed slowdown across geography. With wider reach expected in the Financial Year 2013-14, your Company is on the right path to add its clientele significantly.

✓ Cash Market Segment

During the financial year ended March 31, 2013, the turnover was Rs. 14681.55 Crores (previous year Rs. 13833.70 Crores)

✓ **F & O Segment**

The turnover in this segment was Rs. 22130.46 Crores (previous year Rs 21817.48 Crores)

✓ **Currency Segment**

The turnover in this segment was Rs. 4270.58 Crores (previous year Rs 8506.79 Crores)

The net brokerage income of the company has increased to Rs.1430.85 lakh (previous year Rs. 1387.95 lakh) in the above segment. During the year your company had obtained the membership from MCX Stock Exchange Ltd. in Equity Segment and in Equity Derivative Segment.

4.2 INSURANCE COMMISSION

Insurance Commission earned during the year is Rs. 1.53 Lakh for the year 2012- 13 (previous year Rs. 1.53 lakh).

4.3 BROKERAGE FROM SELLING OF MUTUAL FUNDS

During the year, your company has earned an income of Rs. 43.29 lakh from selling of mutual fund units as compared to Rs. 81.45 lakh in the previous year.

4.4 DISTRIBUTION OF IPO'S & BONDS

During the year, your company has earned an income of Rs. 170.74 lakh from distribution of IPO's & Bonds as compared to Rs. 230.23 lakh in the previous year.

4.5 DEPOSITORY SEGMENT

The Company operated both the Depository Participants of NSDL and CDSL during the year for the benefit of its retail and institutional client base. Total Income received during the year 2012-13 was Rs. 78.28 lakh (previous year Rs. 89.47 lakh).

4.6 NON FUND BASED ACTIVITY- MERCHANT BANKING AND INVESTMENT BANKING

During the year the Company has earned fees of Rs. 89.17 lakh (Previous year Rs. 201.54 lakh).

4.7 INCOME FROM WINDMILL

During the year company has earned an income from sale of electricity of Rs. 61.82 lakh (Previous year Rs. 51.94)

5. BUSINESS ENVIRONMENT

During the financial year 2012-13, FII's had poured nearly USD 26 billion in the Indian market, which was the highest inflow from the FII ever. For current financial year the market capitalization of the Indian share market had marginally increased to Rs. 62 lakh crore from Rs. 60 lakh crore on the support of FII's and domestic institutional investors.

Strong FII inflows augured well for the Indian equity market and the rupee. Primary markets remained subdued due to less retails participation, mutual funds and qualified institution placements gathered some momentum in the primary market.

According to RBI report, aggregate demand remained sluggish with inflation adversely impacting real consumption and cyclical and structural factors impeding investment. Investment decline was accompanied by decline in saving rate as persistence of inflation eroded financial savings of the households, which will keep the retail participants away from the financial market.

Momentum towards fiscal consolidation since middle of 2012-13 continues. As a result, fiscal risks have been lowered but they have not waned. If growth slows down further, it could result in revenue shortfalls and a resurgence of fiscal risks.

During the year, Indian economy slowdown persisted as mining and manufacturing activity stalled, agriculture output was affected by temporal

and spatial deficiency in rains and services sector witnessed moderation. Growth is likely to have stayed low in Q4 of 2012-13. Growth is hobbled by structural bottlenecks. Shortages of power, coal and natural gas, stoppage of mining activity have emerged as a major constraining factor for industrial growth. Core industries have underperformed in this backdrop.

6. OUTLOOK

To encounter the adverse developments of the capital market and Global economy, we expect down trend in the operations related to capital market. To tackle the above situation IFIN shall adopt the following strategy in order to maintain its growth and profitability for FY 2013-14.

- Revamping of existing branches and opening of new 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.
- 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 fund required by SME.

7. SUBSIDIARIES

7.1 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 Commodity Limited is a member of Multi Commodity Exchange of India Ltd., National Commodity & Derivatives Exchange Ltd. and National Spot Exchange Ltd.

7.2 NARAYAN SRIRAM INVESTMENTS PRIVATE LIMITED

Narayan Sriram Investments Private Limited is a wholly owned subsidiary of IFCI Financial Services Limited. It is engaged in the

business of margin funding, loan against share, promoter funding, creeping acquisition etc.

7.3 IFIN CREDIT LIMITED

IFIN Credit Limited is a wholly owned subsidiary of IFCI Financial Services Ltd. Currently it is not engaged in any operation.

8. FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Your Company has neither incurred any expenditure nor earned any income in foreign exchange. Since the Company does not own any manufacturing facility, the other provisions in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

9. CONSERVATION OF ENERGY AND ABSORPTION OF TECHNOLOGY

As your Company is not a manufacturing company, there is nothing to report as far as conservation of energy is concerned. Within the limited scope, 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.

10. FIXED DEPOSITS

During the year, the Company has not accepted any deposits under Section 58A of the Companies Act, 1956.

11. BOARD OF DIRECTORS

In accordance with the Provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. M. V. Muthu, Director, retire by rotation and being eligible offer themselves for re-appointment.

During the year Shri Biswajit Banerjee was appointed as Whole-time Directors of the Company on April 11, 2012. The appointment of Shri Biswajit Banerjee was regularized by the members in the 17th Annual General Meeting of the company held on July 26, 2012. Subsequently he had resigned from the directorship of the Company on December 14, 2012.

Consequent to the resignation of Shri Biswajit Banerjee as Whole-time Director of the Company, the Board of Directors in their meeting held on January 15, 2013 has appointed Shri P. N. Swaminathan as additional Director, to assume responsibilities as Whole-time Director of the Company designated as "Chief Operating Officer" with effect from January 15, 2013 to April 11, 2014, without any remuneration. Subsequently, the shareholders of the Company approved his appointment by passing an ordinary resolution in the Extra-ordinary General Meeting held on March 15, 2013.

During the year Shri Atul Kumar Rai was appointed as a Nominee Director of the company with effect from December 14, 2012 pursuant to the nomination from IFCI Limited, our parent company.

Smt. Shashi Sharma, Director of the Company from July 22, 2011 had resigned from the directorship of the Company with effect from April 12, 2012.

12. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i. That in the preparation of the Accounts for the financial year ended 31st March 2013, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 or Loss of the company for the year under review;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - iv. That the Directors have prepared the Accounts for the financial year ended 31st March 2013 on a going concern basis.

13. AUDITORS

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

As per the Section 619(2) of the Companies Act, 1956, the Statutory Auditors of the Company shall be appointed by the Comptroller and Auditor General (CAG) of India for the financial year 2013-14.

14. COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA:

Company has received 'No review report' on the accounts for the year ended 31st March, 2013 by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956. Copy is attached in Annexure - 1 to this report.

15. PERSONNEL

The company has no employee in respect of whom the information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, 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.

16. ACKNOWLEDGEMENT

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

The Directors also record their appreciation for the services rendered by the employees of the Company.

By Order of the Board
IFCI Financial Services Limited

Sd/-
Suneet Shukla
Managing Director

Sd/-
S USHA
Director

Place: Chennai

Date: September 6, 2013


Annexure I

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF IFCI FINANCIAL SERVICES LIMITED FOR THE YEAR
ENDED 31 MARCH 2013.**

The preparation of financial statements of IFCI Financial Services Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 22 April 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor on the accounts of IFCI Financial Services Limited for the year ended 31 March 2013 and as such have no comments to make under section 619(4) of the Companies Act, 1956.

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


(Atreyee Das)

Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-II,
New Delhi

Place: New Delhi

Date: 30-8-2013

Vinay Kumar & Co.

CHARTERED ACCOUNTANTS

Bhargawas, H-80, Lower Ground Floor, Kalkaji,
New Delhi - 110019, India
Phones: 91-011-32954646, 09810061923
Email: vinaykumarandco@gmail.com,
agvinay@hotmail.com

Independent Auditor's Report

The members of
M/s. IFCI Financial Services Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. IFCI Financial Services Limited ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended March 31, 2013 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 the financial statements. The procedure selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, 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.



Opinion

In our opinion and to the best of our information and according to the explanations given to us the 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 the Balance Sheet of the state of affairs of the Company as at March 31, 2013;
- (ii) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
- (iii) 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

As required by the Companies (Auditors Report) Order, 2003 as amended ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure A statement on the matters specified in paragraphs 4 and 5 of the said Order.

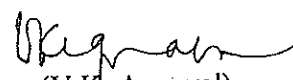
As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 and
- e. on the basis of written representation received from the directors as at March 31, 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2013 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Act.

Place: Camp at Chennai
Dated: April 22, 2013



for VINAY KUMAR & CO.,
Chartered Accountants
Firm's Registration No: 000719C


(V.K. Agrawal)
Partner

Membership No: 013795

The Annexure referred to in the Independent auditors' report of even date to the members of IFCI Financial Services Limited on the financial statements for the year ended March 31, 2013.

We report that:

1. (i) The company has maintained records showing full particulars including quantitative details and situation of fixed assets.

(ii) All the fixed assets were physically verified by the management during the year in accordance with a planned programme of verifying them once in a year which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. As informed us, no material discrepancies were noticed on such verification.

(iii) Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the Company has not disposed off substantial part of its fixed assets during the year giving rise to the question whether the company's ability to continue as a going concern is impaired.
2. (i) As informed to us, the inventories (which are in the form of securities), which are held in dematerialized form, have been verified by the management with the supporting evidences during the year. In our opinion the frequency of verification is reasonable.

(ii) The procedure of verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of business. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory.

(iii) We are informed that the discrepancies noticed on verification between the dematerialized stock and book records are not material.
3. (i) The Company has not granted any loan, secured or unsecured to companies or firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(ii) The Company has taken unsecured loan amounting to Rs. 41.19 crores from one of its subsidiary companies - M/s. Narayan Sreeram Investments Private Limited during the year. In our opinion considering the prevalent market trends the rate of interest and other terms and conditions are not prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed asset and inventory (securities)



and sale of inventory (securities) and sale of services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

5. According to the information and explanations given to us, we are of the opinion that the particulars of contract or arrangement referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under that section have been so entered. In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangement exceeding value of rupee five lakhs have been entered into during the financial year at prices which are reasonable having regard to prevailing market price at the relevant time.
6. The Company has not accepted any deposits.
7. In our opinion, the Company has adequate internal audit system commensurate with the size of the Company and nature of its business.
8. Maintenance of Cost records as per clause 4(viii) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
9. According to the records of the Company and according to the information and explanation provided to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income-tax, Service Tax, Cess and any other statutory dues with the appropriate authorities as applicable. There is no dues to Investor Education and Protection Fund. There no amounts as at March 31, 2013 outstanding for a period of more than six months from the date they become payable.

According to the information and explanation given to us there are no undisputed amounts payable in respect of Income-tax, Sales tax, Wealth-tax, Service tax, Custom duty, Excise duty and cess as on March 31, 2013 except the following:

Name of Statute	Forum before which the case is pending	Assessment Year	Amount
Income-tax Act 1961	Commissioner of Income-tax (Appeals)	2009-10	Rs. 90,670/- plus applicable interest

10. The Company has incurred cash loss during the current and previous financial year. As on March 31, 2013 the accumulated loss of the Company is not more than 50% of its net worth.
11. There are no outstanding dues to financial institutions, banks or debenture holders during the year.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

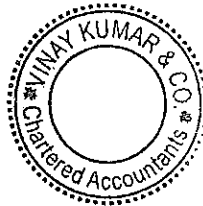


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13. In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund, society therefore clause 4(xiii) of the order is not applicable to Company.
14. Based on our audit procedures and according to the information and explanation provided to us by the management, we are of the opinion that the Company has maintained proper records in respect of trading transactions and contracts of shares, securities and other investment. There is no trading of debentures during the year. Also, the Company has accounted such transaction on date of transactions. Further the Company has held the investment in its own name.
15. According to the information and explanations given to us the Company has not given any guarantee for loans taken by others from banks or Financial Institution except to its fully owned subsidiary for an amount of Rs.5,00,00,000. Considering the circumstances, the terms and conditions are not prejudicial to the interest of the Company.
16. On the basis of overall examination of the Balance Sheet of the Company and the information and explanation provided to us, the Company has not availed any term loan during the financial year.
17. On the basis of overall examination of the Balance Sheet of the Company and the information and explanation provided to us, prima facie no fund raised on short term basis have been used for long term investment.
18. During the year, the Company has not issued any equity or preference shares.
19. The Company has not issued any debentures.
20. The Company has not raised any money through public issue and hence clause 4(xx) of the Order is not applicable.
21. Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Camp at Chennai

Date: April 22, 2013



for VINAY KUMAR & CO.,
Chartered Accountants
Firm Registration No: 000719C


(V.K. AGRAWAL)
Partner


Membership No: 013795

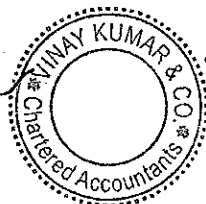
IFCI Financial Services Limited
Balance Sheet as at 31st March 2013

(Amount in Rupees)

Particulars	Note No.	As at 31 March 2013	As at 31 March 2012
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	41,53,37,090	41,53,37,090
(b) Reserves and surplus	3	36,68,07,047	35,71,70,568
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Deferred tax liabilities (Net)		-	-
(b) Other Long term liabilities	4	1,47,08,711	92,43,057
(c) Long-term provisions	5	-	10,77,475
4 Current liabilities			
(a) Short-term borrowings	6	-	7,62,03,909
(b) Trade payables		20,81,00,491	19,26,34,308
(c) Other current liabilities	7	2,82,17,132	2,80,65,605
(d) Short-term provisions	8	7,82,666	8,85,475
TOTAL		1,03,39,53,137	1,08,06,17,487
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		3,71,28,115	4,99,52,392
(ii) Intangible assets		80,51,536	1,05,35,488
(b) Non-current investments	10	38,52,23,063	21,52,23,063
(c) Long-term loans and advances	11	6,72,71,219	7,63,40,556
(d) Other non-current assets		-	-
2 Current assets			
(a) Current investments	12	2,14,42,750	23,39,87,576
(b) Trade receivables	13	25,04,37,878	28,31,62,776
(c) Cash and Bank balances	14	18,98,36,733	18,04,84,079
(d) Short-term loans and advances	15	5,56,97,802	1,03,59,311
(e) Other current assets	16	1,88,64,042	2,05,72,248
TOTAL		1,03,39,53,137	1,08,06,17,487

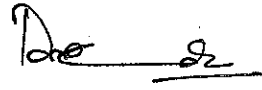
As per our Separate report of even date
FOR VINAY KUMAR & CO.
CHARTERED ACCOUNTANTS
FRNo: 000719C


(V.K. AGRAWAL)
PARTNER



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


SUJITH KUMAR MANDAL
EXECUTIVE CHAIRMAN


P N SWAMINATHAN
WHOLE TIME DIRECTOR

Membership No.013795
PLACE: CHENNAI
DATE: 22.04.2013


K J CHANDRAMOULI
COMPANY SECRETARY


IFCI Financial Services Limited
Profit and loss statement for the Period ended 31st March 2013

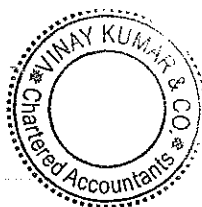
(Amount in Rupees)

Particulars	Refer Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
I. Revenue from operations	17	187,262,770	203,260,486
II. Other Operating Income	18	6,182,986	9,815,207
III. Other Income	19	47,860,406	59,935,700
IV. Total Revenue (I + II + III)		241,306,161	273,011,394
V. Expenses:			
Employee benefits expense	20	111,541,748	114,170,137
Finance costs	21	2,011,183	20,713,270
Depreciation and amortization expense	9	19,396,903	28,382,115
Other expenses	22	133,728,293	127,487,652
Loss on trading in Securities		7,114,300	18,451,943
Diminution in the value of Securities held as stock in trade		0	33,061,151
Bad Debts Written off		5,403,441	10,667,689
Total expenses (V)		279,195,868	352,933,957
VI. Profit before exceptional and extraordinary items and tax (IV - V)		(37,889,707)	(79,922,563)
VII. Exceptional items			
a) Reversal of Mar 12 Dimn provn		17,500,029	-
b) Provision for Doubtful Debts and Adv - Reversed(NET)		30,026,157	-
c) Provision for Doubtful Debts and Advances		-	122,612,749
VIII. Profit before extraordinary items and tax (VI - VII)		9,636,479	(202,535,312)
IX. Extraordinary Items			
X. Profit before tax (VIII - IX)		9,636,479	(202,535,312)
XI. Tax expense:			
Provision for Taxation			
- Current Tax - MAT provided		-	-
- Current Tax - MAT Credit Entitlement		-	-
- Income Tax for Earlier Year		-	2,858,524
- Deferred Tax Charge (Net)		-	(2,077,462)
XII (XI)		9,636,479	(203,316,374)
XIII Profit/(loss) from discontinuing operations		-	-
XIV Tax expense of discontinuing operations		-	-
XV (XIII - XIV)		-	-
XVI Profit (Loss) for the period (XII + XV)		9,636,479	(203,316,374)
XVII Earnings per equity share:			
(1) Basic		0.23	(9.00)
(2) Diluted		0.23	(9.00)

As per our Separate report of even date
FOR VINAY KUMAR & CO.
CHARTERED ACCOUNTANTS
FIRM No: 000719C

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


(V.K. AGRAWAL)
Partner
Membership No. 013795




SUJIT KUMAR MANDAL
EXECUTIVE CHAIRMAN


P.N. SWAMINATHAN
WHOLE TIME DIRECTOR

PLACE: CHENNAI
DATE: 22.04.2013

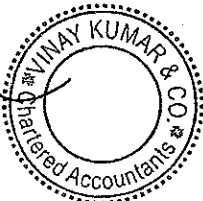

K J CHANDRAMOULI
COMPANY SECRETARY

IFCI FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT AS ON 31ST MARCH 2013

Particulars	(Amount in `)	
	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and exceptional items as per	9,636,479	(202,535,312)
Adjustments for:		
Depreciation / Amortisation on Fixed Assets	19,396,903	28,382,115
Provision for Doubtful Debts	(30,026,157)	122,612,749
Diminution in Value of Stock		33,061,151
Bad Debts Written Off	5,403,441	10,667,689
Dividend Received (considered separately under Investment Activities)	2,540,301	-
Finance Cost (considered separately under Finance Activities)	2,011,183	20,713,270
Interest income	(15,669,784)	(19,783,420)
Profit/(Loss) on Fixed Asset	164,247	25,652
Operation Profit before Working Capital Changes	(16,179,866)	195,679,206
	(6,543,387)	(6,856,106)
Adjustments for:		
(Increase) / Decrease in Current Investments	212,544,826	(95,347,560)
(Increase) / Decrease in Trade Receivables	57,347,615	64,655,127
(Increase) / Decrease in Loans & Advances	(37,000,763)	37,085,400
Increase / (Decrease) in Current Liabilities	15,617,711	(186,316,864)
Increase / (Decrease) in Provisions	(1,180,284)	(193,384)
Increase / (Decrease) in Non - Current Liabilities	5,465,654	(58,698)
Cash Generated from Operation before tax	252,794,758	(180,175,979)
Direct taxes paid	246,251,371	(187,032,085)
Net cash from Operating Activities	466,336	(5,374,134)
	246,717,707	(192,406,219)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(4,434,624)	(12,332,947)
Decrease in Capital advance	265,275	727,154
(Increase) / Decrease in Fixed Deposits	(13,265,618)	(6,764,275)
Dividend Received	(2,540,301)	-
Interest received	17,377,990	15,837,629
Investment in subsidiaries	(170,000,000)	-
Sale of Fixed Assets	181,700	302,336
Net Cash used in / raised from Investing Activities	(172,415,578)	(2,230,103)
C CASH FLOW FROM FINANCING ACTIVITIES		
Short term Borrowing(net)	(76,203,909)	76,203,909
Finance Cost	(2,011,183)	(20,713,270)
Loan Proceeds Received		361,500,000
Repayment of Loans		(361,500,000)
Net Changes in Cash & Cash Equivalent (a+b+c)	(78,215,092)	55,490,639
	(3,912,964)	(139,145,684)
Opening Cash and Cash Equivalent	41,990,772	181,136,456
Closing Cash and Cash Equivalent	38,077,808	41,990,772
Increase / (Decrease) in Cash & Cash Equivalent	(3,912,964)	(139,145,684)

As per our Separate report of even date
FOR VINAY KUMAR & CO
CHARTERED ACCOUNTANTS
FRNo: 000719C

(V.K.AGRWAL)
Partner
Membership No. 013795



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

SUJIT KUMAR MANDAL
EXECUTIVE CHAIRMAN

P.N.SWAMINATHAN
WHOLE TIME DIRECTOR

PLACE: CHENNAI
DATE: 22.04.2013

K J CHANDRA MOULI
COMPANY SECRETARY

IFCI FINANCIAL SERVICES LIMITED
Note no. 2 Share Capital

<u>Share Capital</u>	As at 31 March 2013		As at 31 March 2012	
	Number	₹	Number	₹
<u>Authorised</u>				
Equity Shares of Rs.10/- each	5,00,00,000	50,00,00,000	5,00,00,000	50,00,00,000
<u>Issued</u>				
Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
<u>Subscribed & Paid up</u>				
Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	4,15,33,709	41,53,37,090
<u>Subscribed but not fully Paid up</u>				
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

Particulars	Equity Shares		Equity Shares	
	Number	₹	Number	₹
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 31 March 2013		As at 31 March 2012	
	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	95
Ms.Chandra Ramesh	17,57,619	4	17,57,619	4



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IFCI FINANCIAL SERVICES LIMITED
Note No. 3 Reserves and Surplus

(Amount in ₹)

<u>Reserves & Surplus</u>	As at March, 31, 2013	As at March, 31, 2012
	₹	₹
A. Securities Premium Account		
Opening Balance	1,37,50,000	1,37,50,000
Add : Securities premium credited on Share issue	43,78,93,790	43,78,93,790
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
Closing Balance	97,63,970	97,63,970
ii) General Reserve:		
Opening Balance	91,79,620	91,79,620
Closing Balance	91,79,620	91,79,620
C. Surplus:		
Opening balance	(11,34,16,812)	8,98,99,562
(+) Net Profit/(Net Loss) For the current year	96,36,479	(20,33,16,374)
Closing Balance	(10,37,80,333)	(11,34,16,812)
Total	36,68,07,047	35,71,70,568

Note No. 4 Other Long Term Liabilities

<u>Other Long Term Liabilities</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
(a) Security Deposit and Sundry deposits	1,47,08,711	92,43,057
Total	1,47,08,711	92,43,057



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IFCI FINANCIAL SERVICES LIMITED
Note 5 - Long Term Provisions

<u>Long Term Provisions</u>	As at 31st March 2013	As at 31st March 2012
	₹	₹
(a) Provision for employee benefits Gratuity	-	10,77,475
Total	-	10,77,475

Note No. 6 Short Term Borrowings

<u>Short Term Borrowings</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
<u>Secured</u>		
(a) Loans repayable on demand	-	-
(b) Loans and advances from related parties	-	-
(A) Other loans and advances (specify nature)	-	-
Marin funding loan	-	7,62,03,909
(Secured By Shares)(Refer Note 12)	-	7,62,03,909
	-	7,62,03,909
In case of continuing default as on the balance		
1. Period of default		
2. Amount		
Total	-	7,62,03,909

Note No. 7 Other Current Liabilities

<u>Other Current Liabilities</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
(a) Other payables		
Creditors for expenses	64,46,151	71,48,101
Other liabilities	2,17,70,981	2,09,17,504
Total	2,82,17,132	2,80,65,605

Note No. 8 Short Term Provisions

<u>Short Term Provisions</u>	As at 31 March 2013	As at 31 March 2012
	₹	₹
(a) Provision for employee benefits		
Salary & Reimbursements		
Contribution to PF and Statutory funds		
Gratuity	-	-
Leave Encashment	7,82,666	8,85,475
(b) Others (Specify nature)		
Total	7,82,666	8,85,475

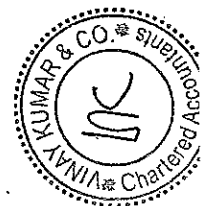


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	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2012	Additions	Disposals	Balance as at 31st Mar 2013	Balance as at 1st April 2012	Depreciation charge for the year	Balance as at 31st Mar 2013	Balance as at 31 March 2012
Fixed Assets	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets								
Land	2,72,500	-		2,72,500	-	-	2,72,500	2,72,500
Plant and Equipment	4,45,68,782	-		4,45,68,782	1,69,39,832	76,86,374	1,99,42,576	2,76,28,949
Furniture and Fixtures	50,51,898	4,09,423		54,61,321	24,08,150	5,13,321	25,39,850	26,43,748
Vehicles	22,150	-		22,150	16,787	1,388	3,975	5,363
Office equipment	1,12,76,292	4,55,038	1,71,606	1,15,59,724	44,46,943	9,99,066	62,12,428	68,29,349
computer hardware	3,75,27,309	12,02,854	3,62,924	3,83,67,239	2,49,54,826	53,45,494	81,56,786	1,25,72,483
Total	9,87,18,931	20,67,315	5,34,530	10,02,51,716	4,87,66,538	1,45,45,643	3,71,28,115	4,99,52,392
Intangible Assets								
Computer software	2,86,68,405	23,67,309		3,10,35,714	1,81,32,918	48,51,260	80,51,536	1,05,35,487
Others - Non compete fees	1,00,00,000	-		1,00,00,000	1,00,00,000	-	-	-
Total	3,86,68,405	23,67,309		4,10,35,714	2,81,32,918	48,51,260	80,51,536	1,05,35,487
Capital Work In Progress								
Total								
Intangible assets under Development								
Total								
	13,73,87,336	44,34,624		14,12,87,430	7,68,99,456	1,93,96,903	4,51,79,650	6,04,87,879
	13,73,87,336	44,34,624		14,12,87,430	7,68,99,456	1,93,96,903	4,51,79,650	6,04,87,879

Disclosure pursuant to Note no.I (iv) and J (iii) of Part I of Schedule VI to the Companies Act,

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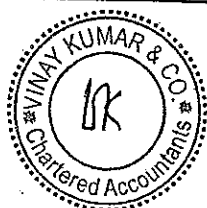


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IFCI FINANCIAL SERVICES LIMITED
Note 10 Non Current Investments

Particulars	As at 31 March 2013	As at 31 March 2012
	₹	₹
Other Investments (Refer B below)		
(b) Investment in Equity instruments	38,52,23,063	21,52,23,063
(c) Investments in preference shares		
(d) Investments in Government or Trust securities		
(e) Investments in debentures or bonds		
(f) Investments in Mutual Funds		
(g) Investments in partnership firms*		
(h) Other non-current investments (specify nature)		
Total	38,52,23,063	21,52,23,063
Less : Provision for diminution in the value of Investments		
Total	38,52,23,063	21,52,23,063

Particulars	As at 31 March 2013	As at 31 March 2012
	₹	₹
Aggregate amount of quoted investments		
Aggregate amount of unquoted investments	38,52,23,063	21,52,23,063



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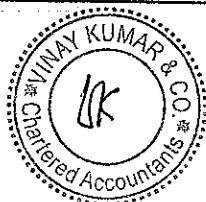
IFCI FINANCIAL SERVICES LIMITED
Note 11 Long Term Loans and Advances

Long Term Loans and Advances	As at 31 March 2013	As at 31 March 2012
	₹	₹
a. Capital Advances		
Secured, considered good		
Unsecured, considered good	15,13,710	17,78,985
Doubtful		
Less: Provision for doubtful advances		
	15,13,710	17,78,985
b. Security Deposits		
Secured, considered good		
Unsecured, considered good	3,80,24,341	3,59,40,901
Doubtful		
Less: Provision for doubtful deposits		
	3,80,24,341	3,59,40,901
c. Loans and advances to related parties		
Secured, considered good		
Unsecured, considered good		1,08,16,090
Doubtful		
Less: Provision for doubtful loans and advances		
	-	1,08,16,090
d. Other loans and advances (specify nature)		
Other Loans & Advances	90,33,006	86,38,083
Advance Tax (net of provisions)	1,87,00,162	1,91,66,498
Doubtful		
	2,77,33,168	2,78,04,581
	6,72,71,219	7,63,40,557

Note 12 Current Investments

Particulars	As at 31 March 2013	As at 31 March 2012
	₹	₹
(a) Investment in Equity instruments	3,81,38,588	26,81,83,442
(b) Investments in preference shares		
(c) Investments in Government or Trust securities		
(d) Investments in Debentures or Bonds		
(e) Investments in Mutual Funds		
(f) Investments in partnership firms*		
(g) Other non-current investments (specify nature)		
Total (A)	3,81,38,588	26,81,83,442
Less : Provision for diminution in the value of Investments	1,66,95,838	3,41,95,867
Total	2,14,42,750	23,39,87,575

Particulars	As at 31 March 2013	As at 31 March 2012
	₹	₹
Aggregate amount of quoted investments	2,14,42,750	23,39,87,575
Aggregate amount of unquoted investments		



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IFCI FINANCIAL SERVICES LIMITED
Note 13 Trade receivable

Trade Receivables	(Amount in ₹)	
	As at 31 March 2013	As at 31 March 2012
	₹	₹
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	15,47,62,213	
Unsecured, considered good	6,32,43,711	25,12,92,742
Unsecured, considered doubtful	1,27,89,378	-
	23,07,95,302	25,12,92,742
Less: Provision for doubtful debts	1,27,89,378	-
	21,80,05,924	25,12,92,742
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	3,18,28,947	
Unsecured, considered good	6,03,007	3,18,70,034
Unsecured, considered doubtful	8,46,30,333	12,74,87,287
	11,70,62,288	15,93,57,321
Less: Provision for doubtful debts	8,46,30,333	12,74,87,287
	3,24,31,954	3,18,70,034
Total	25,04,37,878	28,31,62,776



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IFCI FINANCIAL SERVICES LIMITED
Note 14 Cash and bank balances

Cash and cash equivalents	As at 31 March 2013		As at 31 March 2012	
	₹	₹	₹	₹
a. Balances with banks		3,80,48,018		4,19,50,313
This includes:				
In Current Accounts with Schedule Banks				
Margin money				
Guarantees		15,17,58,925		13,84,93,307
Cash equivalents and Bank Deposits				
Bank deposits with more than 12 months maturity	6,94,39,278		1,13,70,562	
c. Cash on hand		29,790		40,459
		18,98,36,733		18,04,84,079

Note 15 Short term loans and advances

Short-term loans and advances	As at 31 March 2013		As at 31 March 2012	
	₹	₹	₹	₹
a. Loans and advances to related parties				
Secured, considered good				
Unsecured, considered good	37,57,453		1,52,750	
Doubtful				
		37,57,453		1,52,750.00
b. Others				
Other Loans and Advances	4,81,46,876		27,24,512	
Sundry Deposits	2,53,068		30,00,000	
Prepaid Expenses	35,40,405		44,82,050	
Secured, considered good		5,19,40,349		1,02,06,562
		5,19,40,349		1,02,06,562
		5,56,97,802		1,03,59,312

Note 16 Other current assets

Other current assets	As at 31st Mar 2013	As at 31st Mar 2012
	₹	₹
Interest accrued on Deposits	1,87,89,438	1,91,47,557
Interest Receivable	74,604	14,24,691
	1,88,64,042	2,05,72,248



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IFCI FINANCIAL SERVICES LIMITED
Note 17 Revenue from Operations

Particulars	(Amount in Rupees)	
	For the period ended 31 March 2013	For the period ended 31 March 2012
	₹	₹
Operating revenues:		
Brokerage On Stock Broking	14,30,85,352	13,87,95,372
Commission On Mutual Fund	43,29,127	81,44,676
Insurance Commission	1,92,561	1,53,048
Loan Syndication Fee	86,12,000	2,01,53,859
FEES FOR MERCHANT BANKING	3,05,000	0
Depository Income	78,27,953	89,46,901
PMS Income	0	10,13,915
Commision From IPO / Bonds	1,70,73,807	2,30,23,758
Commision On Fixed deposits	29,52,120	4,29,442
Account Opening Charges	3,44,550	4,86,300
Dividend income	25,40,301	2113216
Total	18,72,62,770	20,32,60,486

Note 18 Other Operating Income

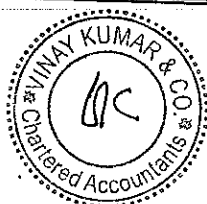
Particulars	For the period ended 31 March 2013	For the period ended 31 March 2012
	₹	₹
Sale of Power / Electricity	61,82,986	51,93,512
Consultance Fee Received	0	46,21,695
Total	61,82,986	98,15,207

Note 19 Other Income

Particulars	For the period ended 31 March 2013	For the period ended 31 March 2012
	₹	₹
Rental Income	33,04,420	33,51,552
Miscellaneous Income	2,88,86,202	3,68,00,728
Interest Income	1,56,69,784	1,97,83,420
Profit on Sale of Securities	0	
Total	4,78,60,406	5,99,35,700

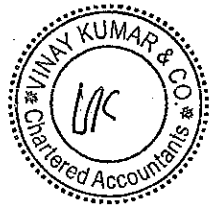
Note 21 Finance Cost

Particulars	For the period ended 31 March 2013	For the period ended 31 March 2012
	₹	₹
Interest expense	20,11,183	2,07,13,270
Total	20,11,183	2,07,13,270



IFCI FINANCIAL SERVICES LIMITED
Note 20 Employee Benefits expense

Employee Benefits Expense	For the period ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
(a) Salaries and incentives	9,76,20,509	9,64,87,673
(b) Contributions to -		
(i) Provident fund	62,85,001	1,07,33,035
(c) Gratuity fund contributions	3,59,243	(5,72,535)
(f) Staff welfare expenses	72,76,995	75,21,964
Total	11,15,41,748	11,41,70,137



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IFCI FINANCIAL SERVICES LIMITED
SCHEDULE: 22 OTHER EXPENSES

Particulars	For the period ended 31 March 2013	For the year ended 31 March 2012
	₹	₹
FEES TO CLEARING MEMBER	19,00,156	24,25,560
INFORMATION TECHNOLOGY EXP	15,91,156	6,90,540
DATA FEED CHARGES	16,50,011	23,08,329
DEPOSITORY PARTICIPANT EXPENSES	1,48,498	1,05,625
BROKING STAMP EXPENSES	19,529	74,533
TURNOVER BASED FEES - SEBI	5,22,522	7,16,916
PROFESSIONAL & CONSULTANCY CHARGES	2,85,02,070	2,58,46,472
TRANSACTION CHARGES	7,56,091	9,89,894
VSAT CHARGES	1,17,678	4,22,434
ADVERTISEMENT	60,750	17,81,232
AUDIT FEES - STATUTORY	3,25,000	3,75,000
BANK CHARGES	72,840	3,17,471
BANK FINANCIAL EXPENSES	15,76,189	23,96,712
BROKING TRADE EXPENSES - PRIOR PERIOD	58,83,896	0
ELECTRICITY CHARGES	46,50,309	46,43,363
INSURANCE EXPENSES	17,27,633	16,67,584
COMMISSION PAID	1,75,60,630	1,89,12,732
MISCELLANEOUS EXPENSES	20,69,598	36,02,183
POSTAGE & TELEGRAM	16,69,544	35,95,505
PRINTING & STATIONERY	13,87,364	25,08,194
RENT	3,45,50,630	2,47,82,820
RATES & TAXES	32,42,456	33,82,923
REPAIRS & MAINTENANCE	39,37,465	54,37,206
SITTING FEES	3,15,000	2,59,500
MEMBERSHIP FEE AND SUBSCRIPTION	9,52,022	14,99,786
TELEPHONE EXPENSES	90,88,901	84,07,719
TRAINING EXPENSES	5,27,925	1,66,042
TRAVELLING & CONVEYANCE EXPENSES	30,71,078	44,28,886
OFFICE MAINTENANCE	43,13,228	45,96,576
BUSINESS DEVELOPMENT EXPENSES	10,17,490	11,20,265
CONTRBN TO INV PROT FUND	3,56,386	0
LOSS ON SALE OF ASSETS	1,64,247	25,652
TOTAL	13,37,28,293	12,74,87,652



IFCI FINANCIAL SERVICES LIMITED

Note No. 1

A. Significant Accounting Policies:

I. Nature of Business:

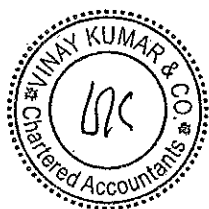
The Company is a SEBI registered Stock Broker on National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange (BSE) and Multi Commodity Stock Exchange (MCX-SX) and primarily engaged in the business of providing securities market related transaction services.



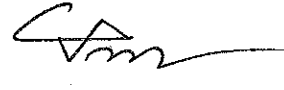
II. Method of Accounting:

The financial accounts are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and as prescribed under the Companies Accounting Standards Rules, 2006 issued by the Ministry of Corporate of Affairs.

III. Use of Estimates:

The preparation of the financial statements 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.



IV. Revenue Recognition:

Broking Income

- Broking income is recognized on the basis of settlement date of transactions.

Interest Income

- Interest earned on fixed income bearing securities is accounted on an accrual basis.

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 recognised 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.

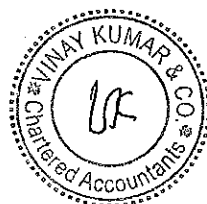
Equity Index/Stock – derivatives

- (a) 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.

- (b) 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.

- (c) 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



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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.

- (d) 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.

Fee Income from Portfolio Management and advisory services

- Fee income from Portfolio Management and advisory services is recognized on accrual basis.

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.

V. 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.

VI. 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.



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The computer software is identified as Intangible assets and has been amortized at the rate of 40% following WDV method.

The consideration paid as non-compete fees is identified as an Intangible Asset and has been amortized as per the terms of the agreement on straight line basis.

- Depreciation on the fixed assets is provided on the written down value method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

VII. 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.

VIII. 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 - Provident Fund & Employee Pension Scheme

The Company's contribution paid/payable during the year for the Provident and Employee Pension Scheme Funds are charged to the Profit & Loss Account.

- Defined benefit plan - Gratuity

The Company's liability towards gratuity is accounted for on the basis of an actuarial valuation done at the year end and is charged to the Profit and Loss account.

- Compensated Absence

The Company has changed its leave encashment policy effective from 1st January, 2011. As per the revised policy, an employee is entitled to 24 days of earned leave per year and any 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



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with January month salary of the immediate next calendar year. As such leave encashment liability for the period up to 31st December 2012 is fulfilled. Provision for the period from 1st January 2013 to 31st March 2013 is provided for in the books for an amount of Rs.7,82,666/-.

IX. Borrowing Costs:

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

X. Taxation:

Income Tax liability is computed based on the statute in force and charged to the profit and loss account.

B. Notes forming part of the Accounts

I. Contingent Liabilities not provided for:

- a) Bank guarantees aggregating to Rs. 16,75,00,000/- (Previous Year – Rs.17,16,00,000/-) to National Stock Exchange of India Limited, Rs.2,00,00,000/- (Previous Year – 2,00,00,000/-) to Bombay Stock Exchange and Rs.1,00,00,000/- (Previous Year – 5,00,00,000) to MCX Stock Exchange Limited as on 31st March 2013 for meeting margin requirements.
- b) The Company has pledged fixed deposits aggregating to Rs.15,17,58,925/- (Previous Year – Rs.13,84,93,907/-) with banks for obtaining the above bank guarantees.
- c) Counter guarantee given by the Company to a bank for issue of bank guarantee to the subsidiary company IFIN Commodities Limited - Rs.5,00,00,000/- (previous year – Rs.5,00,00,000/-).



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- d) The clients of the company has filled four cases, the details of which were as follows:

Forum before which the case is pending	No. of cases	Amount
High Court, Madras *	1	15,40,013

*Note: One sub broker has made a claim of Rs.15,40,013/- against the company before NSE Arbitrator Tribunal, Mumbai. The Tribunal had passed order for paying of Rs.5,00,000/- to the sub broker. The company has appealed against the tribunal's order before High Court of Madras

- e) The Company has entered into an agreement to sell electricity to TNEB @ Rs.3.39 per unit. The rate however is on a conditional basis subject to the outcome of the appeal petition of the TNEB before the honorable ATE and, excess tariff, if any, paid will be adjusted by TNEB against the subsequent bills raised by the Company.

II. 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 – Rs.1,58,185/-)



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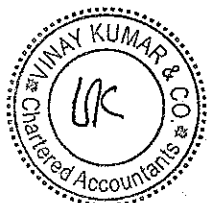
III. Earnings Per Share:

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 31-03-2013	As on 31-03-2012
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	96,36,479	(20,33,16,374)
Nominal value per equity share	10	10
Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	4,15,33,709	2,25,98,347
Basic & Diluted Earnings per Share (Before extra-ordinary Item)	0.23	(9.00)
Net Profit for the year available for the equity share holders (After extra-ordinary Item)	96,36,479	(20,33,16,374)
Basic & Diluted Earnings per Share (After extra-ordinary Item)	0.23	(9.00)

IV. Current and Deferred Taxation:

- (a) The Company has provided for Minimum Alternate Tax (MAT) amounting to Rs. Nil (Previous Year – Rs.NIL/-) as per section 115JB of the Income Tax Act, 1961.
- (b) During the year the tax effect on timing difference has resulted in Deferred Tax Asset and as a matter of prudence the company has not recognized the same in the books.



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V. Managerial Remuneration:

Particulars	2012-13	2011-12
To Whole Time Director		
(a) Salary and Allowances	32,89,274	79,21,666
(b) Contribution to PF and other funds	1,74,969	6,19,355
Total	34,64,243	85,41,021

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

Nature of Service	2012-13	2011-12
Audit Fee	3,25,000	3,25,000
For quarterly reporting and Consolidating financial statements	80,000	2,15,000
Total	4,05,000	5,40,000

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

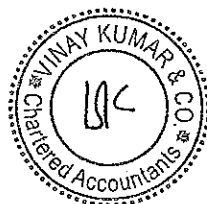
	Brokerage	Merchant Banking	Depository	Mutual Funds	Insurance income	PMS	Windmill	Total
External - Segment Revenue	1,748.56	89.17	78.28	214.03	31.45	-	61.83	2,223.32
	(1,781.70)	(201.54)	(89.47)	(311.68)	(5.82)	(10.14)	(51.94)	(2,452.29)
Intra Segment Revenue	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Revenue	1,748.56	89.17	78.28	214.03	31.45	-	61.83	2,223.32
	(1,781.70)	(201.54)	(89.47)	(311.68)	(5.82)	(10.14)	(51.94)	(2,452.29)
Segment Result	1,398.12	89.17	76.79	38.42	31.45	-	61.83	1,695.79
	(1,429.89)	(201.54)	(88.41)	(122.56)	(5.82)	(10.14)	(51.94)	(1,910.30)
Unallocated Corporate Expenses net of Income								(1,756.10)



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	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(4,132.19)
Operating Profit	-	-	-	-	-	-	-	(60.32)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(326.49)
Interest Income	156.70	-	-	-	-	-	-	156.70
	(197.83)	-	-	-	-	-	-	(197.83)
Net Profit before Tax	-	-	-	-	-	-	-	96.38
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,024.06)
Tax Expenses	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(7.81)
Net Profit after Tax	-	-	-	-	-	-	-	96.38
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,031.87)
Segment Assets	4,875.70	8.98	47.33	5.44	1.11	3.06	263.67	5,205.29
	(2,392.14)	(278.84)	(175.17)	(10.02)	(29.09)	-	(279.01)	(3,164.27)
Unallocated Assets	5,134.24	-	-	-	-	-	-	5,134.24
	(7,643.20)	-	-	-	-	-	-	(7,643.20)
Total Assets	10,009.95	8.98	47.33	5.44	1.11	3.06	263.67	10,339.53
	(10,035.33)	(278.84)	(175.17)	(10.02)	(29.09)	-	(279.01)	(10,807.47)
	Brokerage	Merchant Banking	Depository	Mutual Funds	Insurance income	PMS	Windmil I	Total
Segment Liabilities	2,139.02	0.73	24.43	-	-	-	-	2,164.19
	(2,846.40)	(0.73)	(24.43)	-	-	(0.01)	-	(4,701.42)
Unallocated Liabilities	8,175.34	-	-	-	-	-	-	8,175.34
	(7,935.89)	(-)	(-)	(-)	(-)	(-)	(-)	(7,935.89)
Total Liabilities	10,314.37	0.73	24.43	-	-	-	-	10,339.53
	(10,782.29)	(0.73)	(24.43)	-	-	-	-	(10,807.46)
Capital Expenditure	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Depreciation	-	-	-	-	-	-	-	(193.96)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(282.53)



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Non-cash expenses other than Depreciation	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

VIII. Employee Benefits :

Provisions for employee benefits under revised AS 15:

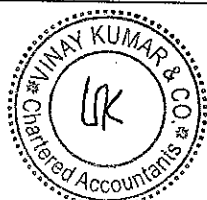
- (a) Defined Contribution plan: The amount recognized as an expense during the year is Rs.62,85,001/- (Previous Year – Rs. 1,08,03,035/-) towards Provident fund.
- (b) The Company has constituted The Employees Group Gratuity Fund under the Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India. The scheme provides for Lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each year of completed service or part thereof in excess of 6 months. Vesting occurs on completion of 5 years of service.

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

Particulars	2012-13	2011-12
Projected benefit obligation, beginning of the year	30,24,656	28,97,338
Service Cost	14,40,042	16,38,882
Interest cost	2,41,972	2,22,693
Actuarial (gain)/loss	(8,85,350)	(4,72,555)
Benefits paid	(4,33,471)	(2,27,358)
Projected benefit obligation, end of the year	33,87,849	40,59,000

Change in plan assets:

Particulars	2012-13	2011-12
Plan assets at beginning of the year at fair value	25,33,229	22,01,807
Expected return on plan assets	2,58,787	1,87,976



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Actuarial gain/(loss)	-	-
Employer's Contributions	12,55,004	3,64,384
Benefits paid	(4,33,471)	2,27,358
Plan assets at end of the year, at fair value	36,13,549	29,81,525

Reconciliation of present value of the obligation and the fair value of the plan assets

Particulars	2012-13	2011-12
Fair value of plan assets at the end of the year	33,87,849	29,81,525
Present value of the defined benefit obligations at the end of the period	36,13,549	40,59,000
Liability recognized in the balance sheet	2,25,700	10,77,475

Gratuity cost for the year ended March 31 2013

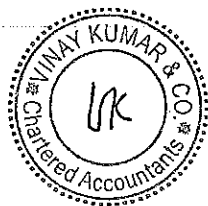
Particulars	2012-13	2011-12
Service cost	14,40,042	16,38,882
Interest cost	2,41,972	2,22,693
Expected return on plan assets	(2,58,787)	(1,87,976)
Actuarial (gain)/loss	(8,85,350)	(4,72,555)
Net cost	5,37,877	12,01,044

Assumptions

Particulars	2012-13	2011-12
Discount rate	8%	8%
Salary escalation rate	5%	5%
Attrition rate	1-3%	1-3%

IX. Related Party Disclosure as per AS 18:

- a) Holding Company : IFCI Limited
- b) Subsidiary Companies : a) IFIN Commodities Limited
b) IFIN Credit Limited



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c) Narayan Sriram Investments Private Limited

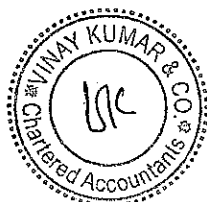
- c) Fellow Subsidiaries :
- a) IFCI Venture Capital Funds Limited
 - b) IFCI Factors Limited
 - c) IFCI Infrastructure Development limited

d) Key Management Personnel and relatives of such personnel:

- Mr. Sujith Kumar Mandal : Whole Time Director (since 14.01.2012)
- Mr. P.N. Swaminathan : Whole Time Director (Since 15.01.2013)

e) Transaction with Related Parties:

Sr. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2012-13	2011-12	2012-13	2011-12
1	Rent Paid	2,15,59,380	98,40,123	-	-
2	Rent received from IFIN Commodities Ltd.	33,04,420	33,51,552	-	-
3	Brokerage Received	50,04,925	74,99,473	-	-
4	Portfolio Management Services fees received	-	10,13,915	-	-
5	Depository Services	20,00,088	31,03,728	-	-
6	Reimbursement of Expenses to IFCI Limited.	11,32,034	5,21,287	-	-
7	Reimbursement of Exp received from IFIN Commodities Limited	65,62,307	4,39,02,066	-	-
8	Managerial Remuneration			34,64,243	12,759,086
9	Consultancy Fee received from IFIN Commodities Limited	-	43,45,445	-	-
10	Loan Availed	411,930,000	361,500,000	-	-
11	Loan Repaid	417,370,814	361,500,000	-	-
12	Corporate Guarantee Issued to IFIN Commodities Ltd	50,000,000	50,000,000	-	-
13	Corporate Guarantee Outstanding	-	-	-	-



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14	Interest Paid	986,293	2,038,854	-	-
15	Interest received from IFIN Commodities Ltd.	0		-	-
16	Equity contribution made in Narayan Sriram Investment Private Limited	140,000,000	160,000,000	-	-
17	Equity contribution made in IFIN Commodity Limited	30,000,000	0		

X. Foreign Exchange Inflow and Outflow

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

- XI.** Balances of Sundry Debtors, Advances recoverable are subject to confirmation 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. 9,74,19,711/-.
- XII.** Debit balance of Rs. 37,20,812.31 in Contra account is in Pending Reconciliation and Consequential Adjustments.
- 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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IFCI FINANCIAL SERVICES LIMITED

REPORT ON CORPORATE GOVERNANCE

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

For IFCI Financial Services Limited Corporate Governance is a continuous journey that seeks to provide an enabling environment to harmonize the goals of maximizing stakeholders' value and maintaining a strong business focus. The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations and in its interactions with Stake holders including shareholders, employees, the government and the regulators.

2. BOARD OF DIRECTORS:

- (A) As at March 31, 2013, the Board consist 7(Seven) Directors, The Company has an Executive Chairman and one Whole-time Director who is designated as Chief operating officer, three directors are independent Directors and one Non-executive Director and one IFCI Nominees. The Management of the Company is entrusted in the hands of the Key Management Personnel of the Company and is headed by the Executive Chairman and the whole-time Director, who operates under the supervision and control of the Board.

The composition of the Board, number of meetings held, attendance of the Directors at the Board Meeting and Last Annual General Meeting and the number of the Directorship and Chairmanship/Membership of Committee 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, 2013
		No. of Meetings during 2012-2013		At AGM held on July 26, 2012	Other Director-ships (Including Private Limited Companies)
		Held	Attended		
1.	Shri Atul Kumar Rai*	1	1	N.A	7
2.	Shri Sujit Kumar Mandal	5	5	Yes	7
3.	Shri Manoj P Rege	5	5	Yes	1
4.	Shri Shobhit Mahajan	5	5	Yes	-
5.	Shri M. V. Muthu	5	5	Yes	2
6.	Shri P.N. Swaminathan**	1	1	-	3
7.	Shri Satpal Kumar Arora#	5	5	Yes (as a member)	9
8.	Shri Biswajit Banerjee##	4	4	Yes	-
9.	Shri Shashi Sharma###	1	1	-	-

* Shri Atul Kumar Rai was appointed as Nominee Director of the Company on December 14, 2012.

**Shri P.N. Swaminathan was appointed as Whole Time Director of the Company on January 15, 2013

Shri Satpal Kumar Arora was resigned as Managing Director of the Company in the Board meeting held on April 11, 2012 and continued as director of the company.

Shri Biswajit Banerjee was appointed as Whole-Time Director of the company on April 11, 2012 and resigned with effect from December 14, 2012.

Shri Shashi Sharma was resigned as Director of the company w.e.f April 12, 2012.

- (B) Five Board Meetings were held during the year. The dates on which the Board meetings were held are as follows :

91 st Board Meeting	April 11, 2012
92 nd Board Meeting	June 29 th , 2012
93 rd Board Meeting	July 26 th , 2012
94 th Board Meeting	October 17 th , 2012
95 th Board Meeting	January 15, 2013

3. **AUDIT COMMITTEE:**

- (A) 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	Category	No. of Meetings during 2012-13	
			Held	Attended
1.	Shri M. P. Rege	Chairman	5	5
2.	Shri. M. V. Muthu	Member	5	5
3.	Smt. Shashi Sharma*	Member	1	1
4.	Shri Satpal Kumar Arora **	Member	4	4
5.	Shri Biswajit Banerjee***	Member	3	3

* Shri Shashi Sharma was resigned as Director of the company w.e.f April 12, 2012

**The Board Director in their meeting held on June 29, 2012 re-constituted the existing Audit committee with following members: Shri. M. P. Rege – Chairman, Shri M. V. Muthu – Member, Shri S K Arora – Member, Shri Biswajit Banerjee – Member

*** Shri Biswajit Banerjee was resigned as Whole Time Director of the company on December 14, 2012.

The Managing Director, Whole-time Director, Statutory Auditors, Internal Auditors and the Company Secretary of the Company are invited to participate in the meetings of the Audit Committee wherever necessary, as decided by the committee. The Company Secretary acts as the Secretary of the Audit Committee.

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

During the financial year 2012-13, the Audit Committee of Directors of the Company met 5 times. The dates of the meetings were 11.04.2012, 29.06.2012, 26.07.2012, 17.10.2012 and 15.01.2013

(C) TERMS OF REFERENCE:

The terms of reference of the Audit Committee are mainly to see the effectiveness of the operations of the audit function of the Company, review the systems and procedures of internal control, oversee the company's financial reporting processes, review with management the periodical and annual financial statements before submission to the Board, etc. The Committee also oversees the Risk Management practice followed by the Company. The committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring that adequate follow up action is taken by the management. In addition, the Committee reviews the performance of the Company's Auditors to ensure the effectiveness of the Audit procedure.

4. INVESTMENT COMMITTEE:

(A) The Investment Committee of the Company presently consists of two Directors out of which, one is Designated Independent Directors. The Chairman of the Committee is an independent director. The composition of the Investment Committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Category	No. of Meetings during 2012-13	
			Held	Attended
1.	Shri Manoj P Rege	Chairman	NIL	NIL
2.	Shri Sujit K Mandal	Designated Director	NIL	NIL

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

During the financial year 2012-13, the Investment Committee of Directors of the Company has not met.

(C) TERMS OF REFERENCE:

The terms of reference of the Investment Committee are mainly to see the effectiveness of investing the funds in proper manner as per the policy guidelines as approved by the Board of Directors from time to time.

5. SHARE ALLOTMENT COMMITTEE:

- (A) The Share Allotment Committee of the Company presently consists of two Independent Directors. The composition of the Share Allotment Committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Category	No. of Meetings during 2012-13	
			Held	Attended
1.	Shri Manoj P. Rege	Chairman	NIL	NIL
2.	Shri Shobhit Mahajan	Member	NIL	NIL

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

During the financial year 2012-13, the Share Allotment Committee of Directors of the Company has not met.

(C) **TERMS OF REFERENCE:**

The terms of reference of the Share Allotment Committee are mainly to allot shares of the Company

6. REMUNERATION COMMITTEE:

POLICY

The Remuneration Committee is fully empowered to determine/approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Whole-time Directors and Managing Directors after taking into account the financial position of the company, trend in the industry, qualifications, experience, past performance and past remuneration etc.

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

- (A) The Remuneration Committee of the Company presently consists of three Independent Director. The composition of the Remuneration Committee and attendance of directors at the meetings is shown below:-

S No.	Name of Director	Category	No. of Meetings during 2012-13	
			Held	Attended
1.	Shri M. P. Rege	Chairman	2	2
2.	Shri M. V. Muthu	Member	2	2
3.	Shri Shobhit Mahajan	Member	2	2

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

During the financial year 2012-2013, the Remuneration Committee of Directors of the Company met two times. The dates of the meetings were 11.04.2012 and 15.01.2013.

(C) TERMS OF REFERENCE:

The terms of reference of the Remuneration Committee is mainly:

- To determine the company's policy on remuneration to Executive Directors and their relatives working in the company, including pension rights and compensation payments.
- To approve the remuneration payable to all managerial personnel (under the Companies Act, 1956) including the Executive Directors.

7. MANAGEMENT COMMITTEE

- (A) The Management Committee of the Company presently consists of three Directors out of which, one is Independent Director who is also the Chairman of the Committee. The composition of the Management Committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Category	No. of Meetings during 2012-13	
			Held	Attended
1.	Shri Shobhit Mahajan	Chairman	2	2
2.	Shri Sujit K. Mandal	Member	2	2

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

During the financial year 2012-13, the Management Committee of Directors of the Company met 2 times. The dates of the meetings were 13.07.2012 and 09.10.2012.

(C) **TERMS OF REFERENCE:**

The terms of reference of the Management Committee would include but not limited to the following functions:

- 1) To approve important operational matters before placing it to the Board
- 2) To approve all capital expenditure exceeding a certain amount to be decided
- 3) To approve annual budget for the following year before 15th March every year
- 4) To approve business plan of the company
- 5) To approve budget, capital expenditure, business plans of all subsidiary companies

8. GENERAL BODY MEETING:

(A) Location and time, where last three AGMs were held:-

SL.NO.	AGM DATE	LOCATION	TIME
1.	26.07.2012	IFCI Board Room, IFCI Tower, 61, Nehru Place, New Delhi 110019.	4.00 P.M.
2.	09.05.2011	IFCI Board Room, IFCI Tower, 61, Nehru Place, New Delhi 110019.	11.00 A. M.
3.	22.04.2010	IFCI Board Room, IFCI Tower,	4. 00 P.M

		61, Nehru Place, New Delhi 110019.	
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9. **DISCLOSURES:**

- The transactions with the Companies, where the Directors of the Company are interested were in the normal course of business and there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee

Presently, the Company does not have a Whistle Blower Policy but has policy of 'Open Talk'. No Personnel of the Company has been denied access to any Directors of the Company.

10. **SUBSIDIARY COMPANIES:**

IFIN Commodities Limited, IFIN Securities Finance Limited and IFIN Credit Limited are the material non listed Indian subsidiary companies of IFCI Financial Services Limited.

11. **GENERAL SHAREHOLDERS INFORMATION:**

- (i) Annual General Meeting:
- | | |
|-------|--|
| Date | : September 30, 2013 |
| Time | : 12.30 P.M. |
| Venue | : IFCI Board Room,
IFCI Tower, 17 th Floor
61, Nehru Place
New Delhi – 110 019 |
- (ii) Listing on Stock Exchange: The Shares of the Company are not listed on any stock exchange as there is no public shareholding.

(iii) Distribution of Shareholding:

Sl . No.	Name of the Shareholder	% of Shareholding
1.	M/s. IFCI Limited	94.78%
2.	Mrs. Chandra Ramesh	4.23%
3.	Mr. D V Ramesh	0.99%
	Total	100.00%

(iv) Office Location: The Company is a Financial Intermediary having its Corporate Office at Chennai and Registered Office at New Delhi and Branch Offices at various places throughout the country.

- (v) a) Address of Corporate Office: Chennai
"Continental Chambers"142
3rd Floor, M G Road,
Nungambakkam
Chennai – 600 034
- b) Address of Registered Office : Delhi
IFCI Tower, 15th floor,
61, Nehru Place
New Delhi - 110 019
- c) Address of Branch Offices : The list of Branch Offices are displayed on the web portal of the Company www.ifinltd.in

Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956

S. No	Particulars	IFIN Commodities Limited	IFIN Credit Limited	IFIN Securities Finance limited
1.	The extent of holding Company's interest in the subsidiary at the end of the financial year 31.3.2013:			
(a)	No. of Shares	50,00,000	25,00,000	30,01,000
(b)	Paid up value of Shares (Rs.)	5,00,00,000/-	2,50,00,000/-	30,01,00,000/-
(c)	Percentage of Holding Company's interest in the total share capital of the subsidiary (Shares in the Subsidiary Companies were registered in the name of the Company and its nominees as indicated)	100%	100%	100%
2.	The net aggregate amount of the profit of the subsidiary company not dealt with in the Company's accounts so far as it concerns the members of the holding Company:			
(a)	For the financial year ended 31.3.2013 (Rs.)	69,53,969	237180	3,84,56,395
(b)	For all the previous financial years of the subsidiary (Rs.)	(47,42,426)	(49,39,796)	(1,15,33,528)
3.	The net aggregate amount of the profit of the subsidiary Company so far as its profits are dealt with in the holding Company's accounts:			
(a)	For the financial year ended 31.3.2013 (Rs.)	NIL	NIL	NIL
(b)	For all the previous financial years of the subsidiary (Rs.)	NIL	NIL	NIL

Sd/-
SUJIT KUMAR MANDAL
Executive Chairman

Sd/-
P. N. SWAMINATHAN
Whole-time Director

Sd/-
K. J. CHANDRA MOULI
Company Secretary

Date : April 22, 2013
Place : Chennai