



IFIN SECURITIES FINANCE LIMITED

ANNUAL REPORT 2015 - 16

IFIN SECURITIES FINANCE LIMITED

Board of Directors

Shri Achal Kumar Gupta	-	Director
Shri M. V. Muthu	-	Director
Shri Rajesh Kumar Gupta	-	Director
Smt. S. Usha	-	Director
Shri A Ramachandran	-	COO & Whole-time Director
Shri Jayaraman Chandrasekaran	-	Independent Director

Chief Financial Officer

Shri A.V. Pushparaj

Statutory Auditors (2015-16)

Kalyanasundaram & co.

FRN 01676S

Chartered accountants

B. Kalyanasundaram

M.no: 011453

Partner

Registered Office

Continental Chambers, 3rd Floor

142, Mahatma Gandhi Road

Nungambakkam, Chennai - 600 034

Ph: 044 2830 6600

CONTENTS

S. No.	Items	Page No.
1.	Notice (accompanied by an Attendance Slip, Proxy form and Route Map)	1
2.	Directors' Report	9
3.	Auditors' Report and Financial Statements for the year 2015-16	52

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the shareholders of M/s. IFIN SECURITIES FINANCE LIMITED will be held at Continental Chambers, 142, III Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034 on Friday, September 02, 2016 at 02:00 P.M. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements of the Company for the year ended on March 31, 2016, together with the Board of Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Smt. S. Usha, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Statutory Auditors of the Company and fix their remuneration.

"RESOLVED THAT pursuant to the provisions of Section 139(5) and 142 and all other applicable provisions, if any of the Companies Act, 2013 and Companies (Audit and Auditors) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. Jagannathan & Sarabeswaran, Chartered Accountants, having firm registration number 001204S as appointed by Comptroller and Auditor General of India (CAG) be and is hereby appointed as Statutory Auditors and Tax Auditors of the Company for the financial year 2016-17."

"RESOLVED FURTHER THAT M/s. Jagannathan & Sarabeswaran, Statutory Auditors of the Company, be paid a fee of Rs. 2,00,000/- (Two lakh Rupees only) in respect of the audit of the Accounts of the company for the year 2016-17, Rs. 26,500/- (Twenty Six Thousand Five Hundred only) in respect of the Limited review for every quarter, Rs. 10,000 in respect of Tax Audit, plus applicable taxes and such other certification fees as payable from time to time."

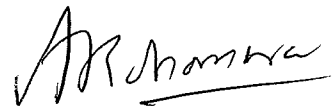
AS SPECIAL BUSINESS

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

Appointment of Shri V. Ramanan as Independent Director of the Company

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri V. Ramanan (DIN: 02754562), be and is hereby appointed as an Independent Director of the Company for a period of three years commencing from his appointment by the Board of Directors of the Company with effect from 29.08.2016."

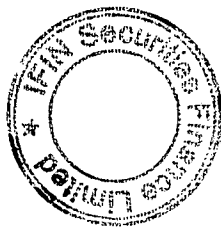
By Order of the Board
For IFIN Securities Finance Limited



A. Ramachandran
COO & Whole-time Director

Place: Chennai

Date: August 10, 2016



(DIN: 06929210)
Flat No. 4, Grace Court,
44, Akbarabad, II Street,
Kodambakkam,
Chennai-600 024

Notes:

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special business is annexed hereto.
2. A member entitled to vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Corporate members are requested to send certified copy of board resolution, pursuant to Section 89 of the Companies Act, 2013, authorizing their representative to attend and vote at the meeting.
3. Members should bring the attendance slip duly filled in for attending the meeting.
4. The relevant documents referred to in the accompanying Notice and the Statement under Section 102(1) will be available for inspection of the members at the registered office of the Company on all working days during business hours, upto the date of ensuing Annual General Meeting.

ANNEXURE TO THE NOTICE

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

ITEM NO. 4:

Shri V. Ramanan (DIN: 02754562) was appointed as an Additional Independent Director by the Board of Directors w.e.f. 29.08.2016 for a period of 3 years in accordance with the provisions of Section 149 & 152 of the Companies Act, 2013.

Shri V. Ramanan is an ex-banker and has more than 33 years of experience in various facets of banking operations. He is a director in eleven companies including three listed companies in which he is an independent director and also an independent director in our holding company, IFIN (IFCI Financial Services Limited). His expertise and guidance can be used for the growth of ISFL.

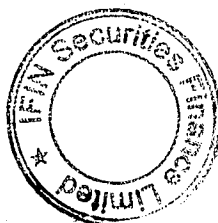
The Board considers that his association would be of immense benefit to the Company and is desirable to continuously avail the services of Shri V Ramanan as an independent Director and also that he fulfills the conditions specified in the Companies Act, 2013 for appointment as an Independent Director and he is independent of management. The Company has received declaration made by Shri V Ramanan under section 149(6) of the Companies Act, 2013, Declaration & Undertaking by Director in Annex-2 and Deed of Covenants in Annex-3 (in terms of RBI regulations).

The Board recommends the passing of the Ordinary Resolution as set out in the Item no. 4 of the Notice.

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

Place: Chennai

Date: August 10, 2016



4

By Order of the Board

For IFIN Securities Finance Limited

A. Ramachandran

COO & Whole-time Director

(DIN: 06929210)

Flat No. 4, Grace Court,
44, Akbarabad, II Street,
Kodambakkam,
Chennai-600 024

IFIN Securities Finance Limited

CIN: U65991TN1989GOI017792

**Registered Office: Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road,
Nungambakkam, Chennai – 600034**

ATTENDANCE SLIP

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

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

I hereby record my presence at the 27th Annual General Meeting of the Company held on Friday, September 02, 2016 at 02:00 P.M. at Continental Chambers, 142, III Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034.

Member's/Proxy's Signature

IFIN Securities Finance Limited

CIN: U65991TN1989GOI017792

**Registered Office: Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road,
Nungambakkam, Chennai – 600034**

FORM NO MGT-11

PROXY FORM

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

CIN : U65991TN1989GOI017792
Name of the Company : IFIN Securities Finance Limited
Registered Office : Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road,
Nungambakkam, Chennai – 600034
Email : cs@ifinltd.in
Telephone : 044 2830 6613

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

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

(1) Name: _____

Address: _____

Email ID: _____

Signature: _____, or failing him/her

(2) Name: _____

Address: _____

Email ID: _____

Signature: _____, or failing him/her

(3) Name: _____

Address: _____

Email ID: _____

Signature: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company, to be held on Friday, September 02, 2016 at 02:00 P.M. at Continental Chambers, 142, III Floor, Mahatma Gandhi Road, Nungambakkam, Chennai – 600034 and at any adjournment thereof in respect of such resolutions as are indicated below:

RESOLUTIONS

ORDINARY BUSINESS

1. Receive, consider and adopt the audited Financial Statements of the Company for the year ended on March 31, 2016, together with the Board of Directors' Report and Auditors' Report thereon.
2. Appoint a director in place of Smt. S. Usha, who retires by rotation and being eligible, offers herself for re-appointment.
3. Appoint Statutory Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

4. Appointment of Shri V. Ramanan as an Independent Director of the Company.

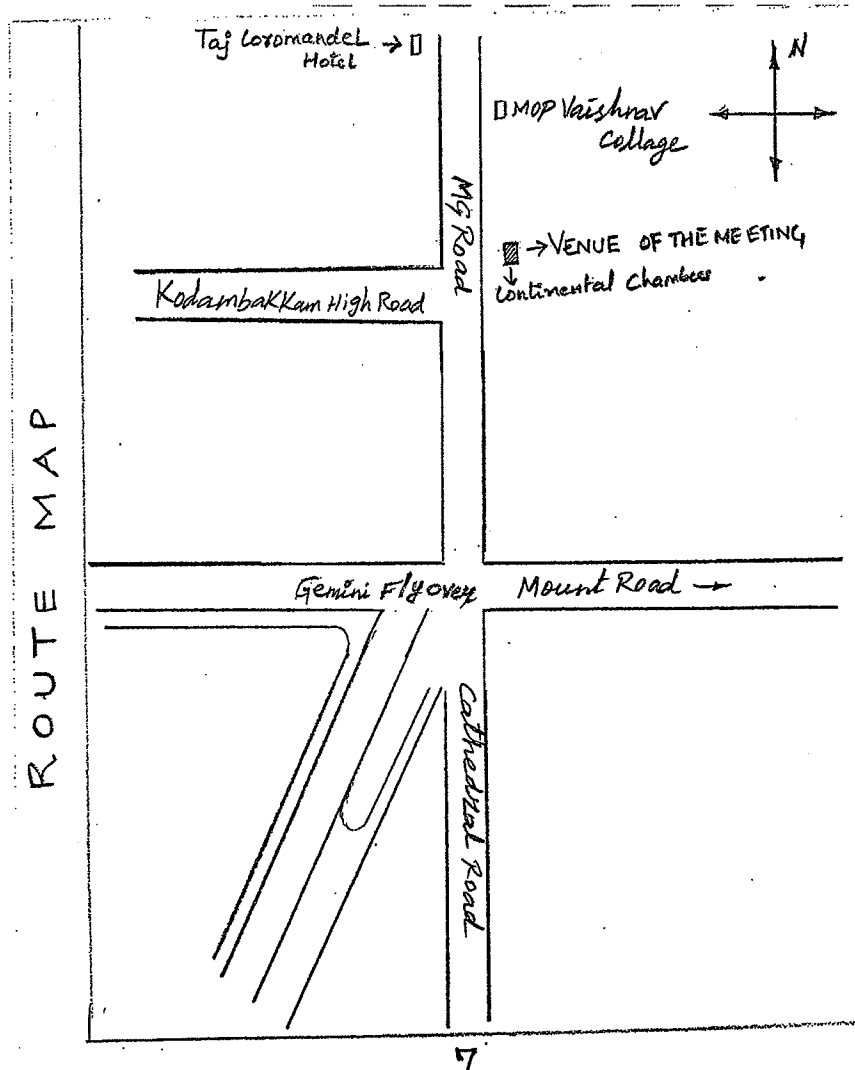
Signed this _____ day of _____ 2016.

Signature of the Shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

ROUTE MAP FOR THE VENUE OF 27TH AGM OF IFIN SECURITIES FINANCE LIMITED



DIRECTORS' REPORT

To
The Members of
IFIN Securities Finance Limited

The Board of Directors of your Company presents the Twenty Seventh Annual Report of IFIN Securities Finance Limited (ISFL) together with the Audited Financial Statement, for the year ended on 31st March 2016.

1. Financial Performance

(Rs. in lakh)		
Particulars	YE 31.3.2016	YE 31.3.2015
Revenue from operations	782	963
Other income	19	26
Total income	801	989
Employee cost	39	37
Finance cost	252	430
Other expenses	129	221
Amount written off (Zylog group)	1,162	-
Total expenses	1,582	688
Surplus of income over exp.	(781)	300
Less: MTM loss on investments/ (reversal)	-	(14)
Prior period expenses	11	-
Provision for doubtful debts/ standard assets (Reversal)	466	126
Profit/ (loss) before tax	(326)	188
Tax	-	102
PAT	(326)	86
Book size	4,140	7,092
Own funds	3,105	3,962
Borrowings	1,035	3,130

2. Business Outlook and Performance

The market is expected to continue to grow and mature leading to differentiation of products and services. The Company is cautiously optimistic in its outlook for the year 2016-17. The company has its focus set on the promoters of middle size corporates who are ideal candidates for the company's products, whereby the company can improve the yield on its assets as the market segment is still largely untapped by other players. Also the company is keen to use the branch network of IFCI Financial Services Ltd., to foray aggressively into retail base. This will help in granularity and diversification of the risk pattern while simultaneously improving the yield.

The outstanding loans stood at Rs.4,140 lakh as on March 31, 2016 as against the sanctioned amount of Rs.7,854 lakh. The outstanding principal represents 52.72% of the loans sanctioned. ISFL has earned income of Rs.800.93 lakh during the year and made a loss of Rs. 326 lakh.

Interest income during the year has decreased from Rs.919.87 lakh during 2014-15 to Rs.756.85 lakh during 2015-16.

Revenue from operations includes processing fee of Rs. 24.66 lakh (previous year: Rs. 42.25 lakh).

Other income for YE 31.03.2016 includes profit on sale of investments of Rs. 2.65 lakh.

During the year an amount of Rs. 1160.58 lakh was written off (in the case of Zylog group accounts) which resulted in reversal of provision to the extent of Rs. 464.02 lakh

Out of the other expenditure of Rs. 130 lakh, Rs.100 lakh is by way of sharing of expenses with IFIN as ISFL has been utilizing common infrastructure and man-power of IFIN.

Loan of Rs.2000 lakh sanctioned by ABFL is secured by way of Comfort Letter from IFCI besides hypothecation of book debts to the extent of 1.33 times. Besides ISFL has also been sanctioned a line of credit of Rs. 5000 lakh by IFCI Limited. ISFL has been servicing the loan regularly and there are no overdues.

3. Dividend

No dividend is being recommended by the Directors for the year ended March 31, 2016.

4. Transfer To Reserves

Since there are no profits for the FY 2015-16 amounts has not been transferred to reserves.

5. Directors and Key Managerial Personnel

As at March 31, 2016, the Board consists of 7 (Seven) Directors. The Company has COO & Whole-Time Director, two Independent Directors, and four other Directors. The Management of the Company is headed by the COO & 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 the number of the Directorship in other companies in respect of each Director is as given herein below:-

S. No.	Name of Director	Attendance Particulars		No. of other Directorships as on 31st March, 2016
		No. of Meetings during the tenure of respective directors in FY 2015 - 16		Other Director-ships (Including Private Limited Companies)
		Held	Attended	
1.	Shri Achal Kumar Gupta	5	5	8
2.	Shri M V Muthu	5	5	2
3.	Smt. S Usha	5	5	3
4.	Shri A Ramachandran	5	4	1
5.	Shri Jayaraman Chandrasekaran	5	5	1

6.	Shri Rajesh Kumar Gupta*	3	2	5
7.	Shri O Ramesh Babu*	2	-	2
8.	Shri Ramkumar Srinivasan#	5	4	-

* Shri O Ramesh Babu resigned from the directorship of the Company with effect from June 04, 2015. Subsequently Shri Rajesh Kumar Gupta was appointed as an Additional Director of the Company with effect from June 04, 2015 which was approved by the members of the Company in the Annual General Meeting held on August 31, 2015.

Shri Ramkumar Srinivasan resigned from the directorship of the Company with effect from May 24, 2016.

The Company has received declaration made by Shri Rajesh Kumar Gupta under section 149(6) of the Companies Act, 2013.

Ms. Divya Gopakumar, Company Secretary resigned from the services of the Company with effect from March 03, 2016.

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

Smt. S. Usha, Director, retires by rotation and being eligible offers herself for re-appointment.

During the Financial Year 2015-16, Five (5) Board Meetings were held on 22.04.2015, 27.05.2015, 24.07.2015, 23.10.2015 and 27.01.2016.

6. Committee of Board of Directors

Audit Committee

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013. The composition of the committee is as follows:

S. No.	Name of the Director	Designation / Category	No. of Meetings during the tenure of respective directors in FY 2015 - 16	
			Held	Attended
1.	Shri M V Muthu	Chairman (Independent, Non-executive)	4	4
2.	Shri Jayaraman Chandrasekaran	Member (Independent, Non-executive)	4	4
3.	Smt. S. Usha	Member (Non-Independent, Non-executive)	4	4

The Committee met four times during the year on 21.04.2015, 23.07.2015, 22.10.2015 and 27.01.2016 and the necessary quorum was present for all the meetings.

Terms of reference in brief:

1. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statement and the auditors' report thereon;
4. Approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Monitoring the end use of funds raised through public offers and related matters.
9. Overseeing the vigil mechanism / Whistle Blower policy of the Company
10. Such other terms and reference mentioned under Companies Act, 2013 and as amended from time to time
11. Such other matters as may be prescribed by the Board from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Section 178 of the Companies Act, 2013. The composition of the committee is as follows:

S. No.	Name of the Director	Designation Category	No. of Meetings during the tenure of respective directors in FY 2015-2016	
			Held	Attended
1.	Shri M V Muthu	Chairman (Independent, Non-executive)	1	1
2.	Shri Jayaraman Chandrasekaran	Member (Independent, Non-executive)	1	1
3.	Smt. S. Usha	Member (Non-Independent, Non-executive)	1	1

The Committee met one time during the year on 23.07.2015 and the necessary quorum was present for all the meetings.

Terms of reference in brief:

1. Identifying persons who are qualified to become directors and who may be appointed in Senior Management as per the criteria laid down and recommending to the Board their appointment and removal.
"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
2. The Committee shall evaluate performance of every Director.
3. The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director.
4. The Committee shall also formulate and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial personnel and other employees.

5. Such other terms and reference mentioned under Companies Act, 2013 and as amended from time to time
6. Other functions and duties specified by Board of Directors from time to time.

Other Committees:

The Company has also formed the following committees:

- Credit Committee
- Internal Complaints Committee Under The Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013
- Risk Management Committee
- Asset Liability Committee (ALCO) Committee

7. Extract of Annual Return

An extract of Annual Return in Form MGT-9 as on March 31, 2016 is attached as **Annexure-I**.

8. Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

9. Declaration given by independent directors under sub-section (6) of section 149

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

10. Policy on Directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178 is given in **Annexure-II**.

11. Auditors

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

Comptroller and Auditor General of India (C&AG) vide letter dated July 11, 2016 have appointed M/s. Jagannathan & Sarabeswaran, Chartered Accountants, Chennai as the Statutory Auditors of the Company for the financial year 2016-17. The necessary resolution for fixing the remuneration of auditors will be placed before the shareholders for their approval.

12. Explanations/comments on the report of Comptroller & Auditor General of India

The explanations/comments of the Board on the report of Comptroller & Auditor General of India on the accounts for the year ended 31st March, 2016 under Companies Act, 2013 are attached as **Annexure-III** to this report.

13. The RBI Norms and Accounting Standards

Your Company complies with the directives issued as well as the norms prescribed by Reserve Bank of India for NBFCs and in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

14. Disclosure requirements as per RBI regulations for NBFCs

The Company during the whole of the Financial Year ended March 31, 2016, as well as till this date in the current financial year, has not accepted/hold public deposits, as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 1998. The company will not accept public deposits in future without obtaining prior written permission of Reserve Bank of India.

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

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

16. Related Party Transactions

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

There were no materially significant transactions with Related Parties during the Financial year 2015-16 which were in conflict with the interest of the Company.

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

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

During the Financial Year 2015-16, your Company did not accept any deposits within the meaning of provisions of chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with rules thereunder.

18. Material changes and commitments

Rs. 1160.59 lakh which is shown under the head "Provision held" was written off with the approval of the Board of Directors of the Company at their meeting held on January 27, 2016. This has resulted in a loss of Rs. 326 lakh during the FY 2015-16 as against PAT of Rs. 86 lakh during the FY 2014-15.

There were no material changes and commitments affecting the financial position of the Company between the end of Financial Year (March 31, 2016) and the date of this report.

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

The Company has taken measures to conserve energy by having energy efficient electronic equipments. As regards absorption of technology, your Company has installed computer systems, software packages and other office equipments to increase its organisational efficiency, maximise productivity and to gain competitive advantage.

Your Company has neither incurred any expenditure nor earned any income in foreign exchange.

Further, your Company has not incurred any expenditure on Research and Development.

20. Risk Management

The Company has formulated and put in place Risk Management policy. The policy encompasses identification, assessment, measurement, monitoring and mitigation of credit risks.

21. Internal Financial Control

The Company has put in place adequate Internal Financial Control commensurate with the size of the Company and nature of its business. The Company has appointed M/s. S Ramachandran & Co. as Internal Auditors for the FY 2015-16 to conduct internal audit of the functions and the activities of the Company.

22. Vigil Mechanism/ Whistle Blower Policy

Pursuant to Section 177 (9) and Section 177(10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors had approved the policy on Vigil Mechanism/Whistle Blower and the same was hosted on the website of the company. This policy inter-alia provides a direct access to the Chairman of the Audit Committee.

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

23. Anti- Sexual Harassment Policy

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

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

No complaint has been received by the internal Complaints Committee/ by the Company during the year.

24. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, a separate meeting of Independent Directors was held on July 28, 2016, without the attendance of non-independent directors and members of management to review the performance of non-independent directors, the Board as a whole and to review the Chairperson of the company, taking into account the views of executive directors and non-executive directors.

The Nomination and Remuneration Committee of Board of Directors have reviewed the performance of Board and its committees taking into consideration the contributions made by the Directors/members of the Committee at their meeting held on July 28, 2016.

Subsequently, the Board has made formal annual evaluation of its own performance, and that of its committees and individual directors taking into consideration the evaluation criteria as set in the Nomination and Remuneration Policy of the Company at their meeting held on July 29, 2016.

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

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

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

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

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

27. Acknowledgement

The Board of Directors express their gratitude for the co-operation, guidance and support received from M/s. IFCI Limited, IFCI Financial Services Limited, bankers, RBI, Stock Exchanges, Clients, Statutory Authorities, employees and other stakeholders of the Company.



**By Order of the Board
For IFIN Securities Finance Limited**

A. Ramachandran
COO & Whole-time Director
(DIN: 06929210)

S. Usha
Director
(DIN: 03567757)

Place: Chennai

27 Date: July 29, 2016

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

ANNEXURE - I

As on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U65991TN1989GOI017792
2.	Registration Date	27/07/1989
3.	Name of the Company	IFIN SECURITIES FINANCE LIMITED
4.	Category/Sub-category of the Company	Company Limited by shares/Union Government Company
5.	Address of the Registered office & contact details	Continental Chambers, 3rd Floor, 142, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034 Email: cs@ifinltd.in, Telephone: 044 2830 6613
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Nil

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Other financial service activities, except insurance and pension funding activities	649	97.31

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	IFCI Ltd IFCI Towers, 61, Nehru Place, New Delhi - 110019	L74899DL1993GOI053677	Ultimate Holding Company	NIL*	Section 2 (87) & Section 2 (46)
2.	IFCI Financial Services Limited Continental Chambers, 142, 3rd Floor, MG Road, Nungambakkam, Chennai - 600 034	U74899DL1995GOI064034	Holding Company	100%	Section 2 (87) & Section 2 (46)

*Direct holding is NIL

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual*/ HUF	NIL	6	6	0.01	NIL	6	6	0.01	NIL
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	NIL	30,00,994	30,00,994	99.99	NIL	30,00,994	30,00,994	99.99	NIL
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	NIL	30,01,000	30,01,000	100	NIL	30,01,000	30,01,000	100	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									

i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Non Resident Indians									
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members									
Trusts									
Foreign Bodies - D R									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	NIL	30,01,000	30,01,000	100	NIL	30,01,000	30,01,000	100	NIL

*Beneficial interest are held by IFCI Financial Services Limited

B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	IFCI Financial Services Limited (Holding Company)	30,00,994	99.99	NIL	30,00,994	99.99	NIL	NIL
2.	Smt. Chandra Ramesh (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL
3.	Shri Ram Kumar Srinivasan (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL
4.	Shri Oggu Ramesh Babu (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	0	0.00	NIL	NIL
5.	Shri K Kasthurirengan (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL

	Limited)							
6.	Shri R. Govindarajan (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	0	0.00	NIL	NIL
7.	Smt S Usha (Nominee of IFCI Financial Services Limited)	1	0.00	NIL	1	0.00	NIL	NIL
8.	Smt Rajesh Kumar Gupta (Nominee of IFCI Financial Services Limited)	0	0.00	NIL	1	0.00	NIL	NIL
9.	Smt V. S. Nair (Nominee of IFCI Financial Services Limited)	0	0.00	NIL	1	0.00	NIL	NIL

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

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	30,01,000	100	30,01,000	100
2.	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	No change	No change	No change	No change
3.	At the end of the year	30,01,000	100	30,01,000	100

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

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	NIL	NIL	NIL	NIL
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
3.	At the end of the year	NIL	NIL	NIL	NIL

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year Shri Ram Kumar Srinivasan Shri Oggu Ramesh Babu Smt S Usha	1 1 1	0.00 0.00 0.00	1 1 1	0.00 0.00 0.00
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): 1 share of Shri Oggu Ramesh Babu transferred to Shri Rajesh Kumar Gupta on August 24, 2015	1	0.00	1	0.00
3	At the end of the year Shri Ram Kumar Srinivasan Shri Rajesh Kumar Gupta Smt S Usha	1 1 1	0.00 0.00 0.00	1 1 1	0.00 0.00 0.00

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	24,00,00,000	7,30,00,000	-	31,30,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	14,63,836	-	-	14,63,836
Total (i+ii+iii)	24,14,63,836	7,30,00,000	-	31,44,63,836
Change in Indebtedness during the financial year				
* Addition	3,06,62,466	42,40,96,322	-	45,47,58,788
* Reduction	26,21,26,302	40,35,96,322	-	66,57,22,624
Net Change	(23,14,63,836)	2,05,00,000	-	(21,09,63,836)
Indebtedness at the end of the financial year				
i) Principal Amount	1,00,00,000	9,35,00,000	-	10,35,00,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,09,863	-	-	3,09,863
Total (i+ii+iii)	1,03,09,863	9,35,00,000		10,38,09,863

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Shri A Ramachandran, COO & WTD	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,61,402	21,61,402
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,32,054	3,32,054
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
-	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify	-	-
	Total (A)	24,93,456	24,93,456
	Ceiling as per the Act(as per Schedule V of the Companies Act, 2013)		42,00,000

B. Remuneration to other directors

S. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Name of Directors		
1	Independent Directors	Shri M V Muthu	Shri Jayaraman Chandrasekaran	
	Fee for attending board/ committee meetings	85,000	85,000	1,70,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	-	-	1,70,000
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	1,10,000	1,10,000	2,20,000
	Total Managerial Remuneration*			NIL
	Overall Ceiling as per the Act			@1% of profits calculated under Section 198 of the Companies Act, 2013

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

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

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	4,68,259	8,45,624	13,13,883
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	4,68,259	8,45,624	13,13,883

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



Place: Chennai

Date: July 29, 2016

By Order of the Board

For IFIN Securities Finance Limited

A. Ramachandran

A. Ramachandran

COO & Whole-time Director

(DIN: 06929210)

S. Usha

S. Usha

Director

(DIN: 03567757)

**Nomination and
Remuneration Policy**

1. Background:

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

2. Framework

- 2.1.** The requirement of formulating a Nomination and Remuneration Policy stems from the provisions of the Companies Act, 2013, including any statutory modification(s) or re-enactment(s) thereof for the time being in force.
- 2.2.** References have also been made to the Guidelines of Reserve Bank of India (RBI) Corporate Governance Norms for NBFCs and as amended from time to time.
- 2.3.** Any other Law, Statute as may be applicable for the time being in Force.

3. Objective

- 3.1.** To identify suitable persons, interview them if necessary, and recommend them as suitable candidates to fill up vacancies on the Board and Senior Management.
- 3.2.** To develop a policy to ensure the optimum composition of the Board of Directors ensuring a mix of knowledge, experience and expertise from diversified fields of knowledge i.e. Policy on Board Diversity.
- 3.3.** The Policy also intends to add professionalism and objectivity in the process of deciding Board membership.

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

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

3.6. To formulate criteria for evaluation of Directors.

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

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

4.1. Educational qualification:

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

4.2. Experience/Expertise

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

4.3. Disqualifications

- The Candidate should not be of unsound mind.
- The Candidate should not be an undischarged insolvent.
- The Candidate must not have applied to be adjudicated as an insolvent and his application must not be pending.
- The Candidate must not have been convicted by a Court of any offence, whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six (6) months.

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

4.4. Other Eligibility Criteria

- Each director must be an individual of high personal and professional integrity and ethical character.
- The candidate should have exhibited behavior that indicates he or she is committed to the highest ethical standards.
- The candidate should not deprive the Company of any opportunity that belongs to the Company.
- He should not be in a position of diverting the corporate opportunity for own benefits or to others, to the detriment of the Company.
- The candidate must not at any time compete with the company in respect of any business transaction.
- Each director must possess the ability to exercise sound business judgment on a broad range of issues.

- The candidate has preferably had business, governmental, non-profit or professional experience at the Chairman, Chief Executive Officer, Chief Operating Officer or equivalent policy-making and operational level of a large organization that indicates that the candidate will be able to make a meaningful and immediate contribution to the Board's discussion and decision-making on the array of complex issues facing a large financial services business.
- The candidate has achieved prominence in his or her business, governmental or professional activities, and has built a reputation that demonstrates the ability to make the kind of important and sensitive judgments that the Board is called upon to make.
- The Nomination and Remuneration Committee must be satisfied that the candidate will effectively, consistently and appropriately take into account and balance the legitimate interests and concerns of all of the company's stockholders and other stakeholders in reaching decisions, rather than advancing the interests of a particular constituency.
- The Nomination and Remuneration Committee must satisfy itself that the candidate will be able to devote sufficient time and energy to the performance of his or her duties as a Director.

4.5. Fit and Proper Criteria.

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

THE DIRECTORS SHOULD SUBMIT AN ANNUAL DECLARATION (AS ON 31ST MARCH) OF ANY CHANGE IN INFORMATION ALREADY SUBMITTED, IF NO CHANGE THEN A NO CHANGE DECLARATION SHOULD BE SUBMITTED.

THE BOARD MUST ENSURE THAT IN PUBLIC INTEREST THE NOMINATED/ELECTED DIRECTOR EXECUTES THE DEED OF COVENANTS IN THE FORMAT PRESCRIBED AT ANNEXURE II.

4.6. Criteria for independence – For Directors to be appointed as Independent Director on the Board of the Company.

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

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
 - A. a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - B. any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent. or more of the total voting power of the company; or
 - (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company; or
 - (g) who possesses such other qualifications as may be prescribed.
- Every independent director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, give a declaration that he meets the criteria of independence as provided in sub-section

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

5. Remuneration Policy

I. Board Level Remuneration Structure

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

Remuneration will be paid as approved from time to time subject to the approval of the Board and Shareholders as the case may be and as per the applicable provisions of Companies Act, 2013 and under any other Act/ Rules/Regulations for the time being in force.

2. In case of Non-Executive/Independent Directors

- (i) Sitting Fees — As approved from time to time. The Sitting Fees may be revised by the Board of Directors from time to time subject to the overall limits as prescribed under the applicable provisions.
- (ii) Remuneration other than Sitting Fees - As approved from time to time.

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

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

6. Monitoring and Evaluation

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

- Whether the Directors/Board have acted in accordance with the provisions of the Articles of Association of the Company.

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

7. Board Diversity

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

'Fit and Proper' Criteria for directors of NBFCs

Reserve Bank had issued a Directive in June 2004 to banks on undertaking due diligence on the persons before appointing them on the Boards of banks based on the 'Report of the Consultative Group of directors of Banks / Financial Institutions'. Specific 'fit and proper' criteria to be fulfilled by the directors were also advised.

2. The importance of due diligence of directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. needs no emphasis for any financial institution. It is proposed to follow the same guidelines mutatis mutandis in case of NBFCs also. While the Reserve Bank does carry out due diligence on directors before issuing Certificate of Registration to an NBFC, it is necessary that NBFCs put in place an internal supervisory process on a continuing basis. Further, in order to streamline and bring in uniformity in the process of due diligence, while appointing directors, NBFCs are advised to ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

- (a) NBFCs should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. NBFCs should obtain necessary information and declaration from the proposed / existing directors for the purpose in the format given at Annex- 2.
- (b) The process of due diligence should be undertaken by the NBFCs at the time of appointment / renewal of appointment.
- (c) The boards of the NBFCs should constitute Nomination Committees to scrutinize the declarations.
- (d) Based on the information provided in the signed declaration, Nomination Committees should decide on the acceptance or otherwise of the directors, where considered necessary.

(e) NBFCs should obtain annually as on 31st March a simple declaration from the directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.

(f) The Board of the NBFC must ensure in public interest that the nominated/ elected directors execute the deeds of covenants in the format given in Annex-3.

Annex-2

Name of NBFC: _____

Declaration and Undertaking by Director (with enclosures as appropriate as on _____)

I. Personal details of director

- a. Full name
- b. Date of Birth
- c. Educational Qualifications
- d. Relevant Background and Experience
- e. Permanent Address
- f. Present Address
- g. E-mail Address / Telephone Number
- h. Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle
- i. Relevant knowledge and experience
- j. Any other information relevant to Directorship of the NBFC

II Relevant Relationships of director

- a. List of Relatives if any who are connected with the NBFC (Refer Section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)
- b. List of entities if any in which he/she is considered as being interested (Refer Section 299(3)(a) and Section 300 of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)
- c. List of entities in which he/she is considered as holding substantial interest within the meaning of NBFC Prudential Norms Directions, 2007
- d. Name of NBFC in which he/she is or has been a member of the board (giving details of period during which such office was held)
- e. Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the NBFC

- f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the NBFC or any other NBFC / bank.

III Records of professional achievements

- a. Relevant professional achievements

IV. Proceedings, if any, against the director

- a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.
- b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations
- c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director
- d. Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?
- e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?
- f. Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange /other revenue authorities, if so give particulars
- g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA.

(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in toto, it would be necessary to make a mention of the same, in case the reversal/setting aside is on technical reasons like limitation or lack of jurisdiction, etc

and not on merit, If the order of the regulator is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned.)

- V. Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the NBFC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the deed of covenant required to be executed by all directors of the NBFC.

Place :

Signature

Date :

- VI. Remarks of Chairman of Nomination Committee/Board of Directors of NBFC

Place :

Signature

Date:

Form of Deed of Covenants with a Director

THIS DEED OF COVENANTS is made this _____ day of _____ Two thousand _____ **BETWEEN** _____, having its registered office at _____ (hereinafter called the 'NBFC') of the one part and Mr / Ms _____ of _____ (hereinafter called the "Director") of the other part.

WHEREAS

A. The director has been appointed as a director on the Board of Directors of the NBFC (hereinafter called "the Board") and is required as a term of his / her appointment to enter into a Deed of Covenants with the NBFC.

B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS :

1. The director acknowledges that his / her appointment as director on the Board of the NBFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the NBFC and the provisions of this Deed of Covenants.

2. The director covenants with the NBFC that :

(i) The director shall disclose to the Board the nature of his / her interest, direct or indirect, if he / she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the NBFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.

(ii) The director shall disclose by general notice to the Board his / her other directorships, his / her memberships of bodies corporate, his / her interest in other entities and his / her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

(iii) The director shall provide to the NBFC a list of his / her relatives as defined in the

Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies corporate, firms and other entities.

(iv) The director shall in carrying on his / her duties as director of the NBFC:

- (a) use such degree of skill as may be reasonable to expect from a person with his / her knowledge or experience;
- (b) in the performance of his / her duties take such care as he / she might be reasonably expected to take on his / her own behalf and exercise any power vested in him / her in good faith and in the interests of the NBFC;
- (c) shall keep himself / herself informed about the business, activities and financial status of the NBFC to the extent disclosed to him / her;
- (d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfil his / her obligations as director of the NBFC;
- (e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the NBFC;
- (f) shall bring independent judgment to bear on all matters affecting the NBFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
- (g) shall in exercise of his / her judgement in matters brought before the Board or entrusted to him / her by the Board be free from any business or other relationship which could materially interfere with the exercise of his / her independent judgement; and
- (h) shall express his / her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his / her independent judgement;

(v) The director shall have :

- (a) fiduciary duty to act in good faith and in the interests of the NBFC and not for any collateral purpose;
- (b) duty to act only within the powers as laid down by the NBFC's Memorandum and Articles of Association and by applicable laws and regulations; and
- (c) duty to acquire proper understanding of the business of the NBFC.

(vi) The director shall :

- (a) not evade responsibility in regard to matters entrusted to him / her by the Board;
- (b) not interfere in the performance of their duties by the whole-time directors and other officers of the NBFC and wherever the director has reasons to believe otherwise, he / she shall forthwith disclose his / her concerns to the Board;

and

- (c) not make improper use of information disclosed to him / her as a member of the Board for his / her or someone else's advantage or benefit and shall use the information disclosed to him / her by the NBFC in his / her capacity as director of the NBFC only for the purposes of performance of his / her duties as a director and not for any other purpose.

3. The NBFC covenants with the director that:

- (i) the NBFC shall apprise the director about:
 - (a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
 - (b) control systems and procedures;
 - (c) voting rights at Board meetings including matters in which Director should not participate because of his / her interest, direct or indirect therein;
 - (d) qualification requirements and provide copies of Memorandum and Articles of Association;
 - (e) corporate policies and procedures;
 - (f) insider dealing restrictions;
 - (g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
 - (h) appointments of Senior Executives and their authority;
 - (i) remuneration policy,
 - (j) deliberations of committees of the Board, and
 - (k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the NBFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
- (ii) the NBFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the NBFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;
- (iii) the disclosures to be made by the NBFC to the directors shall include but not be limited to the following :
 - (a) all relevant information for taking informed decisions in respect of matters brought before the Board;
 - (b) NBFC's strategic and business plans and forecasts;
 - (c) organisational structure of the NBFC and delegation of authority;

- (d) corporate and management controls and systems including procedures;
- (e) economic features and marketing environment;
- (f) information and updates as appropriate on NBFC's products;
- (g) information and updates on major expenditure;
- (h) periodic reviews of performance of the NBFC; and
- (i) report periodically about implementation of strategic initiatives and plans;

(iv) the NBFC shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the director about the levels of authority delegated in matters placed before the Board.

4. The NBFC shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.

5. The NBFC shall appoint a compliance officer who shall be a Senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.

6. The director shall not assign, transfer, sublet or encumber his / her office and his / her rights and obligations as director of the NBFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the NBFC.

7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the NBFC.

9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the NBFC

By

Name:

Title:

In the presence of:

1.

Director

Name:

2.



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

दिनांक /Date: 22 July 2016

सं/No PDCA/CA-III/2-71/IFINSFA/cs 15-16/2016-17/114

सेवा में/To

The Chairman,
IFIN Securities Finance Limited,
142, Continental Chambers, MG Road,
Nungambakkam,
Chennai - 600 034.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the Financial Statements of IFIN Securities Finance Limited, Chennai for the year ended 31 March 2016.

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

The receipt of this letter may kindly be acknowledged.

Yours faithfully,


(G.SUDHARMINI)

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

Encl.: As stated.

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

The preparation of financial statements of IFIN Securities Finance Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of IFIN Securities Finance Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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


(G.SUDHARMINI)

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

Place: Chennai.
Date: 22.07.16

FORM NO. AOC -2

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

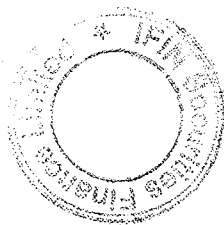
Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

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

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

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

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



By Order of the Board

For IFIN Securities Finance Limited

A. Ramachandran

A. Ramachandran

COO & Whole-time Director

(DIN: 06929210)

S. Usha

S. Usha

Director

(DIN: 03567757)

Place: Chennai

Date: July 29, 2016



INDEPENDENT AUDITORS ' REPORT

TO

The members of IFIN Securities finance limited

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

Management responsibility for the financial statements:

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

Auditor's responsibility:

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

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

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

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

In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used



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

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

Opinion

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

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

Report on other Legal and Regulatory Requirements

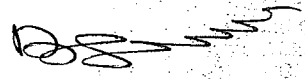
1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 Order
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) As per the information and explanations given to us, the company has no branch office.
 - d) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) In our opinion, there is no such observation which may have adverse effect on the functioning of the company.
 - g) On the basis of written representation received from the directors as on 31 March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
 - h) There is no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
 - i) The company has adequate internal financial control system in place and the operating effectiveness of such controls.



- j) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The company does not have any pending litigation which would impact it's financial position.
 - ii) The Company does not have any long-term contracts including derivatives contracts for which there are any material foreseeable losses.
 - iii) There is no amount required to be transferred to the Investor Education and Protection Fund.

Place: Chennai
Dated: 27.04.2016

For KALYANASUNDARAM & CO
Chartered accountants
FRN: 001676S


B.KALYANASUNDARAM
M.NO: 11453



ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF IFIN SECURITIES FINANCE LIMITED FOR THE YEAR ENDED MARCH31,2016

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

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

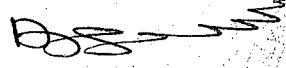
(c) As per our verification, the company is not having any immovable property in its name.
- ii) The Company does not have any inventory. Therefore, the provisions of clause 3(ii) of the order is not applicable.
- iii) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Hence the provisions of clause iii(a), (b) and (c) of the order are not applicable.
- iv) The company has not granted any loans, investments, guarantees and securities to which provisions of section 185 and 186 of the Act applies.
- v) The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, wherever applicable. Therefore the provisions of clause 3(v) of the order are not applicable.
- vi) The Central Government of India has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the company.
- vii) a) According to the information and explanations given to us and the records produced before us for verification, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

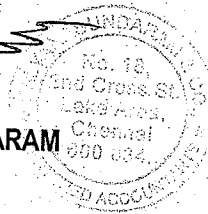


- b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- viii) The company has not defaulted any repayment to financial institutions. The company has not taken any loan from banks or government. The company has no debenture holders.
- ix) The company has not raised any fund through IPO/term loan.
- x) To the best of our knowledge and belief and according to information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of audit.
- xi) The company has given managerial remuneration as per provisions of Section 197 read with schedule V of the Act.
- xii) The company is not a Nidhi company. Hence this clause is not applicable.
- xiii) As per information given to us, all the transactions to which section 177 and 188 applies, have been disclosed by the company as required by applicable accounting standards.
- xiv) As per information given to us, the company has not made any preferential issue/ private placement of shares/debentures. Hence this clause is not applicable.
- xv) The company has not entered into any non cash transactions with directors or other persons to whom the provisions of section 192 of the Act applies.
- xvi) The company has obtained the registration as per section 45A of RBI Act 1934.

Place: Chennai
Dated: 27.04.2016

For KALYANASUNDARAM & CO
Chartered accountants
FRN: 001676S


B.KALYANASUNDARAM
M.NO: 11453





Non-banking Financial companies Auditors' Report (Reserve Bank of India) Directions, 2008

Reserve bank of India vide its Notification no DNBS (PD) 201/DG (VL)/2008 dated September 18, 2008 had issued directions to the auditors of Non-banking financial companies not accepting deposits from public to report on matters specified therein. Accordingly we report in relation to M/S IFIN Securities Finance limited, a non-banking finance company audited by us on the specified requirements for the financial year ended 31st march 2016 as under:

1. The company is engaged in the business of non-banking financial services and obtained certificate of registration (CoR) no B-7-00672 dated 8th October 2013 (in lieu of CoR no B-7-00672 dated 10TH January 2002) from reserve bank of India.
2. We hereby confirm that Asset / income pattern of company was more than 50% of its total assets/income for financial year ended 31st march 2016.
3. As per records, the board of directors had passed a resolution during year for non-acceptance of public deposits.
4. The company has not accepted any public deposits during the financial year ended 31st march 2016.
5. The company has complied with prudential norms relating to income recognition, accounting standards, Asset classification and provision for bad and doubtful debts as applicable to it in terms of Non-banking financial (Non deposit accepting or holding) companies prudential norms (Reserve bank) directions 2007.

Place: Chennai
Dated: 27.04.2016

For KALYANASUNDARAM & CO
Chartered accountants
FRN: 001676S

B.KALYANASUNDARAM
M.NO: 11453

IFIN Securities Finance Limited
(Formerly known as Narayan Sriram Investments Private Limited)
Balance Sheet as at 31st March 2016

(Amount in Rs.)

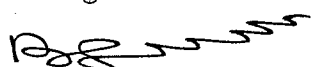
Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	30,01,00,000	30,01,00,000
(b) Reserves and surplus	3	89,47,986	4,15,63,993
2 Non-current liabilities			
(a) Long-term borrowings	4	1,00,00,000	24,00,00,000
3 Current liabilities			
(a) Short-term borrowings	5	9,35,00,000	7,30,00,000
(b) Trade payables		-	-
(c) Other current liabilities	6	73,78,224	61,80,234
(d) Short-term provisions	7	12,58,935	4,79,04,547
TOTAL		42,11,85,145	70,87,48,774
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	8		
(i) Tangible Assets		1,42,040	34,488
(ii) Intangible assets		-	-
(b) Long-term loans and advances	9	16,81,01,865	31,13,82,894
2 Current assets			
(a) Current investments	10	1,99,381	3,01,939
(b) Trade receivables		-	-
(c) Cash and cash equivalents	11	8,54,592	29,14,779
(d) Short-term loans and advances	12	24,98,05,152	39,41,14,674
(e) Other current assets	13	20,82,115	-
TOTAL		42,11,85,145	70,87,48,774

The Notes No. 1 to 13 form an integral part of Balance Sheet

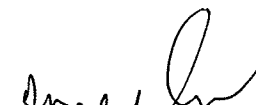
This is the Balance Sheet referred to in our Report of even date


**FOR AND ON BEHALF OF THE BOARD OF
IFIN SECURITIES FINANCE LIMITED**

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



B. KALYANASUNDARAM
Partner, M.No. 11453


Achal Kumar Gupta
Chairman


A. Ramachandran
COO & Whole Time Director


A.V. Pushparaj
Chief Financial Officer

Place : Chennai
Date : 27.04.2016

IFIN Securities Finance Limited
(Formerly known as Narayan Sriram Investments Private Limited)
Statement of Profit and loss for the Year ended 31st March 2016

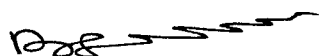
(Amount in Rs)

Particulars	Note No.	For the Year ended 31st March 2016	For the Year ended 31st March 2015
I. Revenue from operations	14	7,81,97,131	9,62,98,769
II. Other income	15	18,96,140	25,73,611
III. Total Revenue (I + II)		8,00,93,271	9,88,72,380
IV. Expenses:			
Employee benefits expenses	16	39,01,672	36,55,826
Finance costs		2,52,20,217	4,29,54,469
Depreciation and amortization expense		54,994	6,495
Reimbursement of expenses	17	1,00,00,000	1,00,00,000
Other expenses	18	29,94,561	32,94,891
Bad Debts written off		11,60,58,850	89,11,192
Total expenses		15,82,30,294	6,88,22,873
V. Profit before NPA, Provisions and tax (III-IV)		(7,81,37,023)	3,00,49,507
VI. Provision for Doubtful debts & Diminution in Stock in Trade	19	(4,66,27,921)	1,12,21,511
Prior period Expenses		11,06,904	-
VII. Profit before tax (V - VI)		(3,26,16,006)	1,88,27,996
VIII. Tax expense:			
Provision for Taxation			
- Current Tax		-	1,02,03,622
- Current Tax - MAT Credit Entitlement		-	-
IX. Profit (Loss) for the period		(3,26,16,006)	86,24,374
X. Earnings per equity share:			
(1) Basic		(10.87)	2.87
(2) Diluted		(10.87)	2.87

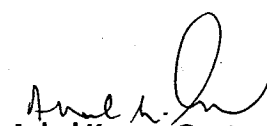
The Notes No. 1 & 13 TO 19 form an integral part of Statement of Profit and Loss
This is the Statement of Profit and Loss referred to in our Report of even date

**FOR AND ON BEHALF OF THE BOARD OF
IFIN SECURITIES FINANCE LIMITED**

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



B. KALYANASUNDARAM
Partner, M.No. 11453


Achal Kumar Gupta
Chairman


A. Ramachandran
COO & Whole Time Director

IFIN Securities Finance Limited
(Formerly known as Narayan Sriram Investments Private Limited)
CASH FLOW STATEMENT AS ON 31ST MARCH 2016

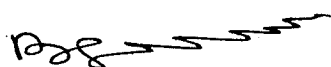
(Amount in Rs.)

Particulars		YEAR ENDED 31-Mar-16	YEAR ENDED 31-Mar-15
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per P&L a/c		(3,26,16,006)	1,88,27,996
Adjustments for:			
Depreciation / Amortisation on Fixed Assets	54,994		6,495
Prior period Expenses	11,06,904		
		11,61,898	6,495
Operation Profit before Working Capital Changes		(3,14,54,108)	1,88,34,491
Adjustments for changes in working capital			
(Increase) / Decrease in Current Investments	1,02,558		65,97,065
(Increase) / Decrease in Loans & Advances	14,22,27,407		24,79,61,145
(Increase) / Decrease in Trade receivables	-		22,95,117
(Increase) / Decrease in Non Current Assets	14,32,81,029		(26,70,21,684)
Increase / (Decrease) in Borrowings	(20,95,00,000)		(1,68,33,777)
Increase / (Decrease) in Current Liabilities	11,97,990		33,70,270
Increase / (Decrease) in Provisions	(4,66,45,612)		1,26,38,673
		3,06,63,373	(1,09,93,192)
Cash Generated from Operation before tax		(7,90,736)	78,41,299
Direct taxes paid		-	(1,02,03,622)
Net cash from Operating Activities		(7,90,736)	(23,62,323)
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets	(12,69,450)		-
Decrease in Capital Work in Progress	-	(12,69,450)	-
Interest Received	-		-
Repayment of Long Term Liabilities	-		-
(Purchase) / Sale of Investment	-		-
Sale of Fixed Assets	-		-
Net Cash used in / raised from Investing Activities		(12,69,450)	-
C CASH FLOW FROM FINANCING ACTIVITIES			
Capital by the Holding company		-	-
Net Changes in Cash & Cash Equivalent (A+B+C)		(20,60,187)	(23,62,323)
Opening Cash and Cash Equivalent		29,14,779	52,77,102
Closing Cash and Cash Equivalent		8,54,592	29,14,779
Increase / Decrease in Cash & Cash Equivalent		(20,60,187)	(23,62,323)

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

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

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

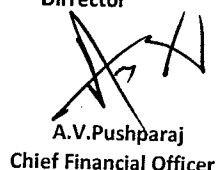


B. KALYANASUNDARAM
Partner, M.No. 11453

FOR AND ON BEHALF OF THE BOARD OF
IFIN SECURITIES FINANCE LIMITED


Achal Kumar Gupta
Director


A. Ramachandran
COO & Whole Time Director


A.V. Pushparaj
Chief Financial Officer

Place : Chennai
Date : 27.04.2016

IFIN SECURITIES FINANCE LIMITED

(Formerly known as Narayan Sriram Investments Private Limited)

Note 2 Share Capital




(Amount in Rs.)

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	Rs.	Number	Rs.
Authorised				
Equity Shares of Rs.100/- each	59,75,500	59,75,50,000	59,75,500	59,75,50,000
Preference Shares	24,500	24,50,000	24,500	24,50,000
Total	60,00,000	60,00,00,000	60,00,000	60,00,00,000
Issued				
Equity Shares of Rs.100/- each	30,01,000	30,01,00,000	30,01,000	30,01,00,000
Subscribed & Paid up				
Equity Shares of Rs.100/- each	30,01,000	30,01,00,000	30,01,000	30,01,00,000
Total	30,01,000	30,01,00,000	30,01,000	30,01,00,000

Particulars	Equity Shares March 2016		Equity Shares March 2015	
	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	30,01,000	30,01,00,000	30,01,000	30,01,00,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	30,01,000	30,01,00,000	30,01,000	30,01,00,000

30,01,0000 Equity Shares (Previous year - 3001000 equity shares) are held by IFCI Financial Services Limited, the holding company and its nominees.

Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IFCI Financial Services Limited and nominees	30,01,000	100	30,01,000	100

IFIN SECURITIES FINANCE LIMITED

(Formerly known as Narayan Sriram Investments Private Limited)

Note 3 Reserves and Surplus

(Amount in Rs)

Particulars	As at 31st March 2016	As at 31st March 2015
a. Capital Reserves		
Opening Balance	2,51,000	2,51,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	2,51,000	2,51,000
b. Capital Redemption Reserve		
Opening Balance	4,50,000	4,50,000
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	4,50,000	4,50,000
c. Statutory Reserve		
Opening Balance	32,35,506	15,10,631
Add: Amount transferred from surplus in the Statement of Profit and Loss	-	17,24,875
	32,35,506	32,35,506
i) Amalgamation Reserve:		
Opening Balance	-	-
ii) General Reserve:		
Opening Balance	25,16,200	25,16,200
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	-	-
Closing Balance	25,16,200	25,16,200
d. Surplus:		
Opening balance	3,51,11,287	2,82,11,788
(+) Net Profit/(Net Loss) For the current year	(3,26,16,006)	86,24,374
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	-
(-) Interim Dividends	-	-
(-) Transfer to Statutory Reserves as per Section 45 IC of RBI Act, 1934	-	17,24,875
Closing Balance	24,95,280	3,51,11,287
Total	89,47,986	4,15,63,993

Handwritten signatures and initials

IFIN SECURITIES FINANCE LIMITED**(Formerly known as Narayan Sriram Investments Private Limited)****Note 4 Long Term Borrowings****(Amount in Rs.)**

Particulars	As at 31st March 2016	As at 31st March 2015
<u>Secured</u>		
(a) Loans repayable on demand		
(b) Loans and advances from related parties	1,00,00,000	24,00,00,000
(c) Deposits	-	-
(d) Other loans and advances from others	-	-
	1,00,00,000	24,00,00,000
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) & (d)		
<u>Unsecured</u>		
(a) Loans and advances from related parties	-	-
(b) Other Loans from Financial institutions (Secured by book debts)	-	-
	-	-
Total	1,00,00,000	24,00,00,000

L A An

IFIN SECURITIES FINANCE LIMITED

(Formerly known as Narayan Sriram Investments Private Limited)

Note 5 Short Term Borrowings

(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) & (d) <u>Unsecured</u>		
(a) Loans and advances from related	-	-
(b) Other Loans from Financial institutions (Secured by book debts)	9,35,00,000	7,30,00,000
	9,35,00,000	7,30,00,000
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (a) (b) & (d)		
1. Period of default	-	-
2. Amount	-	-
	-	-
Total	9,35,00,000	7,30,00,000

L A An N

IFIN SECURITIES FINANCE LIMITED

(Formerly known as Narayan Sriram Investments Private Limited)

Note 6 Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Current maturities of long-term debt	-	-
(b) Current maturities of finance lease	-	-
(c) Interest accrued but not due on	3,09,863	14,63,836
(d) Interest accrued and due on	-	-
(e) Income received in advance	14,71,439	14,92,082
(f) Statutory remittances	3,49,700	3,56,070
(g) Creditors for expenses	4,56,440	2,76,980
(h) Other liabilities	47,90,782	25,91,266
Total	73,78,224	61,80,234

Note 7 Short term Provisions

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Provision for employee benefits		
Salary & Reimbursements:	-	-
Contribution to PF and Statutory funds	-	-
Leave Encashment (funded)	10,020	19,801
Bonus	7,000	-
(b) Others		
Provision for Income tax A.Y.2013-14	-	-
Provision for Diminution in Value	-	-
Provision for Sub-standard Assets	-	-
Provision for doubtful debts	-	4,64,02,023
Provision for Standard Assets	12,41,915	14,82,723
Total	12,58,935	4,79,04,547

[Handwritten signatures]

IFIN SECURITIES FINANCE LIMITED
(Formerly known as Narayan Sriram Investments Private Limited)
Note 8 Fixed Assets

Particulars	Gross Assets			Accumulated Depreciation			Net Block		
	Balance as at 1st April 2015	Addition	Deletion	Balance as at 31st Mar 2016	Balance as at 1st April 2015	Depreciation charge for the Year	Balance as at 31st Mar 2016	Adj ustment against retained earning	Balance as at 31st March 2015
Office Equipment	46,695	9,450	-	56,145	12,207	29,325	41,532	-	
Computer Software	-	12,60,000	-	12,60,000	11,06,904	25,669	11,32,573	-	34,488
Total	46,695	12,69,450	-	13,16,145	11,19,111	54,994	11,74,105	-	-
Previous year	46,695	-	-	46,695	5,712	6,495	12,207	-	34,488
									40,983

A d d A

IFIN SECURITIES FINANCE LIMITED**(Formerly known as Narayan Sriram Investments Private Limited)****Note 9 Long term Loans and advances****(Amount in Rs.)**

Particulars	As at 31st March 2016		As at 31st March 2015	
a. Other loans and advances				
Secured, considered good	16,81,01,865		31,13,82,894	
Unsecured, considered good	-		-	
Doubtful	-		-	
Less: Provision for doubtful loans and advances	-		-	
		16,81,01,865		31,13,82,894
Total		16,81,01,865		31,13,82,894

L R ✓ *Ar* W

IFIN SECURITIES FINANCE LIMITED**(Formerly known as Narayan Sriram Investments Private Limited)****Note 10 Current Investments****(Amount in Rs.)**

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Investment in Equity instruments	2,77,776	3,65,424
(b) Investments in preference shares	-	-
(c) Investments in Government or Trust securities	-	-
(d) Investments in Debentures or Bonds	-	-
Total (A)	2,77,776	3,65,424
Less : Provision for diminution in the value of Investments	78,396	63,485
Total	1,99,381	3,01,939

Particulars	As at 31st March 2016	As at 31st March 2015
Aggregate amount of quoted investments (Market	1,99,381	3,01,939
Aggregate amount of unquoted investments	-	-

L A An A

IFIN SECURITIES FINANCE LIMITED

(Formerly known as Narayan Sriram Investments Private Limited)

Note 11 Cash and cash equivalents

(Amount in Rs.)

Particulars	As at 31st March 2016		As at 31st March 2015	
a. Balances with banks				
This includes:				
Earmarked Balances (eg/- unpaid dividend accounts)	-		-	
In Current Accounts with Schedule Banks	8,51,866		29,13,808	
Margin money	-		-	
Security against borrowings	-		-	
Guarantees	-		-	
Other Commitments	-		-	
Bank deposits with more than 12 months maturity	-		-	
b. Cheques, drafts on hand	-		-	
c. Cash on hand		8,51,866		29,13,808
		2,727		971
Total		8,54,592		29,14,779

[Handwritten signatures]

IFIN SECURITIES FINANCE LIMITED

(Formerly known as Narayan Sriram Investments Private Limited)

Note 12 Short-term Loans and Advances

(Amount in Rs.)

Particulars	As at 31st March 2016		As at 31st March 2015	
a. Loans and advances				
Advances to Related parties	-		-	
Other Loans & Advances	-		-	
Staff	-		-	
Loan to Related parties	-		-	
b. Others				
Other Loans & Advances to clients	-		-	
Secured, considered good	24,58,69,653		28,41,17,300	
Unsecured, considered good	-		-	
Doubtful Bad Debts	-		11,36,57,576	
Less: Provision for Doubtful debts	-	24,58,69,653	-	39,77,74,876
Sundry debtors				
Balances with Govt Authorities	29,00,667		17,70,830	
Advance tax(Net of provisions)	10,34,833	39,35,500	(54,31,032)	(36,60,202)
		24,98,05,152		39,41,14,674
Total		24,98,05,152		39,41,14,674

Note 13 Other current assets

Particulars	As at 31st March 2016	As at 31st March 2015
Interest accrued on Deposits	-	-
Other assets	20,82,115	-
Total	20,82,115	-

Δ Δ An Δ

IFIN SECURITIES FINANCE LIMITED**(Formerly known as Narayan Sriram Investments Private Limited)****Note 14 Revenue from Operations****(Amount in Rs.)**

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Operating revenue:		
Interest Receipt from Loans	7,56,85,272	9,19,87,379
Processing Fees	24,66,600	42,25,000
On investment Operations:		
Dividend income	45,259	86,390
Total	7,81,97,131	9,62,98,769

Note 15 Other Income

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Profit on Sale of Investments	2,65,066	24,82,408
Miscellaneous Income	-	91,203
Pre Closure Income	7,39,063	-
Penalty interest	8,92,011	-
Provision for Dimunition of Securities Written back	-	-
Total	18,96,140	25,73,611

△ A ✓

IFIN SECURITIES FINANCE LIMITED
Note 16 Employee Benefits expense
(Amount in Rs.)

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Salaries and incentives	38,09,215	35,68,412
Contributions to Provident fund	92,457	87,414
Total	39,01,672	36,55,826

Note 17 Reimbursement of expenses
To the Holding Company - IFCI Financial Services Limited

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Rent	17,20,000	17,20,000
Tour, travel & Conveyance	34,00,000	34,00,000
Telephone expenses	4,94,256	4,94,256
Office Maintenance	4,61,340	4,61,340
Electricity Charges	5,56,740	5,56,740
Professional and Consltancy Charges	33,67,664	33,67,664
Total	1,00,00,000	1,00,00,000

Note 18 Other Expenses

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Professional And Consultancy Charges	4,21,899	3,54,745
Office Maintenance	14,01,725	13,07,533
Tour, travel & Conveyance	40,930	76,938
Rates And Taxes	56,216	40,695
Audit Fees	2,99,500	2,94,500
Other Expenses	1,93,164	3,80,482
Annual Maintenance Charges	2,42,457	2,26,236
Meeting Expenses	1,58,671	3,93,145
Sitting Fees	1,70,000	2,20,000
Membership & Subscription Fees	10,000	617
Total	29,94,561	32,94,891

Note 19 Provision for Bad & Doubtful debts

Particulars	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Provision for Reversal of Dimunition in the value of shares (Net)	14,910	(13,97,178)
Provision for Standard Assets as per Regulatory requirement	(2,40,808)	(2,14,842)
Provison for Substandard Assets	-	2,32,18,944
Provison for doubtful debts and advances	(4,64,02,023)	(1,03,85,413)
Total	(4,66,27,921)	1,12,21,511

**The additional disclosures as required under RBI
guidelines are given below**

Note: Current Year denotes 2015 -16

Previous Year denotes 2014 -15

I. Capital

(Amount in crore)

Particulars		Current Year	Previous Year
i	CRAR (%)	73.93	48.41
ii	CRAR-Tier I Capital (%)	73.93	48.41
iii	CRAR –Tier II Capital (%)	-	-
iv	Amount of subordinated debt raised as Tier-II	-	-
v	Amount raised by issue of Perpetual Debt Instruments	-	-

II. Investments

(Amount in crore)

Particulars		Current Year	Previous Year
(1)	Value of Investments		
	i		
	Gross Value of Investments		
	(a) In India	0.03	0.04
	(b) Outside India,	-	-
	ii		
	Provisions for Depreciation		
	(a) In India	0.01	0.01
	(b) Outside India,	-	-
	iii		
	Net Value of Investments		
	(a) In India	0.02	0.03
	(b) Outside India.	-	-
(2)	Movement of provisions held towards depreciation on investments.		
	i		
	Opening balance	0.01	0.15
	ii		
	Add: Provisions made during the year	-	-
	iii		
	Less: Write-off/write-back of excess provisions during the year	-	0.14
	iv		
	Closing balance	0.01	0.01

III. Derivatives

Forward Rate Agreement/Interest Rate Swap

Since the Company is not involved in the business of dealing in derivatives during the relevant periods, the disclosures in this regard are not applicable.

Exchange Traded Interest Rate (IR) Derivatives

Since the Company is not involved in the business of dealing in derivatives during the relevant periods, the disclosures in this regard are not applicable.

Disclosures on Risk Exposure in Derivatives

Since the Company is not involved in the business of dealing in derivatives during the relevant periods, the disclosures in this regard are not applicable.

IV. Disclosures relating to Securitization

Since the Company is not involved in the business of Securitization during the relevant periods, the disclosures in this regard are not applicable.

V. Details of Assignment transactions undertaken by NBFCs

Since there was no assignment transaction during the relevant periods, the disclosures in this regard are not applicable.

VI. Details of non-performing financial assets purchased/ sold

Since the Company has not purchased or sold any non-performing financial assets during the relevant periods, the disclosures in this regard are not applicable.

✓ ✓ ✓

VII. Asset Liability Management Maturity pattern of certain items of Assets And Liabilities

(Amount in crore)

Particular	Up to 30/31 days	Over 1 month & up to 2 months	Over 2 month & up to 3 months	Over 3 month & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Advances	NIL	NIL	NIL	NIL	24.59	16.81	NIL	NIL	41.40
Investment	NIL	NIL	NIL	0.02	NIL	NIL	NIL	NIL	0.02
Borrowings	NIL	NIL	NIL	NIL	10.35	NIL	NIL	NIL	10.35
Foreign Currency assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Foreign Currency liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

VIII. Exposures

Exposure to Real Estate Sector

(Amount in crore)

Category			Current Year	Previous Year
a)	Direct Exposure			
	i	Residential Mortgages-		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	NIL	NIL
	ii	Commercial Real Estate -		

	Lending secured by mortgages on commercial real estate's (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction,	NIL	NIL
iii	Investments in Mortgage Backed Securities	NIL	NIL

	(MBS) and other securitized exposures-		
a.	Residential	NIL	NIL
b.	Commercial Real Estate	NIL	NIL
Total Exposure to Real Estate Sector			

Exposure to Capital Market

(Amount in crore)			
Particulars		Current Year	Previous Year
i	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
ii	Advance against shares/bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOS/ ESOPS), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	26.70	5.46
iii	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	14.70	65.46
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds /convertible debentures / units of equity	-	-
v	secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	-	-

Δ D/ An A

vi	Loans sanctioned to corporate against the security of shares/bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii	bridge loans to companies against expected equity flows/issues;	-	-
viii	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		41.40	70.92

IX. Details of financing of parent company products

The Company has extended Margin Funding Facility to the clients of its Parent Company, IFCI Financial Services Ltd.

X. Unsecured Advance

The company has not advanced loan against intangible securities such as charge over the rights, licenses, authority, etc as collaterals.

XI. Miscellaneous

Registration obtained from other financial sector regulators

No registrations have been obtained from other financial sector regulators.

Disclosure of Penalties imposed by RBI and other regulators

No penalties were levied by RBI during the year.

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

NOT APPLICABLE

XII. Additional Disclosures

1. Provisions and Contingencies

To facilitate easy reading of the financial statements and to make the information on all Provisions and Contingencies available at one place, NBFCs are required to disclose in the NTA the following information:

(Amount in crore)		
Break up of 'Provisions and Contingencies' show under the head Expenditure in Profit and Loss Account	Current Year	Previous Year
Provisions for depreciation on Investment	-	(0.14)
Provision towards NPA	(4.64)	1.28
Provision made towards Income tax	-	1.02
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	(0.02)	(0.02)

2. Draw Down from Reserves

Suitable disclosures are to be made regarding any draw down from reserves in the

NTA – NOT APPLICABLE

3. Concentration of Deposits, Advances, Exposures and NPAs

Concentration of Deposits (for deposit taking NBFCs)

(Amount in crore)	
Total Deposits of twenty largest depositors	Nil
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	Nil

Concentration of Advances

(Amount in crore)	
Total Advances to twenty largest borrowers	41.04
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	99.14%

Concentration of Exposures*

Handwritten signatures and initials.

(Amount in crore)	
Total Exposure to twenty largest borrowers / customers	41.04
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers/customers	99.14%

*Exposure to capital market

Concentration of NPAS

(Amount in crore)

Sripriya S	-
Sthithi Insurance Service Ltd	-
Zylog Systems Ltd	-

4. Sector-wise NPAS

(Amount in crore)

Sl. No.	Sector	Percentage of NPAS to Total Advances in that sector
1.	Agriculture & allied activities	-
2.	MSME	-
3.	Corporate borrowers	-
4.	Unsecured personal loans	-
5.	Auto loans	-
6.	Other personal loans	-

5. Movement of NPAS

(Amount in crore)			
Particulars		Current Year	Previous Year
i	Net NPAS to Net Advances (%)	-	10.50%
ii	Movement of NPAs (Gross)		
(a)	Opening balance	11.61	12.98

	(b) Additions during the year	-	-
	(c) Written off during the year	11.61	1.37
	(d) Closing balance	-	11.61
iii	Movement of Net NPAs		
	(a) Opening balance	6.97	9.62
	(b) Additions during the year	-	-
	(c) Written off Reductions during the	6.97	2.65
	(d) Closing balance	-	6.97
iv	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	4.64	3.36
	(b) Provisions made during the year	6.97	1.28
	(c) Write-off / write-back of excess provisions	11.61	-
	(d) Closing balance	-	4.64

6. Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) – NOT APPLICABLE

7. Off-balance Sheet SPV sponsored (which are required to be consolidated as Per accounting norms)

Name of the SPV Sponsored	
Domestic	Overseas
NIL	NIL

XIII. Disclosure of Complaints

Customer Complaints

(a)	No. of complaints pending at the beginning of the year	NIL
(b)	No. of complaints received during the year	NIL
(c)	No. of complaints redressed during the year	NIL
(d)	No. of complaints pending attend of the year	NIL

IFIN Securities Finance Limited

(Formerly known as Narayan Sriram Investments Private Limited)

Note: 1

A. Significant Accounting Policies:

I. Method of Accounting:

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

II. 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 financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.

III. Revenue Recognition:

Interest Income

- Interest earned on Loans and deposits are accounted on a time proportion basis taking into account the amount outstanding and the rate applicable.

Processing Fee:

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

Dividend Income:

Dividend Income is recognized when the shareholder's right to receive payment is established.

IV. Fixed Assets and Depreciation:

- Fixed assets are stated at historical cost less accumulated depreciation. Depreciation on the fixed assets is provided on the written down value method in the manner prescribed under Schedule II of the Companies Act, 2013.
- 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. In case of any computer software, the same is identified as Intangible assets and will be amortized at the rate 40% following WDV method.

V. 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.

VI. Loans:

Non Performing Advances are Classified as Standard, Sub-Standard, Doubtful and loss as per the Non-banking Financial companies Prudential Norms (Reserve Bank) Directions, issued from time to time.

VII. Provisioning/Write-off of assets:

Non performing Loans are written off/provided for, as per management estimates, subject to the minimum provision required as per Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, issued from time to time.

VIII. 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.

IX. Employee benefits:

(a) Defined contribution plan:

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

(b) Defined benefit plan:

The Company's obligation towards Gratuity is a defined benefit plan and is being regulated as per provision of Gratuity Act, 1972. Gratuity obligation if any is determined based on Actuarial Valuation.

▪ **Compensated Absence-Leave Salary**

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

X. Taxation:

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

XI. Provision , Contingent Liabilities and Contingent Assets:

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

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

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

B. Notes forming part of the Accounts

I. Nature of business:

The company is primarily engaged in the business of margin funding, providing loan against shares & property, promoter funding etc.

II. The name of the company was changed to IFIN Securities Finance Limited vide Certificate of Registration dated 26th August 2013 from erstwhile name of Narayanan Sriram Investments Private Limited.



III. Loans Borrowed:

Loans Borrowed as on 31st March 2016 amounted to Rs.10,35,00,000 and the details of security offered thereon are as under :

(Amount in Rs.)

Loan Availed from	Loan Amount	Security
Aditya Birla Finance Ltd	9,35,00,000	Secured by comfort letter from IFCI Limited
IFCI Ltd	1,00,00,000	Secured by book debts

IV. Contingent liabilities: Nil (Previous year – Nil)

V. Managerial Remuneration:

(Amount in Rs.)

Particulars	2015-16	2014-15
To Whole Time Director		
(a) Salary and Allowances	23,21,200	20,53,590
(b) Contribution to PF and other funds	1,59,756	1,53,620
Total	24,80,956	22,07,210

VI. Auditors Remuneration (Excluding Service Tax):

Nature of Service	2015-16	2014-15
Statutory Audit Fee	2,00,000	2,00,000
For quarterly reporting	79,500	79,500
Tax Audit	20,000	15,000
Total	2,99,500	2,94,500

VII. Employee Benefits:

- The Company is making contribution to Provident fund which is a defined contribution plan and the amount charged to Profit & Loss account is Rs.92,457
- The provisions of the Gratuity Act, 1972 are not applicable to the Company during the current financial year.
- Leave encashment as per policy allowed by the Company during the financial year and the amount charged to Profit & Loss account is Rs.10,020/-

VIII. Earnings Per Share:

84

4

✓

Am A

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

Particulars	As on 31-03-2016	As on 31-03-2015
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	(3,26,16,006)	86,24,374
Nominal value per equity share	100	100
Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	30,01,000	30,01,000
Basic & Diluted Earnings per Share (Before extra-ordinary Item)	(10.87)	2.87
Net Profit for the year available for the equity share holders (After extra-ordinary Item)	30,01,000	30,01,000
Basic & Diluted Earnings per Share (After extra-ordinary Item)	(10.87)	2.87

IX. Current and Deferred Taxation:

- (a) The Company has provided towards taxation Nil (Previous year Rs. 1,02,03,622) as per provisions of the Income Tax Act, 1961.

X. Related Party Disclosure as per AS 18:

- (a) Ultimate Holding Company : IFCI Limited
- (b) Holding Company : IFCI Financial Services Ltd
- (c) Fellow Subsidiaries :
- a) IFIN Commodities Limited
 - b) IFIN Credit Limited
 - c) IFCI Factors Limited
 - d) IFCI Venture Capital Funds Limited
 - e) IFCI Infrastructure Development Ltd
 - f) MPCON Limited
 - g) Stock Holding Corporation of india Limited

Note: Fellow Subsidiaries (c) to (g) given above are subsidiaries of ultimate Holding Company, IFCI Limited.

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

Mr. A. Ramachandran : COO & Whole Time Director

Relatives of Key Management Personnel : Nil

(e) **Transaction with Related Parties:**

(Amount in Rs.)

Sr. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2015-16	2014-15	2015-16	2014-15
1	Managerial Remuneration	-	-	24,80,956	22,07,210
2	Loan Disbursed to IFCI Finanical Services Ltd	-	4,62,00,000	-	-
3	Loan Repaid by IFCI Finanical Services Ltd	-	4,62,00,000	-	-
4	Interest received from IFCI Finanical Services Ltd	-	64,466	-	-
5	Interest Paid to IFIN Credit Ltd	-	-	-	-
6	Expense reimbursed to IFCI Finanical Services Ltd	1,00,00,000	1,00,00,000	-	-
7	Loan Aailed from IFCI Ltd	24,00,00,000	25,00,00,000	-	-
8	Loan Repaid to IFCI Ltd	23,00,00,000	1,00,00,000	-	-
9	Interest paid to IFCI Ltd	1,06,39,104	1,48,53,747	-	-
10	Interest payable to IFCI Ltd	3,09,863	14,63,836	-	-
11	Loan Aailed from IFCI venture Capital Ltd	-	4,00,00,000	-	-
12	Loan Repaid to IFCI Venture Capital Ltd	-	4,00,00,000	-	-
13	Interest paid to IFCI Venture Capital Ltd	-	7,67,122	-	-

XI. Foreign Exchange Inflow and Outflow

During the year, the company has spent a sum of Rs.NIL. (Previous year-NIL) in foreign exchange, towards travelling and conveyance. There is no foreign exchange income during the year .

- XII. As per the information and explanation given to us, the Company does not deal with vendors covered under Micro, Small & Medium Enterprises Development Act, 2006. Hence compliance and reporting in this regard does not arise.
- XIII. Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.
- XIV. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.
-

✓ ✓ ✓