

IFCI FACTORS LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
I. SOURCES OF FUNDS			
Shareholders Funds			
Share Capital	1	793,577,000	793,577,000
Reserves and Surplus	2	295,561,815	189,638,926
Total Shareholder's Funds		1,089,138,815	983,215,926
Loan Funds			
Secured Loans	3	1,919,633,278	250,000,000
TOTAL		3,008,772,093	1,233,215,926
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	21,601,856	17,043,997
Less: Depreciation		14,813,202	13,813,219
Net Block		6,788,654	3,230,778
Advance for Capital Goods		339,299	246,228
Deferred Tax Assets (net) (Note no. 5)		9,470,833	1,143,823
Current Assets, Loans and Advances			
Current Assets			
Sundry Debtors	5	3,844,931,297	1,347,114,540
Cash and Bank Balances	6	16,668,122	131,982,184
Total		3,861,599,419	1,479,096,724
Loans and Advances	7	6,600,824	3,649,664
Total Current Assets, Loans and Advances		3,868,200,243	1,482,746,388
Less: Current Liabilities and Provisions	8		
Current Liabilities		859,949,926	251,189,162
Provisions		16,077,010	2,962,129
Total Current Liabilities and Provisions		876,026,936	254,151,291
Net Current Assets		2,992,173,307	1,228,595,097
TOTAL		3,008,772,093	1,233,215,926
Significant Accounting Policies	14		
Notes to Accounts	15		
Schedules 1-16 annexed hereto form an integral part of Balance Sheet and Profit & Loss Account			

As per our audit report attached
for S. N. Dhawan & Co. *S.N. Dhawan*
Chartered Accountants

Rajeev K. Saxena
Rajeev K. Saxena
Partner
Membership No 77974

For and on behalf of the Board of Directors

Atul Kumar Rai
Atul Kumar Rai
Chairman

Rakesh Kapoor
Rakesh Kapoor
Managing Director

Date: 16 APR 2010
Place: New Delhi

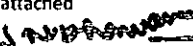
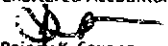
V.K. Gupta
V. K. Gupta
Company Secretary



IFCI FACTORS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
INCOME			
Income from Operations	9	311,461,934	93,303,923
Other Income	10	4,928,679	11,885,394
TOTAL		316,390,613	105,189,317
EXPENDITURE			
Personnel Expenses	11	20,911,448	8,512,189
Operating, Administrative and Other Expenses	12	28,776,639	30,906,324
Financial Charges	13	81,193,469	22,079,848
Provisions:			
-Standard Assets		14,704,442	-
-Bad and Doubtful Debts		7,798,253	-
Depreciation		999,983	1,257,471
		154,384,234	62,755,832
Profit Before Tax		162,006,379	42,433,485
<u>Less:</u> Provision for Taxation			
Current Taxation (includes Rs. 461,058 relating to earlier years)		64,410,500	17,615,974
Fringe Benefit Tax		-	105,000
Deferred Tax		(8,327,010)	(3,099,390)
Profit after Tax		105,922,889	27,811,901
Balance brought forward		39,892,022	37,572,317
TOTAL		145,814,911	65,384,218
Appropriations			
Transfer to Statutory Reserve Fund		21,184,578	25,492,196
Profit carried to Balance Sheet		124,630,333	39,892,022
Basic & Diluted Earnings Per Share (Face Value Rs. 10)		1.33	0.73

Significant Accounting Policies 14
Notes to Accounts 15
Schedules 1-16 annexed hereto form an integral part of Balance Sheet and Profit & Loss Account

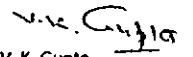
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Rajeev K. Saxena
Partner
Membership No 77974

Date: 16 APR 2010
Place: New Delhi

For and on behalf of the Board of Directors


Atul Kumar Rai
Chairman


Rakesh Kapoor
Managing Director


V. K. Gupta
Company Secretary



FACTORS LIMITED

EDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SCHEDULE 1 : SHARE CAPITAL		
Authorised: 100,000,000 Equity Shares of Rs.10/- each	1,000,000,000	1,000,000,000
(Previous Year 100,000,000 Equity Shares of Rs. 10 each Issued, Subscribed and Paid up: 79,357,700 Equity Shares of Rs.10/- each fully paid up (Previous Year 79,357,700 Equity Shares)	793,577,000	793,577,000
TOTAL	793,577,000	793,577,000

Note Out of above 79,154,692 Equity shares are held by IFCI Limited, the holding Company (Previous year 79,154,692)

SCHEDULE 2 : RESERVES AND SURPLUS

	Opening Balance as at 1st April 2009	Addition	Deletion	Closing Balance as at 31st March 2010	Closing Balance as at 31st March 2009
(i) Securities Premium Account	121,089,708	-	-	121,089,708	121,089,708
(ii) Statutory Reserve Fund (under section 45 IC of Reserve Bank of India Act)	25,492,196	21,184,578	-	46,676,774	25,492,196
(iii) General Reserve	3,165,000	-	-	3,165,000	3,165,000
(iv) Profit and Loss Account	39,892,022	84,738,311	-	124,630,333	39,892,022
TOTAL	189,638,926	105,922,889	-	295,561,815	189,638,926

SCHEDULE 3 : SECURED LOANS

From Banks:					
Cash Credit				259,915,357	-
(Secured by Hypothecation of Factored debts)					
Short Term Loans*				709,717,921	-
(Secured by Hypothecation of Factored debts)					
Others					
IFCI Limited				950,000,000	250,000,000
(Secured by pari passu charge on hypothecation of factored debts)					
TOTAL				1,919,633,278	250,000,000

*includes Foreign Currency Loan of US\$ 5.50 million equivalent to Rs. 249,717,921 (Previous Year Nil)



IFCI FACTORS LIMITED
SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE 4 : FIXED ASSETS

[Amount in Rs.]

Description of Assets	Gross Block			Depreciation/ Amortisation			Net Block		
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the year	Deductions/ Adjustments	As at March 31, 2010	As at March 31, 2009
Tangible:									
Office Equipments	149,901	104,055	-	253,956	1,597	9,316	-	243,043	148,304
Computer Hardware	8,733,204	2,178,798	-	10,912,002	6,620,928	597,621	-	3,693,453	2,112,276
Vehicles	843,926	-	-	843,926	680,464	80,173	-	83,289	163,462
Intangible:									
Computer software	7,316,966	2,275,006	-	9,591,972	6,510,230	312,873	-	2,768,869	806,736
Total	17,043,997	4,557,859	-	21,601,856	13,813,219	999,983	-	6,788,654	3,230,778
Advance for Capital Goods	246,238	339,299	246,228	339,299	-	-	-	339,299	-
Previous Year	34,845,746	1,545,484	19,347,234	17,043,996	20,702,531	1,257,471	8,146,783	3,230,777	-



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SCHEDULE 5 : SUNDRY DEBTORS		
Against Factored Debts (Including Contractual liability)		
Debts outstanding for over six months		
Unsecured-Considered good	244,105,842	56,299,799
-Considered Doubtful	77,983,125	600
Other Debts		
Unsecured-Considered good	2,614,040,706	723,025,375
-Considered Doubtful	-	-
	2,936,129,673	779,325,774
Less: Provision for Bad and Doubtful Debts	7,798,853	600
	2,928,330,820	779,325,174
Against Purchase Bills		
Outstanding for over six months		
Unsecured-Considered good	271,061,169	-
Other debts		
Secured-Considered Good	-	10,365,000
Unsecured-Considered good	645,539,308	557,424,366
	916,600,477	567,789,366
TOTAL	3,844,931,297	1,347,114,540
SCHEDULE 6 : CASH AND BANK BALANCES		
Cash on Hand	3,769	1,502
Balances with Scheduled Banks:		
-on Current Account	16,513,356	10,059,588
-on Fixed Deposit Account	-	121,778,000
(Fixed Deposits of Rs. Nil (Previous Year Rs. 1,778,000) pledged against Margin Money)		
Balances with other Banks:		
-on current account	-	-
China Trust Commercial Bank	150,997	143,094
(Maximum Balance at any time during the year Rs. 32,811,716 (Previous Year Rs. 35,199,729))		
TOTAL	16,668,122	131,982,184
SCHEDULE 7 : LOANS AND ADVANCES		
<i>(Unsecured - Considered Good)</i>		
Advances recoverable in cash or in kind or for value to be received	3,332,731	3,099,049
Interest Accrued on Fixed Deposits	-	273,511
Advance to Director against foreign travelling	-	236,390
Advance Income Tax	67,198,221	-
Less: Provision for Income Tax	63,949,442	3,248,779
Advance Fringe Benefit Tax (net of provision)	11,314	11,314
Security Deposit	8,000	29,400
TOTAL	6,600,824	3,649,664



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SCHEDULE 8 : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Contractual Liability against Sundry Debtors Collection	825,241,069	231,058,386
Sundry Creditors (Refer note no 3 of Schedule 15)	4,261,134	1,063,533
Other Liabilities	1,542,777	3,071,533
Income received in advance	11,576,716	10,493,507
Interest Accrued but not due	17,291,780	5,465,753
Liability towards Investors Education & Protection Fund under Section 205C of the Companies Act,1956 will be determined on respective due dates		
-Unpaid Dividends	36,450	36,450
TOTAL	859,949,926	251,189,162
PROVISIONS FOR		
Leave Encashment	875,006	177,085
Gratuity	497,562	243,341
Taxation (net of advance tax)	-	2,541,703
Standard Assets (Refer point no. 2.4 (ii) of Schedule 14)	14,704,442	-
TOTAL	16,077,010	2,962,129



IFCI FACTORS LIMITED
SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.
SCHEDULE 9 : INCOME FROM OPERATIONS		
Discount and Service Charges	281,242,478	83,615,734
Application and Administration Charges	30,219,456	9,688,189
TOTAL	311,461,934	93,303,923
SCHEDULE 10 : OTHER INCOME		
Interest Income (Tax deducted at source Rs. 157,387) (Previous year Rs. 18,62,195)	508,358	9,110,665
Bad Debts Recovered	-	243,080
Unclaimed Balances Written Back	421,497	80,940
Excess provision written back	-	50,617
Exchange Fluctuation (Net)	-	2,377,628
Consultancy Charges	2,500,000	-
Income from Mutual Funds	949,698	-
Miscellaneous	549,126	22,464
TOTAL	4,928,679	11,885,395
SCHEDULE 11 : PERSONNEL EXPENSES		
Salaries and Other Benefits	19,679,935	7,883,070
Contribution to Provident fund	757,693	496,239
Gratuity	254,221	-
Staff Welfare	219,599	132,880
TOTAL	20,911,448	8,512,189



IFCI FACTORS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year Ended March 31, 2010 Rs.		Year Ended March 31, 2009 Rs.
SCHEDULE 12 : OPERATING, ADMINISTRATIVE AND OTHER EXPENSES			
Rent, Rates and Taxes	15,713,185		5,752,599
Electricity and Water	-		491,896
Printing and Stationery	555,291		242,052
Postage, Telephone and Fax	310,931		423,121
Exchange Fluctuation (Net)	867,809		-
Tour and Travelling			
-Directors(Inland)	318,988	108,539	
-Directors(Foreign)	302,162	-	
-Others	296,002	917,152	189,545
Conveyance		151,087	220,889
Watch and Ward		-	127,260
Contractual Staff		308,722	290,016
Insurance		1,244,112	1,537,818
Subscription and Membership Fees		477,643	532,411
Legal and Professional		578,724	431,950
Filing Fees		-	4,875,000
Directors' Remuneration		3,507,933	1,552,358
Directors' Sitting Fee		90,000	97,500
Auditors' Remuneration		234,495	121,433
Business Promotion		206,215	162,532
Advertisement		2,167,915	
Repairs and Maintenance			
-Building			120,081
-Equipment and Machinery	1,109,181		1,272,085
-Others	2,570	1,111,751	7,948
Import Factors Commission		8,355	778,201
Loss on disposal of assets		-	10,595,449
Amounts Written off		-	657,737
Miscellaneous		325,319	317,904
TOTAL	28,776,639		30,906,324
SCHEDULE 13 : FINANCIAL CHARGES			
On Term Loans	75,925,917		19,264,891
Others	3,878,625		2,463,283
Bank Charges	1,388,927		351,674
TOTAL	81,193,469		22,079,848



IFCI FACTORS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

		Year Ended March 31, 2010		Year Ended March 31, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Taxation		162,006,379		42,433,485
Adjustments for:				
Depreciation/Amortisation	999,983		1,257,471	
Unclaimed Balances written Back	(421,497)		(80,940)	
Provision for Standard Assets	14,704,442			
Provision for Bad and Doubtful Debts	7,798,253			
Provision for Gratuity	254,221		(109,030)	
Provision for Leave Encashment	697,921		(64,310)	
Foreign Exchange Loss	442,922			
Income From Mutual Fund	(949,698)			
Filing Fee	-		4,875,000	
Loss on Sale of Assets	-		10,595,449	
Amounts written off	-	23,526,547	657,737	17,131,377
Operating Profit before Working Capital Changes		185,532,926		59,564,862
Sundry Debtors	(2,505,616,659)		(1,060,263,262)	
Sundry Creditors	608,420,207		193,369,064	
Loans and Advances	(1,241,102)		(3,072,882)	
		(1,898,437,554)		(869,967,080)
Net Cash used in Operations		(1,712,904,628)		(810,402,218)
Direct Taxes Paid		(66,120,558)		(13,071,898)
Net Cash Flow used in operating activities		(1,779,025,186)		(823,474,116)
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(4,311,631)		(1,545,484)	
Proceeds from sale of Fixed Assets	-		605,000	
Advance for Capital Goods	(339,299)		(246,228)	
Income from Mutual Fund	949,698		-	
Net cash flow used in investing activities		(3,701,232)		(1,186,712)
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from Share Capital and Securities Premium	-		714,666,708	
Proceeds from Long term borrowings	-		250,000,000	
Proceeds from Short term borrowings	1,669,190,357		-	
Repayment of Short Term Borrowings	-		(42,000,000)	
Filing Fee paid	-		(4,875,000)	
Net cash flow from financing activities		1,669,190,357		917,791,708
Net increase/(decrease) in Cash and Cash equivalents		(113,536,061)		93,130,880
Cash and Cash equivalents as at April 1, 2009		130,204,183		37,073,303
Cash and Cash equivalents at at March 31, 2010		16,668,122		130,204,183

Note:

1 Components of Cash and Cash equivalents:	March 31, 2010	March 31, 2009
Cash in Hand	3,769	1,502
Balances with Banks		
on Current Accounts	16,664,353	10,202,681
on Fixed Deposit Account	-	120,000,000
	<u>16,668,122</u>	<u>130,204,183</u>

2 Previous years figures have been regrouped wherever necessary

As per our audit report attached

for and on behalf of the Board of Directors
for S. N. Dhawan & Co.

Chartered Accountants

Atul Kumar Rai
Chairman

Rakesh Kapoor
Managing Director

Rajeev K. Saxena
Partner

Membership No. 77974

Date: 16 APR 2010

Place: New Delhi

V. K. Gupta
V. K. Gupta
Company Secretary



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE -- 14 - SIGNIFICANT ACCOUNTING POLICIES

1. BACKGROUND

IFCI Factors Limited has been in existence for over a decade. It was the first company to offer export factoring in India. The product portfolio also includes domestic factoring, purchase bill factoring and import finance. With the takeover by IFCI Limited, the Company has become a wholly owned subsidiary of IFCI Limited. It caters to mainly small and medium enterprises over a wide variety of industry segments.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 and the provisions of the Companies Act, 1956. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Management evaluates all recently issued or revised accounting standards on an on-going basis.

2.2 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 and liabilities, revenues and expenses and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumptions used in the accompanying financial statements are based on the management's evaluation of the relevant facts and circumstances as of date of financial statements. Actual results may differ from the estimates and assumptions and any revision to accounting estimates is recognised in the period in which they actually materialise.

2.3 Revenue Recognition

Factoring Services are accounted on accrual basis except in the case of non-performing assets where income is accounted on realisation.

2.4 Classification of Assets and Provisioning

- i) Factored debts are classified into performing and non-performing assets in terms of guidelines laid down by the Reserve Bank of India. Provision for factored debts is made in accordance with the guidelines laid down by Reserve Bank of India.
- ii) The company is making provision on the Standard Assets @0.50%.



2.5 Fixed Assets

(i) Tangible

Fixed Assets are stated at cost, less accumulated depreciation.

Depreciation & Amortization

Depreciation has been provided on the basis of straight line method as per Schedule XIV to the Companies Act, 1956. Assets having individual value of less than Rs. 5000 are fully depreciated in the year of acquisition.

(ii) Intangible

In accordance with AS-26, Intangible Assets are valued at cost less accumulated amortization and any impairment losses. Expenditure on major software products is written off over a period of five years on straight line.

2.6 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognised in the Profit and Loss Account. If at the balance sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

2.7 Factored Debts

Debts purchased are included under Current Assets as Sundry Debtors. The unpaid balance of the price of Debts factored and due to the clients on collection is included under the Current liabilities as Contractual Obligation.

2.8 Foreign Currencies Transactions

Transactions in foreign currencies have been recorded using the rate of exchange ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the closing T/T buying/selling rate for assets/liabilities respectively on the balance sheet date and gains/losses on translation are provided for in the profit and loss account. Premium/discount on hedging transactions is spread over the period to which it relates.

2.9 Taxation

- a) Current Tax Liability is determined and provided as the amount of tax payable in respect of taxable income for the year.
- b) Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income/(loss) and accounting income/(loss) that originates in one period and are capable of reversal in one or subsequent periods. Deferred Tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred Tax assets are recognised if there is virtual certainty that sufficient future taxable income will be



available against which such Deferred Tax assets can be realised. Deferred taxes are reviewed for the carrying values at each balance sheet date.

2.10 Employee Benefits

a) Provident Fund and Family Pension Schemes

These are defined contribution schemes and contributions are made to the Regional Provident Fund Authority at the prescribed rates and are charged to the Profit and Loss Account.

b) Gratuity

Gratuity, which is a defined benefit plan, is provided on the basis of actuarial valuation as at the balance sheet date and is recognized in the Profit and Loss Account.

c) Leave Entitlement

Long term accumulating leave entitlement, which is defined benefit plan, are provided on the basis of actuarial valuation as at the balance sheet date and is recognised in the Profit and Loss Account.

d) Actuarial gains/losses are immediately taken to Profit and Loss Account.

2.11 Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating payments are recognized as an expense in the Profit and Loss account on a straight line basis over the lease term.

2.12 Provisions and Contingent Liabilities

a) Provision is recognized when:

- i. The Company has a present obligation as a result of past event;
 - ii. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
 - iii. Reliable estimate can be made of the amount of the obligation.
- If these conditions are not met, no provision is recognized.

b) Contingent liability is recognized when:

- i. A possible obligation arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- ii. An present obligation that arises from past events but is not recognised because:
 - b. It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - c. A reliable estimate of the amount of the obligation cannot be made.



2.13 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or losses for the year attributable to equity shareholders and average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

SCHEDULE: 15 NOTES TO ACCOUNTS

1. The computation of profits under Section 349 of the Companies Act, 1956 has not been given as no commission is payable to Directors.

Payments made to Managing Director:-

(Amount in Rs.)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Salary & Other Benefits	3,507,933	1,552,358

2. In the opinion of the Board of Directors, current assets, loans and advances are expected to realize in the ordinary course of business value at least equal to the amount at which they are stated in the Balance Sheet.
3. The Company has not received information from vendors regarding their status under "The Micro Small and Medium Enterprises Development Act, 2006" and hence disclosure related to amounts unpaid as at the year end together with interest paid/payable under this Act has not been given.
4. Balance in parties accounts whether in debit or in credit are subject to confirmation.
5. **Deferred Tax**

The Deferred Tax as on March 31, 2010 comprise of the following:

(Amount in Rs.)

Particulars	Deferred Tax Assets/(Liabilities) as on April 1, 2009	(Charged)/ credit during the year	Deferred Tax Assets/(Liabilities) as on March 31, 2010
Deferred Tax Assets			
Leave Encashment	60,191	237,224	297,415
Gratuity	82,712	86,409	169,121
Provisions for Bad & Doubtful Debts	204	2,650,626	2,650,830
Provisions for Standard Assets	-	4,998,040	4,998,040
Provision for Incentives	-	1,189,650	1,189,650
Disallowance under Section 35 D	1,325,610	(331,403)	994,207
Deferred Tax Liabilities			
Depreciation	(324,894)	(503,536)	(828,430)
	1,143,823	8,327,010	9,470,833



IFCI FACTORS LIMITED**SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT****6. Contingent Liabilities**

There is a contingent liability in respect of Income tax demands against the Company relating to assessment years 2002-03, 2004-05 & 2007-08 aggregating to Rs. 2,780,975 (previous year Rs. 2,609,488) which is being contested by the Company at CIT/ITAT forum and final decision is pending.

7. Employees Benefits**a) Defined Contribution Plan:**

The Company has recognised Rs. 757,693 (previous year Rs. 496,239) as Provident Fund Contribution towards defined contribution plan as an expense in the Profit and Loss Account.

b) Defined Benefit Plan:

The Company has defined benefit plans in respect of gratuity and leave encashment. Valuation in respect of gratuity and leave encashment has been carried out by an independent actuary, as at the Balance sheet date on Project Unit Credit method.

The following table summarizes the components of net benefit/ expenses recognized in the Profit and Loss Account, the funded status and amounts recognized in the Balance Sheet for the respective plans:

(i) Principal Assumptions used in determining gratuity and post employment benefits are:

	Actuarial Assumptions	Year Ended March 31, 2010	Year Ended March 31, 2009
I	Discounting Rate	7.50%	7.00%
ii	Future Salary Increase	5.00%	4.50%
iii	Retirement age	58 Years	58 Years
iv	Mortality Rate	LIC (1994-96) duly modified	LIC (1994-96) duly modified
V	Ages	Withdrawal rate (%)	Withdrawal rate (%)
	Upto 30 Years	3	3
	From 31 to 44 years	2	2
	Above 44 years	1	1



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(ii) Changes in the Present Value of Obligation:

(Amount in Rs.)

		Gratuity		Leave Encashment	
		31.03.2010	31.03.2009	31.03.2010	31.03.2009
a)	Obligation as per last Balance Sheet	-	352,371	-	241,395
b)	Excess of opening amount of obligation over present value	-	(130,425)	-	(58,491)
c)	Present value of obligation as at beginning of the year	243,341	221,946	177,085	182,904
d)	Interest cost	18,251	15,536	13,281	12,803
e)	Past Service cost	-	-	-	-
f)	Current Service cost	179,762	74,716	395,274	73,522
g)	Benefits paid	-	(58,413)	(252,398)	(156,745)
h)	Actuarial (gain)/ loss on obligation	56,208	-10444	541,764	64,601
i)	Present value of obligation as at end of the year	497,562	243,341	875,006	177,085

(iii) Fair Value of Plan assets:

a)	Fair Value of Plan Assets as at beginning of the year	-	-	-	-
b)	Expected return	-	-	-	-
c)	Contribution	-	-	-	-
d)	Benefit paid	-	-	-	-
e)	Fair Value of Plan Assets as at end of the year	-	-	-	-
f)	Funded status	(497,562)	(243,341)	(875,006)	(177,085)

(iv) Actuarial gain/loss recognized:

a)	Actuarial (gain)/loss for the period-Obligation	56,208	(10,444)	541,764	64,601
b)	Actuarial (gain)/loss for the period-Plan assets	-	-	-	-
c)	Actuarial (gain)/ loss recognised in the year	56,208	(10,444)	541,764	64,601

(v) Amounts to be recognized in the Balance Sheet:

a)	Present value of obligation as at end of the year	497,562	243,341	875,006	177,085
b)	Fair Value of Plan Assets as at end of the year	-	-	-	-
c)	Funded status	(497,562)	(243,341)	(875,006)	(177,085)
d)	Net Liability recognized in the Balance Sheet	(497,562)	(243,341)	(875,006)	(177,085)



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

(vi) Expenses recognized in the Profit and Loss Account:

a)	Current Service cost	179,762	74,716	395,274	73,522
b)	Past service cost	-	-	-	-
c)	Interest cost	18,251	15,536	13,281	12,803
d)	Return on the plan assets	-	-	-	-
e)	Net Actuarial (gain)/loss recognized in the year	56,208	(10,444)	541,764	64,601
f)	Charge as per actuarial valuation	254,221	79,808	950,319	150,926
g)	Excess of opening amount of obligation over present value written back	-	(130,425)	-	(58,491)
h)	Expenses/(Income) recognised in the Profit and Loss Account	254,221	(50,617)	950,319	92,435

8. Auditors Remuneration includes payment/ provisions to auditors of:

(Amount in Rs.)

Sr. No.	Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
i)	Audit Fee	150,000	60,000
ii)	Tax Audit Fee	25,000	25,000
iii)	In Other Capacity	55,000	20,000
iii)	Service Tax	23,690	10,918
	Total	253,690	115,918

9. (i) Category wise quantitative data about Derivative Instruments:

Nature of Derivatives	Amount in USD	Amount in Rs.
currency swap	5,500,000	249,275,000

(ii) Foreign exchange exposures that are not hedged by derivative instruments or otherwise are as follows:

Particulars		Amount	Amount in Rs.
Cash & Bank Balances	EURO	912.76	52,940
	GBP	46.64	3,079
	USD	911.58	40,429

10. The estimated amount of contract to be executed on capital account is Rs. 2,376,492.



IFCI FACTORS LIMITED**SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT****11. Details of Investments sold/redeemed:**

Name of the Scheme	No. of units	Face Value	Amounts in Rs.
HDFC Liquid Fund-Premium Plan- Growth	28,951,134	10	524,710,671
LIC MF Liquid Fund- Growth Plan	21,638,436	10	360,166,020
UTI Mutual Fund	114,205	1000	115,059,047
Canara Rebeco Liquid Fund- Institutional – Growth	1,836,409	10	50,013,960

12. Segmental Information

Based on the guiding principles given in the Accounting Standard 17 on "Segment Reporting", issued by the Institute of Chartered Accountants of India, the Company's primary business segment is factoring of receivables and purchase bills. The Company operates in one geographical segment and no further disclosures as per AS-17 are required to be made.

13. Related Party Disclosure:**A) Names of the Related Parties:****i) Holding Company**

IFCI Limited

ii) Subsidiaries & Associate

Related Party	Relationship
IFCI Venture Capital Funds Limited	Fellow Subsidiaries
IFCI Infrastructure Development Limited	Fellow Subsidiaries
IFCI Financial Service Limited	Fellow Subsidiaries
MPCON Limited	Fellow Subsidiaries
IFCI Commodity Limited	Step down Fellow Subsidiaries
Tourism Finance Corporation of India Limited	Associate
Assets Care Enterprises Limited	Associate
HIMCOM Limited	Associate
NITCON Limited	Associate
HARDICON Limited	Associate

iii) Key Management Personnel

Mr. Rakesh Kapoor (Managing Director)



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

B) Transactions with Related Parties:

(Amount in Rs.)

Nature of Transaction	Holding Company		Fellow Subsidiaries & Associate Company		Key Management Personnel	
	IFCI Limited		IFCI Financial Services Limited			
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Rent Paid	15,713,185	1,330,194	-	-	-	-
Loan Taken						
Opening Balance	25,00,00,000	-	-	-	-	-
Add: Fresh Accepted	1,200,000,000	40,00,00,000	-	-	-	-
Less: Repayments/Transferred to Share Application	500,000,000	15,00,00,000	-	-	-	-
Closing Balance	950,000,000	25,00,00,000	-	-	-	-
Managing Directors' Remuneration	-	-	-	-	3,507,933	1,552,358
Interest						
Opening Balance	5,465,753	-	-	-	-	-
Add: Interest for the year	65,529,178	18,942,373	-	-	-	-
Less: Repayments	53,703,151	13,476,620	-	-	-	-
Closing Balance	17,291,780	5,465,753	-	-	-	-
Other Expenses	38,917	-	-	-	-	-
Guarantee Commission	500,000	-	-	-	-	-
Security Deposits	-	-	-	1,000	-	-
Equity Share issued as Rights	-	593,577,000	-	-	-	-



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

14. Leases

Office Premises are on operating lease from the Holding Company. The lease term is for 11 months and renewable on such terms and conditions as may be mutually agreed between the parties.

(Amount in Rs.)

	Year Ended March 31, 2010	Year Ended March 31, 2009
a) Lease payments for the period	15,713,185	5,752,599
<i>Minimum Lease payments:</i>		
b) Not later than one year	12,105,000	13,315,500
c) Later than one year but not later than five years	-	-
d) Later than five years	-	-

15. Earnings Per Share (EPS)

	Year Ended March 31, 2010	Year Ended March 31, 2009
Net Profit as per Profit & Loss Account	105,922,889	27,811,901
Number of Equity Shares at the beginning of the year	79,357,700	20,000,000
Number of Equity Shares issued during the year	-	59,357,700.00
Total number of Equity Shares outstanding at the end of the year	79,357,700	79,357,700
Weighted average number of Equity Shares outstanding during the year	79,357,700	38,213,870
Nominal Value of Equity Shares	10	10
Basic and Diluted Earnings per Share (Rs.)	1.33	0.73

16. Disclosure as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988

(Amount in Rs.)

		Particulars	
(i)	Gross Non-Performing Assets		
	(a)	Related Parties	-
	(b)	Other than Related Parties	77,982,525
(ii)	Net Non-Performing Assets		
	(a)	Related Parties	-
	(b)	Other than Related Parties	70,184,272
(iii)	Assets acquired in satisfaction of debts		-

17. The Company has started creating provision @0.50% on standard assets from current year considering the inherent risk in Factoring Business.



IFCI FACTORS LIMITED

SCHEDULES 1-15 FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

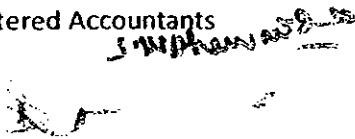
18. Information pursuant to paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act, 1956 to the extent applicable:

(Amount in Rs.)

	Year Ended March 31, 2010	Year Ended March 31, 2009
Expenditure in Foreign Currency		
Membership Fee and Subscription Fee	433,113	400,832
Import Factor Commission	8,355	682,498
Computer Maintenance Charges	822,010	947,698
Travelling	417,972	143,164
Earnings in Foreign Currency		
Discounting and Service Charges	304,102	3,069,422

19. Previous year figures have been re-grouped/re-arranged/re-classified wherever necessary to make them comparable with the current period figures.

As per our report attached
for S. N. Dhawan & Co.
Chartered Accountants



Rajeev K. Saxena
Partner
Membership No. 77974

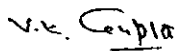
For and on behalf of the Board of Directors



Atul Kumar Rai
Chairman



Rakesh Kapoor
Managing Director


V. K. Gupta
Company Secretary

Date: 16 APR 2010
Place: New Delhi

