



IFCI

ANNUAL REPORT 1997-98

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IFCI, the first Development Finance Institution in India, was set up in 1948, as a Statutory Corporation, to pioneer Institutional credit to medium and large industries. IFCI was also the first institution in financial sector to be converted from a Statutory Corporation into a public limited company.

IFCI's record of performance has broadly run parallel to the course of progress of independent India in half a century of dedicated efforts towards industrial development and economic prosperity of the nation.

"CORPORATE CREDO"

Be a leader in the Indian financial sector, consistent with its role as a Development Finance Institution, providing total solutions at competitive cost, with core strengths in long term lending and related advisory activities by :

- ***Developing long term relationship with creditworthy corporate and institutional clients***
- ***Entering other businesses to capitalise on emerging opportunities***
- ***Increasing operational flexibility***
- ***Introducing product innovation***
- ***Enhancing shareholders' value; and***
- ***Empowering employees.***

This Annual Report has been printed on woodfree eco-friendly paper.



CONTENTS

Board of Directors	2
Principal Officers	3
Operational Highlights	4
Notice	5
Directors' Report	11
Auditors' Report	16
Balance Sheet as at 31st March, 1998	18
Profit & Loss Account for the year ended 31st March, 1998	19
Schedules	20
Cash Flow Statement	33
Statement relating to Subsidiary Companies	34
Annual Report and Accounts of Subsidiary Companies	35
Offices of IFCI	63
Electronic Clearing Services (ECS) Mandate Format	64
Attendance Slip and Proxy Form	65

FIFTH ANNUAL GENERAL MEETING

DATE : 30th September, 1998
DAY : Wednesday
TIME : 11.00 A.M.
PLACE : Talkatora Indoor Stadium,
Talkatora Gardens,
New Delhi - 110 001.

- NOTE :**
- Shareholders are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
 - No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.



BOARD OF DIRECTORS

Shri P.V. Narasimham Chairman & Managing Director

Shri Rashid Jilani

Shri A.V. Singh

Shri A.K. Jain

Shri R.N. Tripathi

Shri P.S. Subramanyam

Shri N. Sankar

Dr. Amit Mitra

Shri Dhruv M. Sawhney

Shri S.L. Rao

Shri Vipin Malik

Shri Tapan Ganguli Wholetime Director

Shri B.M. Agarwal Wholetime Director

COMPANY SECRETARY

Shri R. Loonkar



PRINCIPAL OFFICERS

EXECUTIVE DIRECTOR

Shri A.C. Ahuja

CHIEF GENERAL MANAGERS

Shri B.S.S. Gupta (IT)

Shri S.C. Kumar

Shri M.V. Muthu

Shri R.S. Rajput

Shri C.D. Ghosh

Shri P.K. Sen Gupta

Shri Sanjoy Chowdhury (Economic Adviser)

GENERAL MANAGERS

Shri B.N. Banerjee (Law)

Shri R.S. Sharma

Shri B.P. Mishra

Shri B.K. Gupta

Shri N. Sivaraman

Smt. S.P. Lavakare

Shri R.K.M. Prasad

Shri N.K. Baksi

Shri R.G. Nirmal

Shri M. Narayanan

Shri K. Desikan

Shri Kamal Kishore

Shri R.G. Sharma

Shri D.K. Jain

Shri S.P.S. Mann

Shri D. Ray

Shri M.M. Sikka

Shri Sanjeev Ghai

Shri R.C. Pandey

Shri R. Krishnan (Estate)

Lt. Col. (Retd.) P.P. Singh
(Security & Chief Fire Officer)

Shri Narinder Kumar

Shri N.K. Jain

Shri D. Rama Rao

Shri Lokanath Mishra

Dr. S.S. Jha

Shri R.K. Narang

Shri S.K. Bhoan

Shri V.P. Ahuja

Shri R.K. Chavali

Shri N.K. Ramachandran

Shri A.K. Ahuja

Shri H.N. Belawat

Shri S.K. Mandal

Shri C.V. Kamalakar (Law)

Shri A.K. Choudhary (IT)

Shri Narendar Kumar (IT)

Shri N.P. Kumar

Shri Javed Yunus (CC)



OPERATIONAL HIGHLIGHTS

	1996-97		1997-98		(Rs. in Crores) Cumulative 1948-98	
	Sanctions	Disbursements	Sanctions	Disbursements	Sanctions	Disbursements
Rupee Loans	4347.11	3316.24	4432.58	3561.48	30005.04	21381.32
Foreign Currency Loans	1441.50	731.80	1841.12	1243.58	7628.51	4927.00
Underwriting/Direct						
Subscriptions	228.65	314.40	804.15	501.30	3913.77	1999.48
Guarantees	906.31	579.93	3685.75	204.91	6208.03	1722.46
Equipment Leasing	288.77	214.77	219.00	138.87	1470.80	726.51
TOTAL	7212.34	5157.14	10982.60	5650.14	49226.15	30756.77

FINANCIAL HIGHLIGHTS

	(Rs. in Crores) As at 31st March, 1997		As at 31st March, 1998
RESOURCES			
Share Capital		352.81	452.93
Reserves & Surplus		1350.86	1243.95
Borrowings in Rupees		11441.82	14362.38
Borrowings in Foreign Currency		3197.51	3655.66
		<u>16343.00</u>	<u>19714.92</u>
ASSETS			
Loans to Assisted Concerns		13399.64	16423.34
Investments		1633.40	2090.81
Fixed Assets		518.99	529.26
Net Current Assets		641.00	531.40
Misc. Expenditure		149.97	140.11
		<u>16343.00</u>	<u>19714.92</u>
	1996-97		1997-98
EARNINGS			
Total Income	2582.41		2734.00
Profit before Tax (Rs. crores)	462.56		454.50
Profit after Tax (Rs. crores)	378.56		370.50
Dividend	30%		30%
Earnings per Equity Share (Rs.)	10.73		10.28
RATIOS			
Return on Net Worth to Equity Shareholders	24.37%		24.91%
Debt : Equity	9.42:1		11.57:1
Capital Adequacy	10.07%		11.57%



NOTICE

Notice is hereby given that the 5th Annual General Meeting of the Members of The Industrial Finance Corporation of India Ltd., will be held on Wednesday, the 30th September, 1998 at 11.00 A.M. at Talkatora Indoor Stadium, Talkatora Gardens, New Delhi - 110 001 to transact the following business :

1. To consider and adopt Audited Balance Sheet as at and Profit & Loss Account for the year ended 31st March, 1998 and the Directors' Report and the Auditors' Report thereon.
2. To declare dividend on Preference and Equity Shares.
3. To appoint Directors in place of those retiring by rotation.
4. To appoint Auditors and fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :
"RESOLVED THAT pursuant to the provisions of Section 224A and other applicable provisions of the Companies Act, 1956, M/s. Lodha & Co., Chartered Accountants, Calcutta and M/s. T.R. Chadha & Co., Chartered Accountants, New Delhi be and are hereby appointed as Auditors of the Corporation from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Corporation at a remuneration to be decided by the Board of Directors of the Corporation, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the Corporation."
5. To appoint Shri Pillutla Venkata Narasimham as a Director of the Corporation, who was appointed as an Additional Director w.e.f. 16th July, 1998, in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Corporation and who holds office up to the date of this Annual General Meeting, and in respect of whom the Corporation has received notices from members signifying the intention to propose his candidature for the office of Director u/s 257 of the Companies Act, 1956.
6. To appoint Shri Tapan Ganguli as a Director of the Corporation, who was appointed as an Additional Director w.e.f. 20th July, 1998, in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Corporation and who holds office up to the date of this Annual General Meeting, and in respect of whom the Corporation has received notice from a member signifying the intention to propose his candidature for the office of Director u/s 257 of the Companies Act, 1956.
7. To appoint Shri Brij Mohan Agarwal as a Director of the Corporation, who was appointed as an Additional Director w.e.f. 20th July, 1998, in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Corporation and who holds office up to the date of this Annual General Meeting, and in respect of whom the Corporation has

received notice from a member signifying the intention to propose his candidature for the office of Director u/s 257 of the Companies Act, 1956.

8. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 269, 198, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded for the appointment of Shri Pillutla Venkata Narasimham as Chairman & Managing Director with effect from 16th July, 1998 till 28th September, 2001, i.e. when he attains the age of 60 years and to the payment of remuneration as set out hereunder :

- i) **Pay :**
Consolidated pay of Rs. 30,000/- per month in the scale of Rs. 30,000-2,000-36,000/-.
- ii) **Housing :**
Free furnished accommodation to be provided by the Corporation. The cost of the furniture/furnishing shall not exceed Rs. 5 lakhs. Electricity, water and gas charges shall be borne by the Chairman & Managing Director. The electricity charges for security lights and for one room, which will be used for official purposes, shall be borne by the Corporation. The expenditure incurred on providing security and gardener for protecting and preserving the property of the Corporation shall also be borne by the Corporation.
- iii) **Conveyance :**
Free use of Corporation's car with driver for official and private purposes.
- iv) **Travelling, Boarding and Lodging :**
Actual expenditure to be reimbursed by the Corporation for outstation journey for official work.
- v) **Club Fees :**
Fees of Clubs, subject to a maximum of two Clubs (excluding admission and Life Membership fee).
- vi) **Leave Travel Concession :**
Entitled to travel with family, by any mode, i.e. Air, Train, Road once in two years for visiting any place in India.
- vii) **Medical Benefit :**
Actual expenses incurred for the Chairman & Managing Director and his family.
- viii) **Personal Accident Insurance :**
Premium not to exceed Rs. 4,000/- p.a.
- ix) **Corporation's Contribution :**
 - (a) towards Provident Fund : 10% of pay
 - (b) towards Superannuation : 15% of pay Fund/Annuity Fund



x) **Gratuity :**

15 days' salary for each completed year of service. Part service in excess of six months shall be reckoned as a completed year of service.

xi) **Leave :**

As per Staff Regulations of the Corporation.

xii) **Encashment of Leave on Retirement :**

Entitled to encash Earned Leave at the time of retirement which may be lying to his credit. The amount of leave salary to be encashed shall be calculated on the basis of last pay drawn.

xiii) **Telephone :**

The Corporation shall provide telephone at residence for office use.

NOTE : The family for the purpose of Leave Travel Concession and Medical Benefits shall, besides the Chairman & Managing Director, consist of spouse, wholly dependent parents and wholly dependent children of the Chairman & Managing Director.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, remuneration payable to the Chairman & Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956, as in force from time to time.

RESOLVED FURTHER THAT Chairman & Managing Director will submit the property returns on the date of appointment and on 1st April every year thereafter during the period of appointment.

RESOLVED FURTHER THAT the Corporation shall have the right to terminate the term of office of the Chairman & Managing Director at any time before the expiry of the term by giving notice, without assigning any reason, of not less than 3 months in writing or the salary and allowances in lieu thereof. Chairman & Managing Director shall also have the right to relinquish his office at any time before the expiry of the term by giving to the Corporation notice, without assigning any reason, of not less than 3 months in writing.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the aforesaid terms as to remuneration (including perquisites) within the ceiling limits in that behalf laid down in Schedule XIII to the Companies Act, 1956 as in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Corporation be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit."

9. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"**RESOLVED THAT** in accordance with the provisions of Sections 269, 198, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the appointment of **Shri Tapan Ganguli** as **Wholtime Director** w.e.f. 20th July, 1998 for a period of 3 years and to the payment of remuneration, as set out hereunder :

i) **Pay :**

Basic pay of Rs. 7,475/- p.m. in the scale of Rs. 7,350-125-7,600. The increment shall be as per the rules of the Corporation.

ii) **Dearness Allowance :**

As per the rules of the Corporation. The DA is based on Consumer Price Index and is reviewed on quarterly basis.

iii) **Local Allowance :**

10% of pay subject to a maximum of Rs. 275/- p.m.

iv) **Personal Allowance(s) :**

As per the rules of the Corporation.

v) **Housing :**

Rent free accommodation to be provided as per the rules of the Corporation or house rent allowance equivalent to 20% of pay, subject to a maximum of Rs. 400/- p.m.

vi) **Conveyance :**

Free use of car for official purposes. If the car is used for private purposes, the recovery will be made for the same as per the rules of the Corporation.

vii) **Leave Travel Concession :**

For self and family, as per the rules of the Corporation.

viii) **Medical Benefit :**

For self and family, as per the rules of the Corporation.

ix) **Personal Accident Insurance :**

As per the rules of the Corporation.

x) **Newspaper Reimbursement :**

As per the rules of the Corporation.

xi) **Furniture/Consumer Durables at Residence :**

As per the rules of the Corporation.

xii) **Lunch Subsidy :**

As per the rules of the Corporation.

xiii) **Provident Fund/Pension :**

As per the rules of the Corporation.

xiv) **Gratuity :**

As per the rules of the Corporation.



xv) **Leave due at the time of Retirement :**

As per the rules of the Corporation.

xvi) **Telephone :**

The Corporation shall provide telephone at residence for office use.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, remuneration payable to Shri Tapan Ganguli shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956, as in force from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the aforesaid terms as to remuneration (including perquisites) within the ceiling limits in that behalf laid down in Schedule XIII to the Companies Act, 1956, as in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Corporation be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit."

10. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 269, 198, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the appointment of Shri Brij Mohan Agarwal as Wholtime Director w.e.f. 20th July, 1998 upto 31st December, 2000, i.e. the last day of the month in which he attains the age of 60 years and to the payment of remuneration, as set out hereunder :

i) **Pay :**

Basic pay of Rs. 7,350/- p.m. from 20th July, 1998 to 31st July, 1998 and Rs. 7,475 p.m. w.e.f. 1st August, 1998, in the scale of Rs. 7,350-125-7,600. The increment shall be as per the rules of the Corporation.

ii) **Dearness Allowance :**

As per the rules of the Corporation. The DA is based on Consumer Price Index and is reviewed on quarterly basis.

iii) **Local Allowance :**

10% of pay subject to a maximum of Rs. 275/- p.m.

iv) **Personal Allowance(s) :**

As per the rules of the Corporation.

v) **Housing :**

Rent free accommodation to be provided as per the

rules of the Corporation or house rent allowance equivalent to 20% of pay, subject to a maximum of Rs. 400/- p.m.

vi) **Conveyance :**

Free use of car for official purposes. If the car is used for private purposes, the recovery will be made for the same as per the rules of the Corporation.

vii) **Leave Travel Concession :**

For self and family, as per the rules of the Corporation.

viii) **Medical Benefit :**

For self and family, as per the rules of the Corporation.

ix) **Personal Accident Insurance :**

As per the rules of the Corporation.

x) **Newspaper Reimbursement :**

As per the rules of the Corporation.

xi) **Furniture/Consumer Durables at Residence :**

As per the rules of the Corporation.

xii) **Lunch Subsidy :**

As per the rules of the Corporation.

xiii) **Provident Fund/Tension :**

As per the rules of the Corporation.

xiv) **Gratuity :**

As per the rules of the Corporation.

xv) **Leave due at the time of Retirement :**

As per the rules of the Corporation.

xvi) **Telephone :**

The Corporation shall provide telephone at residence for office use.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, remuneration payable to Shri Brij Mohan Agarwal shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956, as in force from time to time.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary the aforesaid terms as to remuneration (including perquisites) within the ceiling limits in that behalf laid down in Schedule XIII to the Companies Act, 1956, as in force from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Corporation be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary or desirable or to settle any question or difficulty that may arise, in such manner as it may deem fit."



11. To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

“RESOLVED THAT in pursuance of the provisions of Section 293(1)(d) of the Companies Act, 1956, the consent of the Corporation be and is hereby accorded to the Board of Directors of the Corporation to borrow from time to time all such sums of money as they may deem necessary for the purpose of business of the Corporation notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Corporation (apart from temporary loans obtained from the Corporation's Bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Corporation and its free reserves, that is to say, reserves not so set apart for any specific purpose provided that the total amount upto which the moneys may be borrowed by the Board of Directors shall not exceed a sum of Rs. 40,000 crores (Rupees forty thousand crore only) at any one time.”

12. To consider and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution :

“RESOLVED THAT the Articles of Association of the Corporation be altered in the following manner :

After Articles 64, insert the following Article as Article 64A :

64A (1) For the purpose of this Article :

‘Beneficial Owner’ means a person or persons whose name is recorded as such with a depository;

‘SEBI’ means the Securities & Exchange Board of India;

‘Depository’ means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

‘Security’ means such securities as may be specified by SEBI from time to time.

- (2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Demateriali-
sation of
Securities

- (3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall in the manner and within the time prescribed issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

- (4) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

- (5) a. Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owners.

b. Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

- (6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

- (7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

- (8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the