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ANNUAL REPORT 2009 - 10

### **SEVENTEENTH ANNUAL GENERAL MEETING**

DATE : September 17, 2010  
DAY : Friday  
TIME : 10:30 A.M.  
PLACE : Air Force Auditorium  
Subroto Park  
New Delhi - 110010

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

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**BOARD OF DIRECTORS**

(As on 23.07.2010)

<b>Shri Prakash P Mallya</b>	<b>Chairman of the Board</b>
<b>Shri K V Eapen</b>	
<b>Shri Sanjeev Kumar Jindal</b>	
<b>Shri Shilabhadra Banerjee</b>	
<b>Shri P G Muralidharan</b>	
<b>Smt Usha Sangwan</b>	
<b>Prof Shobhit Mahajan</b>	
<b>Shri Tejinder Singh Laschar</b>	
<b>Shri K Raghuraman</b>	
<b>Shri S Shabbeer Pasha</b>	
<b>Prof Omprakash Mishra</b>	
<b>Shri Atul Kumar Rai</b>	<b>CEO &amp; Managing Director</b>
<b>Shri Sujit K Mandal</b>	<b>Whole Time Director</b>

**PRINCIPAL OFFICERS****EXECUTIVE DIRECTOR**

Shri Javed Yunus

**CHIEF CREDIT OFFICER**

Shri T K Ray

**CHIEF TREASURY & INVESTMENT OFFICER**

Smt Shashi Sharma

**CHIEF GENERAL MANAGERS**

Shri Sonjoy Sethee (CFO)	Shri N D Auddy	Shri N K Duggal	Shri B N Nayak
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**GENERAL MANAGERS/VICE PRESIDENTS**

Shri Dinesh Sharma	Shri D K Jain	Shri Gautam Meour	Shri Rattan Singh
Shri V Satyavenkata Rao	Shri S P Sharma	Smt Manju Jain	Shri P N Swaminathan
Shri Sanjeev Kumar Jain	Shri S K Vats	Shri Biswajit Banerjee	Shri Prasoon

**COMPANY SECRETARY**

Smt Rupa Sarkar

**STATUTORY AUDITORS**Chokshi & Chokshi  
Chartered Accountants

## FINANCIAL HIGHLIGHTS

	<b>(Rs. crore)</b>	
	<b>As at</b>	<b>As at</b>
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
<b>RESOURCES</b>		
Share Capital	<b>1,001.68</b>	1,108.28
Reserves and Surplus	<b>3,608.12</b>	2,632.47
Borrowings in Rupees	<b>13,028.27</b>	9,039.98
Borrowings in Foreign Currency	<b>534.19</b>	631.29
	<b><u>18,172.26</u></b>	<u>13,412.02</u>
<b>APPLICATION</b>		
Fixed Assets	<b>1,450.10</b>	889.10
Investments	<b>5,882.43</b>	4,038.76
Deferred Tax Assets	<b>1,387.44</b>	1,726.31
Net Current Assets	<b>9,452.29</b>	6,757.85
	<b><u>18,172.26</u></b>	<u>13,412.02</u>
	<b><u>2009-2010</u></b>	<b><u>2008-2009</u></b>
<b>EARNINGS</b>		
Total Income (Rs. crore)	<b>1,679.33</b>	1,484.52
Profit before tax (Rs. crore)	<b>1,115.26</b>	1,010.23
Profit after tax (Rs. crore)	<b>670.94</b>	657.15
<b>RATIOS</b>		
Capital Adequacy (excl. Deferred Tax Assets)	<b>17.9%</b>	19.7%

## NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of IFCI Limited will be held on Friday, September 17, 2010 at 10:30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact the following business:

### Ordinary Business

1. To consider and adopt the Audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended March 31, 2010 and the Report of the Board of Directors and Auditors' thereon.
2. To confirm the interim dividend already paid on Preference Shares as Final Dividend.
3. To declare dividend on Equity Shares.
4. To appoint a Director in place of Prof Shobhit Mahajan, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri Prakash P Mallya, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED that in accordance with the provisions of Section 256 and other applicable provisions of the Companies Act, 1956, if any, the vacancy being caused by retirement by rotation of Shri Tejinder Singh Laschar, a Director, at this Annual General Meeting be not filled up.”

7. To appoint Auditors and fix their remuneration and for the purpose to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 224A, and other applicable provisions, if any, of the Companies Act, 1956, M/s Chokshi & Chokshi, Chartered Accountants (Firm Registration No.101872W), be and are hereby reappointed as Auditors of the Company, from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided by the Board/Audit Committee of Directors of the Company, in addition to reimbursement of all out of pocket expenses in connection with the audit of the Company.”

### Special Business

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

“RESOLVED that approval be and is hereby accorded under Section 163 and other applicable provisions, if any, of the Companies Act, 1956 for maintaining the Register and Index of Members and Family Bondholders and copies of all annual returns prepared under Sections 159 and

160 together with copies of the Certificates and Documents required to be annexed thereto under Sections 160 and 161, or any one or more of them be kept at the premises of the Company's Registrar and Transfer Agent, MCS Ltd at F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi-110020.”

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

“RESOLVED that pursuant to Section 260 of the Companies Act, 1956, Article 130 of the Articles of Association of the Company, Prof Omprakash Mishra, who was appointed as an Additional Director with effect from April 30, 2010 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, proposing his candidature as a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

### Registered Office:

IFCI Ltd  
IFCI Tower  
61 Nehru Place  
New Delhi-110019

### By order of the Board of Directors

**Rupa Sarkar**

Company Secretary

Dated : July 23, 2010

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED TO THE REGISTERED OFFICE OF THE COMPANY ATLEAST FORTY- EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, setting out material facts in respect of the business under Item Nos. 8 and 9 are annexed hereto.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and Holidays between 11:00 A.M. and 1:00 P.M. up to the date of Annual General Meeting.
4. Register of Members and Share Transfer Books for Equity Shares will remain closed from Wednesday, September 8, 2010 to Friday, September 17, 2010 (both days inclusive).
5. IFCI is not including the financial statements and other details of its subsidiaries viz. IFCI Financial Services Ltd, IFCI Venture Capital Funds Ltd, IFCI Infrastructure Development Ltd, IFCI Factors Ltd and MPCON Ltd, in its financial statements in terms of exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the

Companies Act, 1956. However, annual accounts of the subsidiary companies and the related detailed information will be made available to the investors of IFCI or its subsidiary Companies seeking such information at any point of time on specific request in writing to the Company. The Annual Accounts of the subsidiary companies are open for inspection at the registered office of IFCI Ltd and at the registered offices of the respective subsidiary companies up to the date of Annual General Meeting on any working day.

6. The members holding shares/bonds in physical form are requested to intimate to the Registrar and Transfer Agent (R&TA), MCS Ltd, F-65, Okhla Industrial Area, Phase - I, New Delhi-110020, change of address, if any, at the earliest, quoting their registered folio number. Change of address in respect of shares/bonds held in dematerialized form is required to be intimated to the concerned Depository Participant.
7. Members holding shares in more than one folio in identical order of names are requested to write to R&TA enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.
8. Members seeking any information with regard to accounts or operations are requested to write to the Company at an early date, preferably atleast seven days prior to the date of meeting, so as to enable the management to keep the information ready.
9. Members/Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialized form are requested to bring their Client ID and DPID numbers for easy identification of attendance at the meeting.
10. Pursuant to Section 205A of the Companies Act 1956, the Company has already transferred all unclaimed dividend declared up to the financial year ended March 31, 1994 to the General Revenue Account of the Central Government as required by the Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed their dividend upto the aforesaid financial year may claim their dividend from the Registrar of Companies, Delhi & Haryana.
11. Consequent upon amendment to Section 205A and introduction of Section 205-C of the Companies Act, 1956, the unclaimed dividend for the financial years 1994-95 to 1998-99 has been transferred to the Investor Education and Protection Fund.
12. The dividend for the Financial Year 2008-09, which remained unclaimed after 30 days from the date of declaration of dividend had been transferred to the Unpaid Dividend (2008-09) Account of IFCI Ltd. The Dividend remaining unclaimed for seven years from the date of transfer to the above mentioned account, is required to be transferred by the Company to the Investor Education and Protection

Fund (IEPF). The due date for transfer of unpaid dividend amount for the year (2008-09) to IEPF is 22.10.2016.

13. Members who have not yet encashed their dividend warrants or have not received the dividend warrants are requested to seek issuance of demand draft. Such members may write to IFCI Ltd for the payment of unpaid dividend amount. It may be noted that once the unclaimed dividend is transferred to the IEPF, no claim shall lie in respect thereof.

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

##### **Item No. 8**

MCS Ltd is presently acting as the Registrar & Transfer Agent (R&TA) for both Equity Shares and Family Bonds. The Company had at its Eleventh AGM held on August 18, 2004 taken the approval of members for maintaining the Register and Index of Members and Family Bondholders and copies of annual returns at the office of R&TA at Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase II, New Delhi-110020. MCS Ltd has changed its office from Sri Venkatesh Bhawan, W-40, Okhla Industrial Area, Phase II, New Delhi-110020 to F-65, 1st Floor, Okhla Industrial Area, Phase I, New Delhi-110020. In view of this, fresh approval of the members is required for maintaining the Register and Index of Members and Family Bondholders at new address.

Your Directors recommend the Special Resolution for approval of the members.

None of the Directors of the Company are, in any way, concerned or interested in the said resolution.

##### **Item No. 9**

Prof Omprakash Mishra, was appointed as an Additional Director by the Board of Directors of the Company. In terms of Section 260 of the Companies Act, 1956, Prof Mishra shall hold office upto the date of this Annual General Meeting of the Company. The Company has received a valid notice and requisite deposit from a member of the Company under Section 257 of the Companies Act, 1956 proposing the candidature of Prof Mishra for office of Director. Brief resume of Prof Mishra is set out in the "Information about Directors seeking appointment/reappointment at the Annual General Meeting as required under the Code of Corporate Governance Clause of Listing Agreement."

Your Directors recommend the resolution for approval of the members.

Prof Mishra is interested in the resolution as it relates to his appointment. None of the other Directors of the Company are, in any way, concerned or interested in the said resolution.

**Registered Office:**  
IFCI Ltd  
IFCI Tower  
61 Nehru Place  
New Delhi-110019

**By order of the Board of Directors**

Dated : July 23, 2010

**Rupa Sarkar**  
Company Secretary

**INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE CLAUSE OF LISTING AGREEMENT**

Information about Prof Shobhit Mahajan, Shri Prakash P Mallya and Prof Omprakash Mishra, Directors seeking appointment/reappointment are as under:

- a) Professor Shobhit Mahajan, aged 49, has done his M.S. (Physics) and Ph.D (Physics) from University of California, Berkeley. He has been involved for several years in research and teaching at the University of Delhi and California. He has authored several books on Science and Information Technology. He is also on the Board of IFCI Financial Services Ltd. He does not hold any Directorship/Committee Membership in any other company except IFCI Financial Services Ltd. He also does not hold any shares in IFCI.
- b) Shri Prakash P Mallya, aged 62, served Canara Bank for 32 years and was also Executive Director in Syndicate Bank before being posted as Chairman & Managing Director of Vijaya Bank. He is a Post Graduate in Economics and banker by profession. He has experience of more than 34 years in the banking sector.
- c) Professor Omprakash Mishra, aged 49, is the senior most Pro Vice Chancellor, Indira Gandhi National Open University. He has served the National Security Advisory Board. He has been engaged in teaching and research for the last 20 years in Jadavpur University, Kolkata. He has done his M.A and M. Phil in International Politics from Jawaharlal Nehru University, New Delhi. He has been a consultant to many reputed international research institutes and organizations. He serves various committees, expert group and is regularly consulted on policy and governance issues by a number of government departments, academic and research institutes across the country. He does not hold any Directorship/Committee Membership in any other company. He does not hold any shares in IFCI.

**LISTING AT STOCK EXCHANGES**

The Company's Equity Shares are listed at following six Stock Exchanges in India. Besides, the bonds issued to the public by the Company were also listed at Stock Exchanges mentioned at Sl. No. 1, 2 and 3 below. After the redemption of these Bonds on maturity/through exercise of call option, the listing of these bonds have been discontinued.

- |  |   |
|--|---|
| 1. Bombay Stock Exchange Ltd<br>Phiroze Jeejeebhoy Tower<br>Dalal Street<br>MUMBAI-400 001         | 2. The National Stock Exchange of India Ltd<br>Exchange Plaza, 5 <sup>th</sup> Floor<br>Plot No.C/1, G Block<br>Bandra-Kurla Complex, Bandra (East)<br>MUMBAI-400 051 |
| 3. The Delhi Stock Exchange Ltd<br>DSE House, 3/1 Asaf Ali Road<br>NEW DELHI-110 002               | 4. The Calcutta Stock Exchange Ltd<br>7 Lyons Range<br>KOLKATA-700 001  |
| 5. The Madras Stock Exchange Ltd<br>Post Box No.183<br>No.30, Second Line Beach<br>CHENNAI-600 001 | 6. Ahmedabad Stock Exchange Ltd<br>Kamdhenu Complex<br>Opp. Sahajanand College<br>Panjara Pole, Ambawadi<br>AHMEDABAD-380 015   |

The Company has paid the annual listing fee to all the Stock Exchanges for the Financial Year 2010-2011 except to the Stock Exchanges at New Delhi, Kolkata, Ahmedabad and Chennai as the Company had applied for delisting of securities pursuant to the resolution passed at the Annual General Meeting held on September 10, 2001 and September 12, 2003.



## DIRECTORS' REPORT

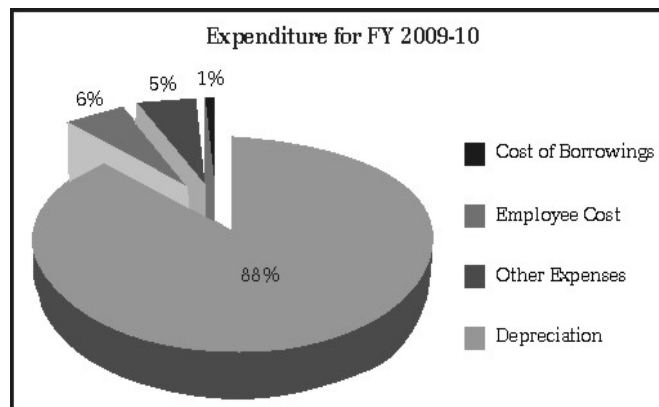
### To the Members

The Board of Directors of your Company has the pleasure of presenting the Seventeenth Annual Report of IFCI Limited together with the Audited Statements of Accounts for the year ended March 31, 2010.

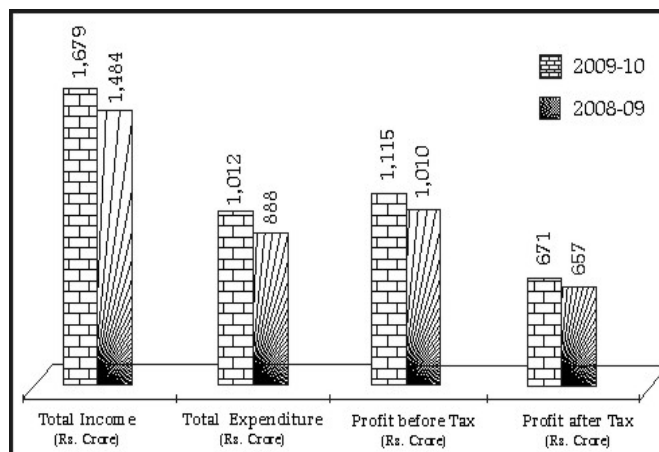
### FINANCIAL RESULTS

PARTICULARS	(Rs. crore)	
	2009-10	2008-09
1. Operational Income	1,657	1,402
2. Total Income	1,679	1,484
3. Cost of Borrowings	891	790
4. Staff Cost/Other Expenditure	112	91
5. Depreciation	9	7
6. Total Expenditure	1,012	888
7. Profit before provisions/write-off	667	596
8. Write-off/Provisions for Bad & Doubtful Assets(net of reversal)	(448)	(414)
9. Profit Before Tax	1,115	1,010
10. Tax Expense	444	353
11. Profit After Tax	671	657
12. Surplus brought forward from previous year	312	12
13. Appropriations:		
Reserve u/s 45 IC of RBI Act	134	134
Capital Redemption Reserve	82	82
General Reserve	65	65
Special Reserve u/s 36(1)(viii)	10	-
Dividend on Equity Shares (incl. Tax)	84	71
Dividend on Preference Shares (incl. Tax)	0*	5
14. Balance carried to Balance Sheet	<b>608</b>	<b>312</b>

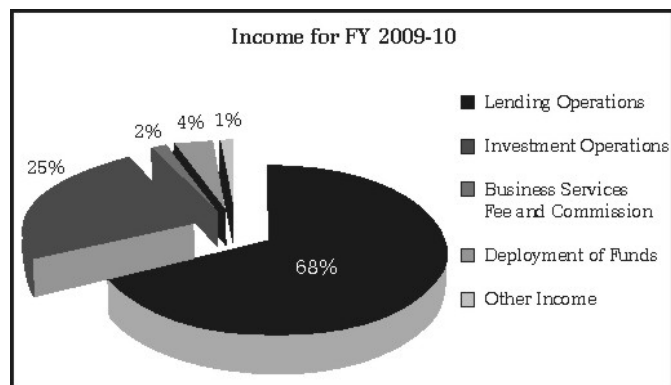
\* Rs.0.31 crore



The Profit and Loss Account for the current year shows a growth of 13% in the total income to Rs.1,679 crore vis-à-vis Rs.1,484 crore in the previous year. It may be observed that the growth in total income has been attained even as the size of the Balance Sheet of the Company had been declining continuously right upto March 31, 2009 when it had shrunk to Rs.13,415 crore as compared to Rs.15,189 crore as on March 31, 2006, owing to restrictions on creation of fresh assets. The rise in the income during 2009-10 arises mainly out of the fresh assets created by your Company over the last two years.



In order to create fresh assets and resume growth in the Balance Sheet of your Company fresh borrowing became necessary which accounts for increase in the cost of borrowings to Rs.891 crore from Rs.790 crore in the previous year. Your Company has posted a 10% growth in Profit Before Tax of Rs.1,115 crore for the current year vis-à-vis Rs.1,010 crore in the previous year. This is the fourth consecutive year of robust profits and it is significant that the financial performance of your Company has gone from strength to strength in the face of a challenging economic environment.



## Dividend

Your Directors have recommended a Dividend @ Re.1 per equity share (10%) of face value of Rs.10/- for the year 2009-10. Further, Dividend at the applicable rate i.e. Rs.0.31 crore (including Corporate Dividend Tax) on Preference Shares has been paid as Interim Dividend.

## Directors

Since the last Annual General Meeting, Shri K Narasimha Murthy resigned from the Board of Directors w.e.f. September 19, 2009 and Shri Shilabhadra Banerjee was appointed as a Director in casual vacancy w.e.f. April 30, 2010. Also, Prof Omprakash Mishra joined as an Additional Director w.e.f. April 30, 2010.

## Directors' Responsibility Statement

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

- that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for the year under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts for the year ended March 31, 2010 on a 'going concern basis'.

## Auditors

M/s Chokshi & Chokshi, Chartered Accountants (Firm Registration No.101872W), Mumbai, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. You are requested to consider their appointment.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (i) Operating Environment and Outlook

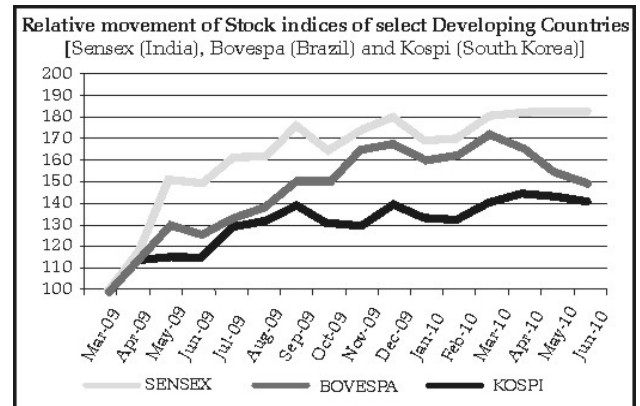
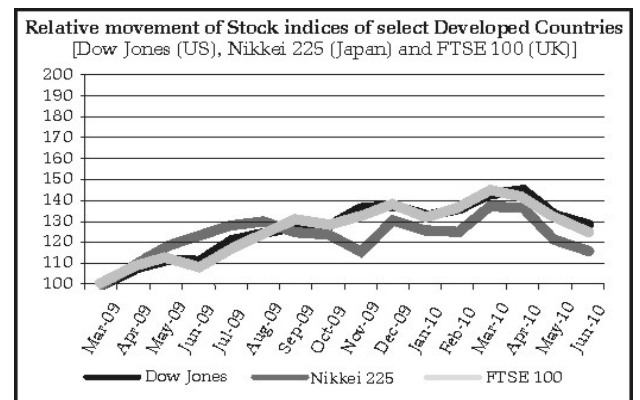
#### Global Scenario

The fiscal 2010 began on a positive note. The economies world over witnessed discernible improvement, after passing through a financial crisis which erupted in the third quarter of 2008-09 from the financial sector in western countries, which soon enveloped the entire world in an economic recession. The recovery owes itself mainly to the interventions which, on the monetary side, consisted in central banks infusing ample liquidity and

the package launched by Governments, on the fiscal side, to boost aggregate demand.

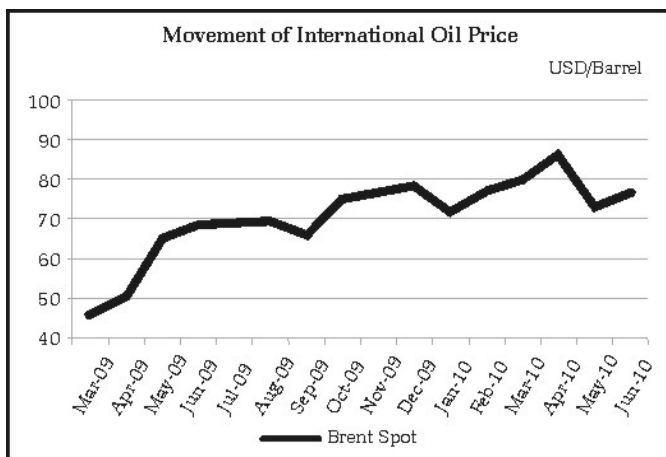
With the recovery well underway led by emerging economies, the problem now being encountered is the timing and speed with which to address the mounting public debt. Euro zone has already been hit by waves of insecurity churned up by the region's debt crisis arising from mounting debt burden of Greece and some other countries and consequent down-gradation of their credit ratings. To check the debt crisis, the European Governments have announced a financial package of 750 Billion Euro (almost USD 1 Trillion). However, concerns remain on whether the financial package would be sufficient to address the situation. The financial markets, owing to their integration, continue to display nervousness due to the uncertainties in the pace of recovery in the North Atlantic world.

A comparative analysis of the movement of stock exchange indices of three developed economies, represented through the Dow Jones (US), Nikkei 225 (Japan) and FTSE 100 (UK), and assuming a base "Index" of '100', representing the closing index of March 2009, the closing index at the end of each month till June 2010 have been plotted on a graph. Similarly, the monthly closing data on stock exchange indices in respect of developing economies represented through Sensex (India), Bovespa (Brazil) and Kospi (South Korea) are plotted in another graph, which are as under:



Almost all the countries world over have shown signs of recovery in FY 2009-10. The movement of the monthly closing indices from April 2009 to June 2010 as reflected in the two graphs above depicts the well known fact that the emerging economies had higher growth momentum as compared to the developed countries. Among the monthly closing indices of three developed countries considered above, Dow Jones (US) and FTSE 100 (UK) have moved almost in tandem while the movement of Nikkei 225 (Japan) varied due to the various domestic factors. In respect of the developing countries, among the three monthly closing indices depicted above, all moved up in tandem till the end of April 2009, but thereafter the recovery of Sensex was fastest, followed by Bovespa (Brazil) and Kospi (South Korea).

The trends of economic growth also get reflected on the crude oil price. As the world was coming out of recessionary conditions, with increase in demand and other factors, the average crude oil price also registered an increasing trend. The crude oil price, which in the first week of April 2009 was at a level below USD 52.5 a barrel, gradually increased with the revival of global economy, and touched USD 85 a barrel in the last week of April 2010. The above movement, represented by 'Brent Spot' is shown below:



The trend of economic data release of the major developed and developing countries and the state of oil stockpiles have influenced the price movements. With the de-controlling of petrol prices by Government of India on June 25, 2010, any upward movement of the international oil prices might have a direct bearing on the inflationary pressure in Indian economy.

The G-20 Summit held at Toronto in the last week-end of June, 2010 has emerged as a 'premier forum for discussing international economic issues'. The Hon'ble Prime Minister of India, on his return from G-20 Summit, had expressed concern with regard to the situation in the Euro-zone and the situation of the banking system in Europe in view of the inadequacy of the recovery that had taken place. On the rebalancing and strengthening of the global growth, he expressed the need of a calibrated attempt at fiscal

consolidation rather than a one-size-fits-for-all sort of action, and the countries which want to go ahead with fiscal consolidation, must do it in a growth-friendly manner. (Source: Press Information Bureau, GoI).

The International Monetary Fund (IMF) has indicated on July 8, 2010 that the world economy will expand 4.6% in 2010, compared with the projection of 4.2% made in April 2010, 'reflecting a stronger-than-expected first half, while warning that the financial market turmoil has increased the risks to the recovery'. The growth, when compared to decline of world economy by 0.6% in 2009, is significant. Growth for 2011, projected at 4.3%, has remained unchanged from their April 2010 forecast.

### Indian Economy

The Indian economy has clocked a growth rate of 7.4% in FY 2009-10 withstanding the ripples of imbalances in other parts of the world, as against growth of 6.7% in the previous year, i.e. FY 2008-09. This was made possible by India's more measured policy actions, strong counter-cyclical regulatory measures, resilient banking system, strong domestic demand and other positive features of the economy which helped in the early mitigation of the adverse impact of global financial crisis and recession.

The strongest impetus of recovery came from the manufacturing sector, which registered a double digit growth of 10.4% during FY 2009-10. The Index of Industrial Production (IIP) recorded a growth of 16.7%, 15.1% and 13.5% in January, February and in March 2010 respectively. The recovery was also more broad-based with 14 out of 17 industry groups recording accelerated growth during FY 2009-10.

Exports, which had remained in the negative territory for almost a year since October 2008, entered a growth phase from November 2009. In view of the initial sluggishness during FY 2009-10, cumulative exports declined by 4.7% to USD 176.5 billion and imports declined by 8.2% to USD 278.7 billion. Consequently, the trade deficit for the year 2009-10 was lesser at USD 102 billion as against USD 118 billion for the previous year.

International Rating agencies viz., Standard & Poor's Ratings Services has revised the outlook on India to 'stable' from 'negative' in March 2010 and Fitch Rating has raised outlook of India's long term local currency to 'stable' from 'negative' in June 2010. Fitch, while revising the outlook on India's local currency, considered a fall in the Government debt ratio on the back of strong economic growth and the one-off revenues from the 3G license and broad-band spectrum auctions. The agency has raised India's 2010-11 growth forecast to 8.5% from 7%, owing to signs of strong growth momentum, including industrial production growth of 17.6% in April 2010, year-on-year.

The Government has resolved to attain fiscal consolidation through a calibrated reduction of fiscal deficit, which was budgeted at 5.5% for the FY 2010-11 as against fiscal deficit of 6.8% in FY 2009-10. In this direction, Government has

deregulated Petrol price on June 25, 2010, which would lead to reduction of the 'under-recoveries'. Decontrol of diesel would be considered in due course and Government is planning a new pricing formula for key auto fuels.

Inflation represented by Wholesale Price Index (WPI), was in the negative zone for 3 months in a row till August 2009, but thereafter, accelerated from 0.5% in September 2009 to 9.9% in March 2010. It touched 10.2% in May 2010 when two-thirds of WPI inflation was contributed by non-food items, suggesting demand side pressure. In a bid to tame the inflationary pressures in the backdrop of a steady economic recovery, the Reserve Bank of India, hiked the repo and reverse repo rates by 25 basis points each to 5.5% and 4.0% respectively on July 2, 2010 over and above similar increase in such rates in its Annual Monetary Policy for FY 2010-11 in April 2010. The Cash Reserve Ratio, which was raised by 25 basis points to 6% in April 2010, was not altered.

The driving force for growth in the coming years is expected to come from the infrastructure sector. While industrial and infrastructural development would play the pivotal role in the growth forecast of Indian economy, on the Agricultural and Rural front, apart from the expectation of normal monsoon, a number of measures like improved education levels, larger agriculture credit, higher support prices, NREGA payments, repatriations from migrants, etc. would provide a buffer to the rural economy. These would enable the country to move up to a higher growth trajectory.

IMF, on July 08, 2010, revised the growth projection for India in 2010 to 9.5%, envisaging that 'Indian growth story during the year would be driven by favourable financing conditions and robust corporate profits'.

### **Initiatives of IFCI**

During the fiscal 2010, notwithstanding the challenging economic environment, IFCI has continued to exhibit the resilience of its business model and strategy by registering an all round expansion in its business and improvement in its financial performance. After almost a decade, your Company arrested the decline in its Balance Sheet as total disbursement of financial assistance registered an increase of 82.81% over the previous year.

IFCI's approach towards lending was guided by maximization of return on investment, while maintaining the emphasis on due diligence, ensuring security cover as well as putting in place appropriate risk mitigants. High yielding short term lending, backed with strong and easily enforceable security, formed the key strengths helping your Company to expand its asset base without any NPAs.

With sectoral focus on services and infrastructure, your Company has already set up a Project Development Group (PDG) with expertise in appraisal of infrastructure projects. The group is part of IFCI's strategy to enter infrastructure projects early in their life cycle, ensuring IFCI reasonable returns over cost of funds. PDG has expanded its footprint

in project development activities for generating better and consistent return on its investments in infrastructure projects like Hydro and Thermal Power, Power Transmission, Roads etc.

In what may be termed as a recognition of IFCI's management and execution competency, IFCI was invited to sign two significant MOUs with Government of Karnataka on June 4, 2010, in the presence of Hon'ble Chief Minister of Karnataka. IFCI would extend its financial expertise and resources to the prospective business opportunities contained in the projects cleared at the 'Global Investors Meet', according to the first MOU. The second MOU envisages development of Financial City on 50 acres near Bengaluru International Airport allocated by Government of Karnataka. The MOU involves execution of Financial City through IFCI's wholly owned subsidiary viz. IFCI Infrastructure Development Ltd. (IIDL).

Your Company will continue to explore possibilities for new business for short and medium term with the aim of establishing a niche market for itself in financial products like loans against liquid securities, Take-out Finance and Debt Swapping, etc. IFCI has also embarked upon participating in QIPs & Private Equity and IPO funding.

Your Company has also strengthened the activities in areas of 'Corporate Advisory Services'. IFCI is the nodal agency for channelizing the Sugar Development Loans of Government. Your company now provides basket of services in the areas of appraisal, disinvestment and monitoring, in addition to valuation and bid assignment.

Your Company, based on its proven efficiency and skills in managing its own NPAs, has been employing this expertise to the resolution of NPAs in the banking sector by acquiring NPAs (from Banks and other Lenders) and helping in the resolution of these assets so that they are freed and put to a more optimum use.

Your Company has been continuously posting profits. After paying dividend @ 8% for the year 2008-09, the Board of Directors is now recommending to pay dividend @ 10% for the year 2009-10, subject to your approval. The capital adequacy ratio of your Company as on March 31, 2010 at 17.9% is adequate. Your Company has met with enthusiasm from all classes of investors in its bid to raise resources to ensure accelerated growth in the years to come.

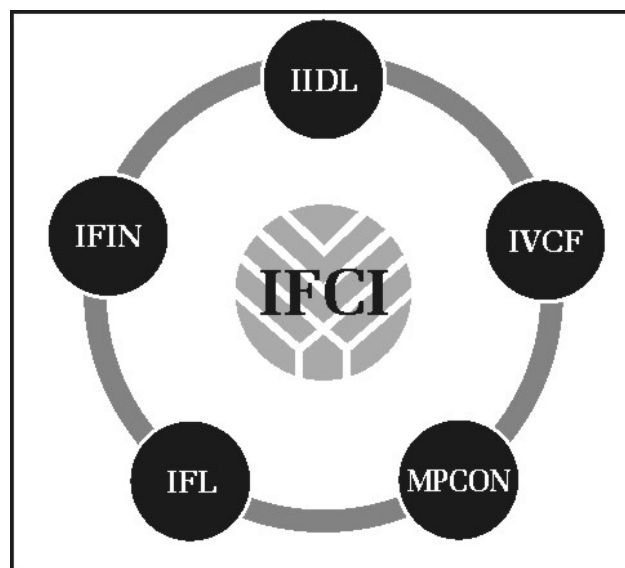
The Headquarter of your Company, the 'IFCI Tower' has been up-graded and is now one of the best office buildings in Delhi NCR. The workspace meant for the staff of your Company has been revamped both at IFCI Tower and other Regional Offices, to create a conducive work environment.

As per the study carried out by 'The Economic Times and Great Places To Work Institute', your Company has been ranked as India's 3rd Best Company to work for in 2010 in the Banking and Credit Services category.

Following subsidiary companies have synergized their operations with IFCI:

- **IFCI Infrastructure Development Ltd (IIDL)**, a wholly owned subsidiary of IFCI, promoted to leverage its expertise in the infrastructure sector. IIDL has played an instrumental role in quick and profitable resolution of IFCI's NPAs by taking some of these NPAs on its books. IIDL has launched '21<sup>st</sup> Milestone Residency', an affordable housing project complying with green building features, at Raj Nagar, Ghaziabad, on one of the properties acquired through NPA route. IIDL has shown growth during the year 2009-10 and earned a net profit of Rs.4.01 crore and its asset base has reached Rs.344.04 crore as on March 31, 2010.
- **IFCI Venture Capital Funds Ltd (IVCF)** is promoting entrepreneurship by providing institutional support to the first generation technocrats and entrepreneurs for setting up their own ventures in the medium sector. It has, since inception, financed over 400 projects and supported commercialization of more than 50 new technologies. In keeping with IFCI's strategy to grow the business of subsidiaries, IVCF has launched three private equity/venture capital funds, from which investments aggregating Rs.210.45 crore have been sanctioned. IVCF is also providing advisory services and short term loans. IVCF made a profit (after tax) of Rs.4.94 crore in 2009-10.
- **IFCI Financial Services Ltd (IFIN)** is engaged in Stock Broking, Investment Banking, Mutual Fund Distribution & Advisory Services, Depository Participant Services and Insurance Products. IFIN has increased its footprint and established a pan-India presence. It is backed by well experienced, committed and qualified professionals in various facets of the financial landscape to provide unmatched services to its diverse clientele. IFIN has improved its income from operation during the FY 2009-10 to Rs.26.11 crore from Rs.5.55 crore in the FY 2008-09.
- **IFCI Factors Ltd (IFL)** is the first member of Factors Chain International from India. It has pioneered the export factoring business in India and is also providing domestic factoring services, through which it is steadily replacing the hitherto conventional modes of working capital finance in the banking space. FY 2009-10 has been a significant year for IFL as it achieved factoring turnover of Rs.1,163.69 crore, Funds in use of Rs.302.74 crore and Net Profit of Rs.10.59 crore registering a growth of 189% in factoring turnover, 171% in Funds in Use and 281% in Net Profit.
- **MPCON Ltd**, a Technical Consultancy Organization (TCO), is engaged in providing consultancy services in the states of Madhya Pradesh, Rajasthan and Chhattisgarh. The company is specialized in small business, training and skill development. With a view to increase its operations in the emerging key sectors of economy like infrastructure, e-governance and energy, MPCON has raised its share capital from Rs.0.20 crore to Rs.1.00 crore. MPCON provided training and rendered services worth Rs.4.14 crore to various Government departments and agencies, state level institutions, commercial banks and others, in addition

to project consultancy business of Rs. 1.30 crore during the year 2009-10.



## (ii) Industry Structure & Development

The industrial sectors in which your Company has major exposures include Power Generation, Telecom and other Infrastructure have performed satisfactorily. The prospects of other sectors in which your Company has considerable exposures, viz., Iron and Steel, Petroleum Refining, Construction & Real Estate etc., have improved with the upswing in economic activities.

IFCI has also accelerated its pace in undertaking project development activities in the Infrastructure Projects and state-of-the-art technology oriented projects as co-promoter in order to improve overall long term yield on funds deployed with satisfactory 'Asset Base'.

IFCI, being categorized as an NBFC-ND-SI (Non-Banking Financial Company-Non Deposit taking Systemically Important) by RBI, has to compete, in the area of project finance, with Banks and Financial/Investment Institutions. Your Company, having embarked upon substantial asset creation in FY 2008-09, after a gap of 10 years, has been able to re-establish business relationships with several major industrial houses in the country by extending financial assistance. Your Company has endeavored to maximize returns, with the in-house experience in infrastructure projects, by investing by way of loans with a mix of equity, mezzanine and senior debt.

During FY 2009-10, looking to maturity profile of its existing liabilities, IFCI has sanctioned term loans for one to three years duration mainly to meet the short term fund requirements of companies with excellent track record, for general corporate purposes, investment in subsidiary company(s), acquisition, subscription to rights issue,

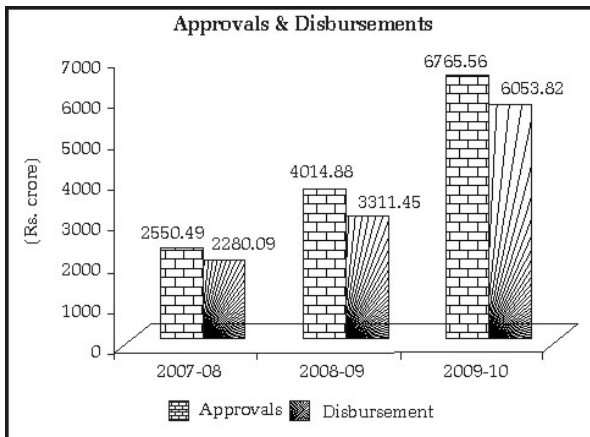
purchase of warrants, refinancing of high cost debt; pre-operative expenses for project implementation, etc. against adequate security.

Your Company, during the year, also ensured improvement in various other operational areas like Treasury and Investments and posted substantially higher level of revenue and profits.

The details of various developments are given hereunder:

### (a) Approvals and Disbursements

During the FY 2009-10, the total fund based approvals were Rs.6,765.56 crore as against Rs.4,014.88 crore in the previous year registering a rise of 68.51%. Out of the above approvals, an amount of Rs.2,620 crore (38.73%) was by way of short & medium term loans, Rs.1,826 crore (26.99%) by way of corporate loans and Rs.1,023.40 crore (15.13%) by way of rupee term loans. The amount approved towards equity and other investments was Rs.1,296.16 crore (19.16%).



Total Disbursements during FY 2009-10 amounted to Rs.6,053.82 crore compared to Rs.3,311.45 crore in the previous year registering a rise of 82.81%. Out of the said disbursement, Rs.2,339.57 crore (38.65%) was by way of short & medium term loans, Rs.1,575.21 crore (26.02%) by way of corporate loans, Rs.1,082.13 crore (17.88%) by way of rupee term loans and Rs.1,056.91 crore (17.46%) was disbursed against investment commitments mainly in the Infrastructure sector.

### (b) Treasury and Investment Operations

During the FY 2009-10, your Company earned income of Rs.118 crore from Treasury (excluding equity) operations mainly through investment in short term paper of top rated corporates including Navaratna PSUs, mutual funds, fixed deposits with PSU Banks and prime private sector banks. Safety and liquidity were the prime criterias for all investment decisions. During the year, your Company pursued the strategy of diversification into corporate bonds, CP's and CDs and earned profit of Rs.51 crore from the

same. The returns on money market/bond investments were higher than the market returns from top rated instruments of 1 year maturity.

The most notable success of the treasury operations during the year was the tremendous response IFCI was able to generate among all classes of eligible investors. Even though IFCI was raising funds from the market after more than ten years, your Company raised Rs.5,000 crore from the market/banks. This demonstrates the confidence being enjoyed by your Company and above all, places our growth strategy on a sustainable course.

With respect to foreign currency operations, your Company managed its exposure in foreign exchange reasonably well by taking appropriate forward covers. The foreign exchange position was nearly hedged throughout the year. Your Company did not have any exotic derivatives exposure in equity/debt or foreign exchange market.

On the equity front, the profit earned during FY 2009-10 was Rs.381 crore, which included Rs.363 crore on account of disinvestment and Rs.18 crore through trading operations. During the year, all-out efforts were made to exit from slow moving/illiquid stocks and strengthening the portfolio through frontline stocks. Net investment portfolio of your Company (excluding debentures which are in the nature of advance) as on March 31, 2010 stood at Rs.4,880.51 crore which is substantially higher than the net investment amount of Rs.2,934.88 crore as on March 31, 2009.

### (c) Management of Non-Performing Assets

Your Company continued to excel in NPA resolution and management activities during FY 2009-10. This is evidenced by NPA recovery of more than Rs.570 crore, which far exceeded the recovery budget. The techniques and methods deployed for this purpose were timely, innovative and effective. During FY 2009-10, one time settlements (OTS) were entered into in 30 cases yielding recovery of Rs.179.56 crore. Assignment of NPAs in 20 cases were assigned involving recovery of Rs.108.16 crore. NPA Resolution under DRT mechanism also yielded satisfactory outcome. During the FY 2009-10, 12 recovery certificates were issued in favour of your Company amounting to Rs.217.57 crore and the NPA recovery through this route was Rs.38.39 crore. Total number of pending suit filed applications as on March 31, 2010 was 643 with a claim amount of Rs.9,468.67 crore. The NPA recovery through liquidation process under the Companies Act amounted to Rs.30.88 crore during the year under report.

One mode of effective and speedy recovery of NPAs is through The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SRFA & ESI) Act, 2002. IFCI ensured its exemplary competence by recovering a sum of Rs.132.72 crore from

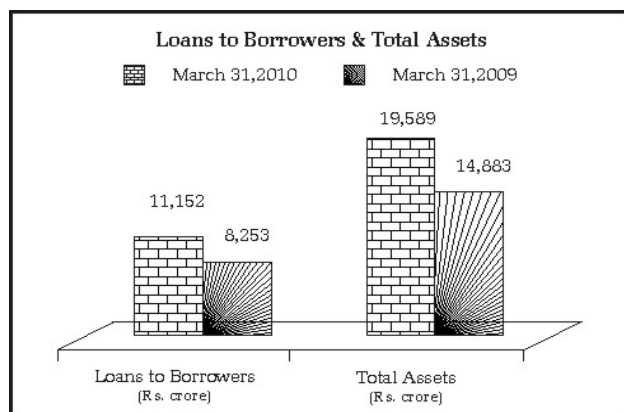
24 cases during FY 2009-10 as against Rs.99.02 crore from 12 cases during FY 2008-09.

Your Company, building on its efficient management of NPAs, is acquiring NPAs (from banks and other lenders). During the FY 2009-10, the gross realisation from this activity was Rs.16.87 crore against the cost of acquisition of Rs.6.39 crore in 13 cases with an average holding period of less than 1.5 year. Your Company intends to explore opportunity in this segment during the years to come.

### (iii) Financial Performance

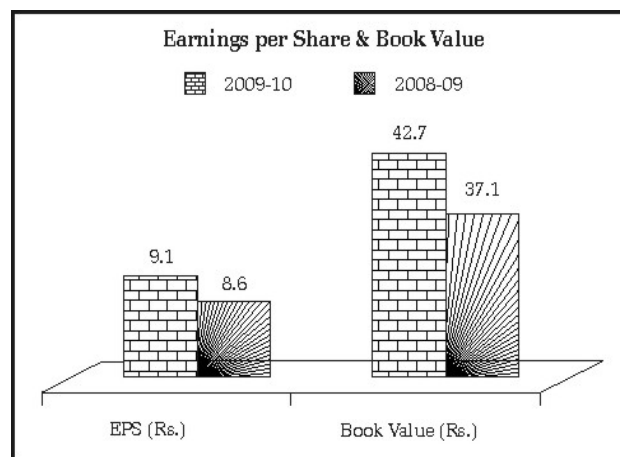
Your Company's profit before tax (PBT) of Rs.1,115 crore in the current year is higher by 10% as compared to Rs.1,010 crore in the previous year mainly on the strength of creation of fresh assets in the previous year and current year. The second most important component contributing to the increase in income has been by way of unlocking values in investment portfolio. Profit before provisions for the FY 2009-10 was Rs.667 crore, which showed a growth of 12% over previous year's profit before provision of Rs.596 crore, signifying improvement in operations due to creation of fresh assets. Profit after tax (PAT) of Rs.671 crore for the year has shown a growth of 2% over previous year profit after tax of Rs.657 crore due to adjustments of earlier years on account of amendment to Section 115-JB by Finance (No.2) Act, 2009 with retrospective effect from 2001 and increase in MAT rate from 11.33% to 16.99%. The increase, in both PBT & PAT, viewed against the backdrop of embargo on fresh assets creation and borrowings gives your Company the confidence of being able to resume growth and expansion, than what seemed possible even until a year ago.

Loans to borrowers of Rs.11,152 crore as on March 31, 2010 showed a growth of 35% over loans of Rs. 8,253 crore as on March 31, 2009. Total assets increased by 32% to Rs.19,589 crore as on March 31, 2010 from Rs.14,883 crore as on March 31, 2009 primarily due to creation of fresh assets.

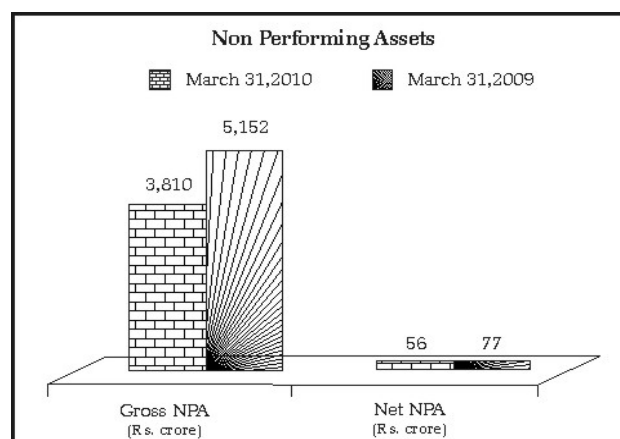


Key financial ratios viz. interest margin, capital adequacy ratio, debt-equity ratio, debt service coverage ratio, return of assets and return on net worth, etc. continue to exude resilience and hope for the operations of your Company.

Basic EPS increased to Rs.9.1 per share for the current year vis-à-vis Rs.8.6 per share for the previous year. Book Value (excluding Revaluation Reserve) also increased to Rs.42.7 per share as at March 31, 2010 from Rs.37.1 per share as at March 31, 2009 (FV Rs.10/-).



Your Company's quality of assets continued to be excellent. the Ratio of Net NPAs to Net Advances was as low as 0.5% as at March 31, 2010 vis-à-vis 0.9% (excluding a public sector power project) as at March 31, 2009.



### (iv) Segment-wise/Product-wise Performance

Your Company operates in India and hence it is considered to operate only in domestic segment. More than 90% of revenue for the Company comes from a single segment of financing. Accordingly, segment reporting as required under Accounting Standard-17, issued by The Institute of Chartered Accountants of India is not applicable.

**(v) Industry-wise Classification of Portfolio**

Industry-wise net Outstanding as at March 31, 2010 is given in the table hereunder:

(Rs. crore)

Industry	Loans	Debenture	Leasing	Shares/Units/ G Sec etc.	Guarantee	Total as on 31.03.2010	% to Total
Power	942.49	140.74	57.79	272.27	–	1413.29	8.7
Port Construction, Telecom Services and Bridge Construction, Diversified Infrastructure	1077.90	350.66	–	99.93	–	1528.49	9.4
<b>SUB-TOTAL</b>	<b>2020.39</b>	<b>491.40</b>	<b>57.79</b>	<b>372.20</b>	<b>–</b>	<b>2941.78</b>	<b>18.1</b>
Others							
Iron & Steel	1927.34	32.83	–	306.45	–	2266.62	14.0
Banking & Finance	152.75	–	–	1924.03	50.00	2126.78	13.1
Petroleum Refining	1183.68	84.18	–	48.41	–	1316.27	8.1
Oil & Gas	–	–	–	101.61	–	101.61	0.6
Construction & Real Estate	1351.85	–	–	426.20	–	1778.05	11.0
Others	944.23	66.20	–	329.08	–	1339.51	8.3
G Sec/MF etc.	–	–	–	774.31	–	774.31	4.8
Drugs & Pharmaceuticals	371.18	–	–	5.00	–	376.18	2.3
Textiles	321.58	24.29	–	117.22	–	463.09	2.9
Transport Equipment	149.88	–	–	138.03	–	287.91	1.8
Fertilisers	160.61	42.38	–	10.27	–	213.26	1.3
Synthetic Resins and Plastic Materials	44.64	–	–	2.39	–	47.03	0.3
Synthetic and Other Man-made Fibres	4.51	35.32	–	83.77	–	123.60	0.8
IT Services	203.39	–	–	1.54	–	204.93	1.3
Misc. Food Products	350.16	3.61	–	3.31	–	357.08	2.2
Non Ferrous Metal Industry	–	–	–	130.51	–	130.51	0.8
Paper	26.04	32.36	–	73.13	–	131.53	0.8
Basic Chemicals	71.07	2.80	–	14.85	–	88.72	0.5
Sugar	36.34	3.12	–	21.45	–	60.91	0.4
Metal & Steel Products	147.93	2.42	–	68.21	–	218.56	1.3
Hotel	500.51	5.92	–	84.45	–	590.88	3.6
Machinery & Accessories	14.41	–	–	20.71	–	35.12	0.2
Electronics	5.40	–	–	1.31	–	6.71	–
Cement	90.34	11.89	–	33.83	–	136.06	0.8
Electrical Machinery & Appliances	–	0.64	–	16.61	–	17.25	0.1
Misc. Non Metallic Mineral Product	93.53	4.60	–	2.09	–	100.22	0.6
<b>SUB-TOTAL</b>	<b>8151.37</b>	<b>352.56</b>	<b>–</b>	<b>4738.77</b>	<b>50.00</b>	<b>13292.70</b>	<b>81.9</b>
<b>GRAND TOTAL</b>	<b>10171.76</b>	<b>843.96</b>	<b>57.79</b>	<b>5110.97</b>	<b>50.00</b>	<b>16234.48</b>	<b>100.0</b>

**(vi) Opportunities, Threats and future Outlook**

Your Company is well poised to expand and diversify its operations and performance in accordance with its business strategy. Your Company will continue to explore possibilities for new business for short term and medium term with an aim of establishing a niche market for itself in the products like short & medium term loans against liquid securities, Take-out Finance and Debt Swapping, etc. In addition to the normal lending activities, your Company continues to concentrate on private equity participation, project development activities, non-fund based income from advisory services, acquisition of NPAs from other lenders and thrust on the activities of subsidiaries/associate companies.

IFCI as NBFC-ND-SI, is funding niche products, where financing by commercial banks are restricted. The emphasis would be continued to take exposure in debt, equity with suitable exit options wherever available, liquid listed shares, mezzanine instruments like CCDs, sub-debts etc. of short to medium term.

Although the overall economic scenario in the country is gradually improving, but due to slow pace of growth in initial period of the year under report, there had been pressure on the credit off-take and also on yields and margins. However, the Union Budget for 2010-11 has provided various stimuli for industrial growth in the country, particularly in the Infrastructure & Services Sector. Various measures announced are expected to



provide positive environment on Industrial Sectors like Oil & Gas, Roads and Bridges, Power Generation & Transmission and Telecommunications apart from Core Industrial Sectors and the overall situation is expected to provide opportunities for robust growth and business potential for your Company.

IFCI shall continue to aggressively pursue project development activities in the infrastructure projects by way of participating in equity as promoter/co-promoter. This endeavour is expected to result in ample opportunities in future where IFCI can involve itself in appraisal, underwriting, syndication of debt/sub-debt, equity etc. besides acting as the lenders' agent. The said areas would improve the overall return by way of non-fund based income such as underwriting, syndication fee etc. IFCI would continue its endeavour to establish/re-establish relationship with Corporate Houses of repute and standing so as to exploit emerging business opportunities during the days to come.

Your Company, having exhibited appreciable efficiency in NPA Management and Resolution, will continue to carry on the said business area which will substantially add to its bottom-line.

IFCI, with its present Business Model does not envisage any major challenge in short as well as medium term perspective.

#### **(vii) Risk Management**

Risk is an inherent part of IFCI's business. Your Company recognizes this and continues its endeavor to strengthen the risk management systems and practices. Sound risk management supported by a balanced risk-reward trade-off is critical to achieving your Company's business strategy for business and revenue growth. The Risk Management Committee of Directors oversees the Credit, Market and Operational Risks and any other risks, as may be deemed necessary. At the executive level, a Risk Management Committee of Executives has been constituted to facilitate focused oversight of various risks and guide the Risk Management Department in identification, assessment, monitoring and control of the risks. The Risk Management Department drives risk management centrally and is primarily responsible for implementing the risk strategy/policies approved by the Board, developing procedures and systems for managing risk, carrying out an independent assessment of credit and market risk and ensuring portfolio composition and quality. The Risk Management function is clearly demarcated and independent from the business operations of your Company.

Being primarily a Lending Institution, Credit Risk is the most important for IFCI and therefore, your Company has

put in place a comprehensive credit risk management architecture. With the augmentation of credit portfolio during the year under report, the systems and controls, in place, to mitigate credit risks including exposure limits for borrowers, borrower groups, industrial sectors, multi-tier credit appraisal system, risk-based monitoring system, committee system for considering proposals and detailed risk assessment of new proposals, have been further strengthened commensurate with the volume of business activities. The loan policy and risk management policy of your Company is reviewed periodically keeping in view the changing economic and business environment.

Developments in key industrial sectors are reviewed from time to time to evaluate and capitalize on business opportunities in these sectors. As a part of risk-based Asset Review Framework, Credit Audit of select standard cases with exposure of Rs.25 crore and above, was taken up during the year under report. Review of large borrower accounts and related industries/sectors is also undertaken on regular basis with the objective of monitoring and managing the risk in the portfolio. Credit exposures are managed through target market identification, appropriate credit approval processes, post-disbursement monitoring and remedial management procedures.

The market risk is managed by the Asset Liability Committee (ALCO) through analysis of structural liquidity gaps and interest rate sensitivity positions and deployment of surplus funds by treasury besides approved limits and triggers for various types of deployment. The investment policy of your Company is reviewed periodically in light of prevalent market scenario. The forex currency risk is being managed by hedging, primarily, through forward cover. To manage the operational risks, there are adequate internal controls and systems in place aided and assisted by internal audit, remote back-up of data, disaster management policy and appropriate insurance.

With a view to managing risks at institutional level, your Company is implementing the Enterprise-wide Risk Management System (ERMS) with the assistance of a consulting agency of repute.

The ERMS broadly comprises:

- (i) formulation of a framework for risk assessment, measurement and effective mitigation including risk policy, risk assessment and management methodologies, risk organization structure and Management Information System (MIS) for assessment and management of credit, market and operational risks at IFCI and
- (ii) adoption of internal risk rating models for measuring credit risk in new business proposals and the existing

loan portfolio to facilitate the decision making process and effectively manage portfolio risk. These initiatives cover enhancement of your Company's risk management architecture, capabilities, processes, systems and technology.

Going forward, with the growth of business and augmentation of loan portfolio, risk management at IFCI would assume a larger and more complex role. The steps taken would streamline the mechanism for effective overall institutional risk management at IFCI.

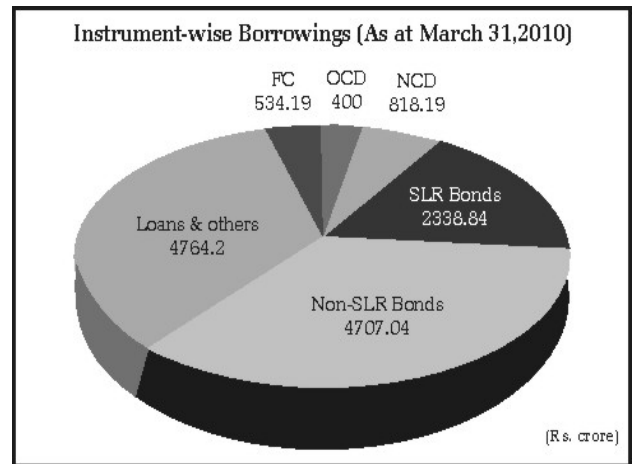
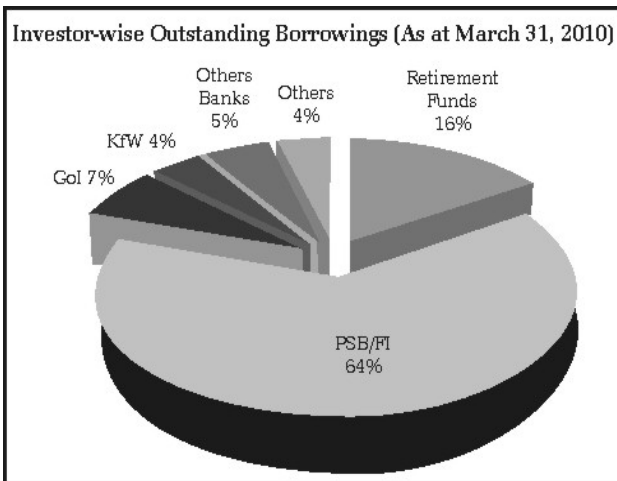
**(viii) Nominee Directors**

Your Company appoints Nominee Directors on the Boards of assisted companies as well as other companies in which your Company has significant stake to safeguard the interests of your Company. The Nominee Directors appointed by your Company have played a proactive role in the development of professional management and formulation of proper corporate policies and strategies to improve the performance and corporate governance of the assisted companies. The feedback reports received from Nominee Directors act as a useful tool for credit monitoring. The system of nominee directors is functioning effectively in your Company.

**(ix) Resources**

Your Company took up resource mobilization in a big way in the year 2009-10 and mobilized about Rs.5,000 crore as term loans from banks and private placement of bonds at competitive rates. The total borrowings of your Company stood at Rs.13,562.46 crore as at March 31, 2010, which comprised of rupee and foreign currency borrowings of Rs.13,028.27 crore and Rs.534.19 crore respectively.

The investor-wise and instrument-wise break-up of the borrowings as at March 31, 2010 are indicated below:



Investor service continued to be of utmost importance for your Company. Investors, who had not surrendered their bonds for redemption, even after maturity, are being advised through letters or periodical advertisements in newspapers to lodge their claims. Investors' grievances, received in physical form or through web-based query submission system, are taken up promptly and redressed.

**(x) Public Deposits**

Your Company did not raise any public deposit during the year. There was no public deposit outstanding as at the beginning or at the end of the year under report.

**(xi) Internal Control Systems & their Adequacy**

Your Company has in place adequate systems of Internal Control and the Internal Audits are being carried out, based on the scope approved by the Audit Committee of the Board of Directors (ACD). During the period under review, IT security & software audit was also carried out to ensure the security of the entire IT system and to assess the adequacy of the IT infrastructure. A 'Risk based Internal Audit' system has been introduced to make Internal Audit more focused and effective. The Internal Audit Reports are constantly reviewed by ACD.

**Significant Developments**

**(i) Project Development Group**

Adequate Infrastructure viz. ports, power, roads, airports, railways, etc. are the pre-requisite and integral part for the growth of Indian Economy.

According to the Central Electricity Authority (CEA), India's peak power demand will reach 1,52,746 MW by the year 2011-12, and 218,209 MW by the year 2016-17 which translates into a vast potential for growth and resulting opportunities for investment in the Power Sector. Similarly, recognizing that a modern highway network across the country is a crucial requirement for a rapidly growing economy, Road Transport & Highway Ministry

has set an ambitious target which translates into investment of approximately USD 60 billion in the next five years in the Roads Sector.

As a part of its strategy and to leverage on policy decisions taken by the Government for promoting Infrastructure Sector, your Company, with the induction of several experienced professionals and post-graduates from India's premier Institutions, has expanded its footprint in Project Development activities and continues to invest in various infrastructure sectors like Roads, Power (Generation and Transmission) etc. It is actively taking part in project development activities right from inception to commissioning of the projects through bidding and joint venture routes with the objective of establishing long term consistent income sources and creating a niche for itself in a competitive market place.

#### **(ii) Corporate Advisory Services**

In the area of providing customized corporate advisory services, your Company, despite stiff competition during the year, has not only been able to retain its existing clients but has also been able to secure some prestigious new assignments relating to disinvestment of public sector enterprises on competitive bidding basis, management consultancy assignments with respect to bid advisory, due diligence, business valuation, business re-engineering, corporate financial restructuring, besides new assignments with respect to financial/investment appraisal and bid process management from various private/public sector entities and Central/State Government(s). During the year, your Company has also been empanelled with many prestigious clients for various consultancy assignments.

#### **(iii) Sugar Development Fund**

IFCI has been acting as an Agent of Government of India (GoI) since inception of Sugar Development Fund (SDF) for the purpose of disbursement, follow up and recovery of SDF loans. Cumulative approvals and disbursements under SDF upto March 31, 2010 stood at Rs.3,804 crore and Rs.2,808 crore respectively. The agency commission accrued during the year 2008-09 was of the order of Rs.7.40 crore, which is likely to be Rs.10.25 crore for the year 2009-10.

During the year 2009-10, the Government launched two schemes of short term loans, for which, IFCI received a total of 162 applications for aggregate assistance of Rs. 298.07 crore and after appraisal, 130 applications with aggregate amount of Rs. 251.18 crore were recommended for sanction. IFCI would get Rs.8.00 crore as agency commission for this assignment over a period of next 4 years.

IFCI has also carried out merchant appraisals for SDF loans, which fetched a fee of Rs.1.24 crore during the year 2009-10 as against a sum of Rs.1.06 crore earned during the previous year (2008-09).

#### **(iv) Human Resources**

Renewed focus on employee performance, improvement in HR systems, creation of competent talent pool, but above all, development of a public spirited culture and result oriented ethos provide a strong platform for accelerated growth of your Company.

The manpower strength of your Company as on March 31, 2010 was 252 including 248 executives and professionals as compared to a total strength of 223 as on March 31, 2009.

Your Company has covered considerable ground in establishing itself as a preferred employer in the Indian Financial Sector. During the year, your Company managed to attract talent from leading banks, multinational organizations and leading business schools. A study conducted jointly by The Economic Times & 'Great Place to Work Institute' recognizing India's best companies to work for in 2010 rated your Company the 3rd Best Company in the 'Banking and Credit Services' category.

Your Company has taken effective steps towards the career management of its employees and the identified talent is being exposed to challenging assignments to create a new stream of leadership. HR interventions like new Performance Management System, Compensation Restructuring and Competency Framework Design implemented last year have taken deep roots in the organization and are helping create a culture of excellence.

Your Company continued its efforts to continuously upgrade the knowledge and enhance the skill set of its employees. Apart from in-house functional and behavioral interventions at regular intervals, your Company also organized outbound training programs christened 'The Spirit Within' to improve team effectiveness in the organization. Further, the employees are also nominated to leading institutes in India and abroad for Executive Education Programs to keep them abreast with the latest developments in the financial as well as other sectors.

IFCI has always been committed to the twin goals of economic development and institution building.

#### **(v) Information Technology and Communications**

Information Technology department has set up 'Central Integrated Information System (CIIS)' which is an umbrella providing solutions to almost all areas of activities of IFCI. During the year 2009-10, apart from upgrading the existing software applications with enhanced/added features to meet the current and emerging business needs, certain new application systems were implemented. The new systems developed and implemented include a system of on-line monitoring of loan assets. The Asset-liability system was upgraded to facilitate auto-generation of gap report on daily basis for major assets and liabilities. System for projecting and

analyzing future cash inflows and outflows under various financial, market and business scenarios has been developed which also facilitates gap analysis.

IT infrastructure platform like VPN (Virtual Private Network), routers, switches and firewalls were upgraded to enhance the performance and security of the network. The e-mailing facility was upgraded with an efficient and improved solution.

With an objective to strengthen and facilitate technological support in the organization, IT hardware and software infrastructure is being upgraded.

### **Compliance**

Timely submission of various returns and data/information to RBI, SEBI and other regulatory bodies and the Government of India has been ensured through the Compliance Division of your Company at the Head Office.

### **Corporate Governance**

A detailed report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement, are attached to this Report.

Certificate from the Statutory Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement has been obtained and is annexed at the end of Corporate Governance Report.

### **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

As the Company's operations do not involve any manufacturing or processing activities, the particulars as per the Companies (Disclosures of particulars in the Report of the Board of Directors) Rules, 1998 regarding conservation of

energy and technology absorption, are not applicable. The particulars regarding expenditure and earning in the foreign exchange are given in item Nos. 10 and 11 in the Notes to the Accounts.

### **Particulars of Employees**

In terms of provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to the Members and others entitled thereto. The Annexure is available for inspection by Members at the Registered Office of the Company during business hours on working days upto the date of the ensuing Annual General Meeting.

### **Appreciation**

The Board of Directors of your Company wish to express gratitude for the cooperation, guidance and support received from the Ministry of Finance, various other Ministries and Departments of the Government of India, Securities & Exchange Board of India, the Reserve Bank of India, other regulatory bodies and State Governments. The Board of Directors also acknowledge the continued cooperation received from all overseas correspondent banks and other members of the banking fraternity.

The Board of Directors would like to sincerely thank the various Banks, Financial Institutions and other investors and shareholders for their continued support.

The Directors of your Company place on record their appreciation for the dedicated and sincere services rendered by the officers and staff at all levels.

**For and on behalf of the Board of Directors**

**PRAKASH P MALLYA**  
**Chairman of the Board**

Place : New Delhi  
Dated : 23 July, 2010

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate Governance is based on the principle of fairness, equity, transparency, accountability and dissemination of information. IFCI believes in maintaining highest standards of Corporate Governance as a part of its legacy and constitution.

### 2. BOARD OF DIRECTORS:

(A) As on March 31, 2010, the Board of the Company consisted of 11 (eleven) Directors, out of whom 9 (nine) Directors were

Non-Executive while one was Managing Director and Chief Executive Officer and one was Whole Time Director. The composition of the Board is in conformity with the Listing Agreement. The composition of the Board, number of Board Meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and the number of Directorship and Chairmanship/Membership of Committees in other companies in respect of each Director is given here-in-below:

Sl. No.	Name of Director	Category as on March 31, 2010	Attendance Particulars			No. of Directorship(s)/Committee Membership(s)/Chairmanship(s) of other Companies as on March 31, 2010		
			No. of Board Meetings during 2009-10		At AGM held on September 18, 2009	Other Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)
			Held	Attended				
1.	Shri Prakash P Mallya	Non Executive-Independent	4	4	Yes	3	3	2
2.	Shri Atul Kumar Rai	Chief Executive Officer & Managing Director	4	4	Yes	8	1	-
3.	Shri K V Eapen	Nominee Director-Government of India	4	3	No	1	-	-
4.	Shri Sanjeev Kumar Jindal(*)	Nominee Director-Government of India	4	3	Yes	3	1	-
5.	Shri P G Muralidharan	Non Executive-Independent	4	3	Yes	1	1	-
6.	Smt Usha Sangwan	Non Executive-Independent	4	4	No	-	-	-
7.	Shri Tejinder Singh Laschar	Non Executive-Independent	4	4	Yes	1	1	-
8.	Shri K Raghuraman	Non Executive-Independent	4	4	No	7	6	-
9.	Prof Shobhit Mahajan	Non Executive-Independent	4	4	No	1	-	-
10.	Shri S Shabbeer Pasha	Non Executive-Independent	4	4	Yes	2	1	-
11.	Shri Sujit K Mandal	Whole Time Director	4	4	Yes	4	3	-
DIRECTORS RETIRED/RESIGNED DURING THE YEAR 2009-10								
1.	Shri K Narasimha Murthy (**)	Non Executive-Independent	2	2	Yes	2	2	1
2.	Smt Sukriti Likhi (***)	Nominee Director-Government of India	-	-	No	1	-	-

(\*) Appointed/inducted on the Board during the year.

(\*\*) Shri K Narasimha Murthy resigned from the Board of Directors w.e.f. September 19, 2009.

(\*\*\*) Smt Sukriti Likhi was replaced by Shri Sanjeev Kumar Jindal w.e.f. May 14, 2009

NOTE: 1. Number of meetings represents the meetings held during the period in which the Director was member of the Board.

2. Number of other Directorships indicated above is exclusive of the Directorships on the Board of Private Limited Companies and Non-Corporate Institutions.

3. In case of Directors Retired/Resigned, the status of other Directorship and Committee Membership is as on the basis of the last disclosure made by the Director.

4. The details of Committee Memberships are in relation to the specified Committees viz. Audit Committee and Investors' Grievance Committee.

(B) The Board has access to the information pertaining to Clause 49 of the Listing Agreement.

(C) Information pursuant to Clause 49 IV(G) of the Listing Agreement: A brief resume and name of the companies in which Directors, who are being appointed/reappointed, hold Directorship/Committee Membership are given in the notice under heading "Information about Directors seeking appointment/reappointment as required under the Corporate Governance Clause of Listing Agreement."

**(D) Number of Board Meetings Held and Dates:**

During the Financial Year 2009-10, the Board of Directors met 4 (four) times. The dates of the meetings were June 27, July 22, October 27 in 2009 and January 08, 2010.

**3. AUDIT COMMITTEE:**

(A) The Audit Committee of IFCI consisted of 5 (five) Non-Executive Independent Directors. The Chairman of the Committee is an Independent Director. The composition of the Audit Committee and attendance of Directors at the meetings is shown below:

Sl. No.	Name of Director	Category	No. of Meetings during FY 2009-10	
			Held	Attended
<b>MEMBERS OF THE COMMITTEE</b>				
1.	Shri S Shabbeer Pasha(*)	Chairman	5	5
2.	Shri K V Eapen	Member	5	4
3.	Smt Usha Sangwan	Member	5	5
4.	Shri Tejinder Singh Laschar	Member	5	5
5.	Prof Shobhit Mahajan	Member	5	5
<b>MEMBERS RETIRED/RESIGNED</b>				
1.	Shri K Narasimha Murthy(*)	Chairman	3	3

(\*) Shri K Narasimha Murthy had resigned w.e.f. September 19, 2009 and Shri S Shabbeer Pasha has been appointed as the Chairman of the Audit Committee w.e.f. October 27, 2009.

**Note:** Number of meetings represents the meetings held during the period in which the Director was member of the Committee.

The Statutory Auditors, Internal Auditors and other senior executives are invited to participate in the meetings of the Audit Committee wherever necessary, as decided by the Committee. The Company Secretary acts as the Secretary of the Audit Committee.

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

During the Financial Year 2009-10, the Audit Committee of Directors of IFCI met 5 (five) times. The dates of the meetings were May 05, June 27, July 22, October 27 in 2009 and January 08, 2010.

**(C) TERMS OF REFERENCE:**

The terms of reference of the Audit Committee are mainly to see the effectiveness of operations of the audit function of the Company, review the systems and procedures of

internal control, oversee the Company's financial reporting process, review with management the periodical and annual financial statements before submission to the Board and ensure compliance with the regulatory guidelines. The Committee is also responsible for objectively reviewing the reports of the Internal Auditors and Statutory Auditors and ensuring that adequate follow up action is taken by the management. In addition, the Committee reviews the performance of the Company's Auditors to ensure the effectiveness of the audit procedure. The committee also proposes for the appointment of Statutory Auditors and fixation of their fee.

**4. REMUNERATION COMMITTEE OF DIRECTORS:**

(A) Remuneration Committee of IFCI consisted of 2 (two) Non-Executive Independent Directors viz. Shri P G Muralidharan, Chairman and Prof Shobhit Mahajan. There was no change in the remuneration of Whole-Time Director during the year.

(B) The following are the details of the remuneration paid to the managerial personnel during the Financial Year 2009-10:

**Shri Atul Kumar Rai, Chief Executive Officer and Managing Director**

Particulars	Rs. in lakh
Salary & Allowances	74.89
Contribution to PF	10.04
Perquisites	1.06
<b>TOTAL</b>	<b>85.99</b>

**Shri Sujit K Mandal, Whole Time Director**

Particulars	Rs. in lakh
Salary & Allowances	40.72
Contribution to PF	3.26
Perquisites	6.31
<b>TOTAL</b>	<b>50.29</b>

(C) The Company also pays sitting fee of Rs.12000/- per meeting for the Board and Rs.6000/- per meeting of Committee thereof, to the Non-Executive Independent Directors except Government Nominee/Institutional Representatives.

(D) As per the disclosure made by the Non-Executive Directors of the Company, Shri Tejinder Singh Laschar holds 1200 shares of the Company. None of the other Independent Directors hold any share or any other convertible instruments of IFCI Ltd as on March 31, 2010.

**5. INVESTORS' GRIEVANCE COMMITTEE:**

(A) Investors' Grievance Committee of IFCI consisted of 2 (two) Non-Executive Directors. During the Financial Year 2009-10, the Committee met 2 (two) times on June 27, 2009 and October 27, 2009. The position of attendance of Directors at the meetings is as under:

Sl. No.	Name of Director	Category	No. of Meetings during FY 2009-10	
			Held	Attended
<b>MEMBERS OF THE COMMITTEE</b>				
1.	Shri P G Muralidharan	Member	2	2
2.	Shri K Raghuraman	Member	2	2
<b>MEMBERS RETIRED/RESIGNED</b>				
1.	Shri K Narasimha Murthy(*)	Member	1	1
2.	Smt Sukriti Likhi (*)	Member	-	-

(\*) Shri K Narasimha Murthy has resigned w.e.f. September 19, 2009 and Smt Sukriti Likhi was replaced w.e.f. May 14, 2009.

Note: Number of meetings represents meetings held during the period in which the Director was member of the Committee.

**(B) Name & Designation of Compliance Officer:**

Smt Rupa Sarkar, Senior Associate Vice President & Company Secretary  
Email: complianceofficer@ifcilt.com

**(C)** The number of complaints received from the shareholders/bondholders during Financial Year 2009-10 and the number of pending complaints are shown below:

Details	Equity Shares/Bonds
Complaints received during the Financial Year 2009-10	1054
Pending as on March 31, 2010	Nil(*)

(\*) Excluding complaints/issues in respect of which cases are pending in courts/CDRF.

The Company has redeemed IFCI Family Bonds issued under Public Issue in 1996 on completion of the tenure/exercise of call option and payment of redemption amount has been made to the bondholders who have surrendered their bond certificates for redemption. Some of the bondholders are yet to surrender the bonds for redemption; Company has sent reminders, the last being in February, 2010 to such bondholders, for surrender of their duly discharged bonds for enabling IFCI to make repayment.

IFCI redeemed fully, 16,40,66,900 number of 5% Cumulative Redeemable Preference Shares of Rs.10/- each @Rs.5/- per share amounting to Rs.82.03 crore during 2009-10. Further, IFCI has made payment of cumulative dividend on the preference shares amounting to Rs.26.38 lakh during 2009-10.

**(D)** The Company has constituted a committee of its executives for approval of the share transfers, transmissions and transpositions. Generally, the committee meets twice in a month. All the requests for share transfers etc. were processed and the related share certificates were dispatched within 30 days from the date of receipt. Except for certain cases under litigation, there is no share transfer pending for more than 30 days.

**(E)** In accordance with the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company adopted Code of Conduct for Prohibition and Prevention of Insider Trading and the Code of Corporate Disclosure Practice to be followed by Directors, Officers and other employees. The Company also adopts the concept of Trading Window Closure to prevent its Directors, Officers and other employees from

trading in the securities of IFCI at the time when there is unpublished price sensitive information.

**(F)** The Board of Directors has laid down a Code of Conduct for all Board Members and senior management of the Company which has been posted on the website of the Company.

**6. GENERAL BODY MEETING:**

**(A)** Location and time where last three Annual General Meetings held:

Sl. No.	AGM Date	Location	Time
1.	18.09.2009	Air Force Auditorium Subroto Park New Delhi - 110010	10:30 A.M.
2.	12.09.2008	Air Force Auditorium Subroto Park New Delhi - 110010	10:30 A.M.
3.	21.09.2007	Air Force Auditorium Subroto Park New Delhi - 110010	10:30 A.M.

**(B)** No special resolution for the equity shareholders was put through Postal Ballot in the last year as there was no such item which was required to be passed through Postal Ballot.

**(C)** Details of special resolutions passed in the previous three Annual General Meetings:

AGM Date	As per Companies Act, 1956, U/S	Particulars of Special Resolutions
18.09.2009	224A	Appointment of Statutory Auditors
12.09.2008	224A	Appointment of Statutory Auditors
	100-104	Reduction of Paid up Equity Share Capital of the Company held by LIC
21.09.2007	224A	Appointment of Statutory Auditors
	As per Foreign Exchange Management Act (FEMA), 1999	Increase of FII Investment Limit in the Equity Shares of the Company under Portfolio Investment Scheme

**7. DISCLOSURES:**

**(A)** Related party transactions during the year have been disclosed as required under Accounting Standard-18 issued by The Institute of Chartered Accountants of India. The transactions with the companies, where the Directors of the Company were interested were in the normal course of business and there were no related party transactions that had potential conflict with the interests of the Company at large.

There were no penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets during the last three years.

**(B)** In preparation of the Financial Statements, the Company has followed the accounting standards issued by The Institute of Chartered Accountants of India. The significant accounting policies have been set out in the Notes to the Accounts.

(C) Business Risk Evaluation and Management is an on going process within the Company. During the year under review, a detailed exercise on 'Risk Assessment & Management' was carried out covering the entire gamut of business operations and the matter is reviewed by the Board/Risk Management Committee. There is also a Risk Management Committee of Directors consisting of 3 (three) Non-Executive Independent Directors.

(D) The Company has five Subsidiaries viz. IFCI Financial Services Ltd, IFCI Venture Capital Funds Ltd, IFCI Infrastructure Development Ltd, IFCI Factors Ltd, MPCON Ltd and two step subsidiaries viz. IFCI Commodity Ltd and IFIN Credit Ltd.

The requirements under Clause 49 of the Listing Agreement in respect of the above Companies have been duly complied with.

(E) The certification under Clause 49(V) of Listing Agreement by CEO and CFO to the Board is appended to this report.

(F) On the non mandatory requirements relevant to the Company, the status of compliance is as under:

- (i) The Non Executive Chairman has been provided need-based facilities to dispose off his responsibilities effectively.
- (ii) No Independent Director is on the Board of the Company for more than nine years.
- (iii) The half-yearly declaration of financial performance is not sent individually to each household of shareholders but published in the newspapers and also posted on Company's website and electronically filed in the Corporate Filing and Dissemination System (CFDS).
- (iv) Training of the Board Members and mechanism for evaluation of Non-Executive Board Members have not been put in place as the members of the Board are well qualified and experienced.
- (v) The employees are free to communicate their concerns/report unethical happenings to the Management/Board through officers and even direct communication of the employee to Audit Committee/Board is entertained.

## 8. MEANS OF COMMUNICATION:

IFCI's quarterly/half-yearly Financial Results are published in the leading Hindi and English papers. Last year these were published in Rashtriya Sahara (Delhi), The Times of India (Delhi), Navbharat Times (Delhi & Mumbai) and all editions of The Hindu, Business Line, The Financial Express, The Economic Times, Business Standard, Jansatta, Hindustan Times, Hindustan, Mint etc. The Financial Results, Official Press Releases are also displayed on Company's website (www.ifcilt.com). All price sensitive information is made public at the earliest through press releases and intimation to stock exchanges.

Management discussion and Analysis forms part of the Directors' Report and is given separately.

## 9. GENERAL SHAREHOLDER INFORMATION:

- (i) **Annual General Meeting:** Date : September 17, 2010  
 Time : 10:30 A.M.  
 Venue : Air Force Auditorium  
 Subroto Park  
 New Delhi - 110010

## (ii) Financial Calendar (tentative):

Results for quarter ending June 30, 2010	:	Third week of July, 2010
Results for quarter ending September 30, 2010	:	Third week of October, 2010
Results for quarter ending December 31, 2010	:	Third week of January, 2011
Results for quarter ending March 31, 2011	:	Third week of April, 2011

(iii) **Dates of Book Closure** : September 8, 2010 to September 17, 2010 (both days inclusive)

(iv) **Dividend Payment Date** : A final dividend of Re.1/- per equity share will be paid for the Financial Year 2009-10 on/after September 17, 2010, subject to approval by the shareholders at the Annual General Meeting

## (v) Listing on Stock Exchange:

- Equity Shares : Delhi, Mumbai, Calcutta, Chennai, Ahmedabad and National Stock Exchange

**Note:** i) During the Financial Year 2003-04, IFCI has redeemed all the Family Bonds and advised the Stock Exchanges to discontinue the listing of the bonds.

ii) Company has made request to Stock Exchanges at Delhi, Kolkata, Chennai and Ahmedabad for de-listing of securities, approval from Stock Exchanges awaited.

(vi) **Stock Code** : 500106 (BSE)  
 IFCI (NSE)  
 00563 (ASE)  
 9099 (DSE)  
 67 (CSE)

## Demat ISIN Number:

Equity Shares : INE039A01010

## (vii) Market Price Data:

(Price in Rs.)

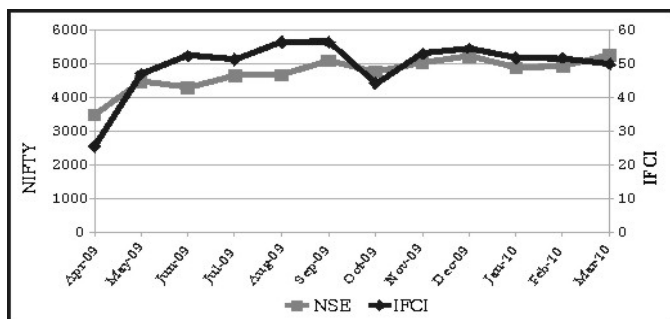
Month & Year	National Stock Exchange		Bombay Stock Exchange	
	High	Low	High	Low
April, 2009	27.65	19.00	27.90	19.10
May, 2009	49.85	24.90	49.80	24.90
June, 2009	57.75	45.60	60.55	45.60
July, 2009	55.90	37.10	55.90	37.10
August, 2009	57.00	45.05	56.90	45.10
September, 2009	61.80	52.10	61.15	52.10
October, 2009	57.10	43.70	57.10	43.75
November, 2009	54.00	41.00	54.10	41.10
December, 2009	57.40	49.60	57.50	49.85
January, 2010	60.30	45.60	60.00	45.70
February, 2010	54.10	47.05	54.10	47.10
March, 2010	58.35	49.15	55.35	49.10

Source: NSE/BSE

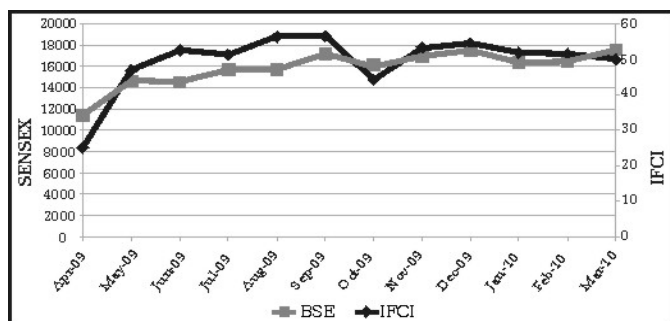


**(viii) Performance in comparison to broad based indices:**

IFCI Share price increased during the year 2009-10 by 51% as compared to increase in NSE Nifty by 28.86%.



IFCI Share price increased during the year 2009-10 by 49.48% as compared to increase in BSE Sensex by 30.30%.



**(ix) Registrar and Transfer Agent:**

(Both for Equity Shares and Family Bonds) MCS Ltd  
F-65, Okhla Industrial Area  
Phase- I  
New Delhi-110020

**(x) Share Transfer System:**

At present, shares for transfer, which are received in physical form, are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to documents being valid and complete in all respects.

**(xi) Distribution of Shareholding (as on 31.03.2010):**

The Shareholding in IFCI by major categories of Shareholders as on March 31, 2010 is as under:

**(a) Shareholding Pattern:**

Shareholding pattern of IFCI as on March 31, 2010 and March 31, 2009 for the purpose of reporting in the Annual Report of the Company for the year 2009-10 is given as under:

Shareholding Pattern	As on 31.03.2010		As on 31.03.2009	
	No.	%	No.	%
Banks & Financial Institutions	10,76,16,834	14.59	12,98,25,723	17.03
Insurance Companies	10,68,40,639	14.48	13,14,16,805	17.24
Mutual Funds	2,37,42,034	3.22	1,58,23,636	2.07
Other Bodies Corporates	9,44,04,762	12.79	10,58,66,857	13.89
FII's & NRIs	10,35,83,928	14.04	5,47,17,391	7.18
Public	30,16,49,134	40.88	32,47,63,085	42.59
<b>TOTAL</b>	<b>73,78,37,331</b>	<b>100.00</b>	<b>76,24,13,497</b>	<b>100.00</b>

**(b) Distribution Schedule:**

Sl. No.	Category		No. of Share-holders	% of total Share-holders	Amount (Rs.)	% of Total Amount
	From	To				
1.	1	500	7,13,705	87.96	1,08,37,35,290	14.69
2.	501	1000	54,498	6.72	44,72,99,010	6.06
3.	1001	2000	23,783	2.93	36,64,16,600	4.97
4.	2001	3000	7,083	0.87	18,34,58,630	2.49
5.	3001	4000	3,178	0.39	11,55,46,830	1.56
6.	4001	5000	2,692	0.33	12,86,95,320	1.74
7.	5001	10000	3,628	0.45	27,10,46,960	3.67
8.	10001	50000	2,365	0.29	49,34,30,660	6.69
9.	50001	100000	225	0.03	16,22,88,160	2.20
10.	100001	and above	280	0.03	4,12,64,55,850	55.93
<b>Total</b>			<b>8,11,437</b>	<b>100.00</b>	<b>7,37,83,73,310</b>	<b>100.00</b>

**(xii) Dematerialization of Shares and liquidity:**

About 93.83% of the Equity Shares of the Company have already been dematerialized up to March 31, 2010. IFCI's Shares are listed at major Stock Exchanges of the Country and being traded actively.

**(xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments:**

There is no GDR/ADR or Warrants or any other Convertible Instrument, which are pending for conversion into equity shares.

**(xiv) Plant Location :**

IFCI is a Financial Institution having its Registered and Corporate Office at New Delhi

**Regional Offices at :**

Ahmedabad, Bangalore, Bhopal, Kolkata, Chandigarh, Chennai, Delhi, Hyderabad, Jaipur, Lucknow and Mumbai

**Other Offices at :**

Guwahati, Kochi, Panaji, Patna and Pune

**(xv) Address for Correspondence:**

(a) Investor Correspondence MCS Ltd  
F-65, Okhla Industrial Area  
Phase I  
New Delhi-110020

(b) Any other query IFCI Ltd, IFCI Tower  
61 Nehru Place  
New Delhi - 110 019  
Website: www.ifcilt.com

Email: complianceofficer@ifcilt.com

**Declaration of Compliance with the Code of Conduct as provided in Clause 49 of the Listing Agreement with the Stock Exchanges**

The Board Members and Senior Management of IFCI Ltd have confirmed compliance with the Code of Conduct, as laid down by the Board of Directors of the Company, during the Financial Year 2009-10.

**Atul Kumar Rai**  
Chief Executive Officer &  
Managing Director

**CERTIFICATE IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT**

In terms of Clause 49 of the Listing Agreement, it is certified as under that:

- (a) The financial statements and the cash flow statement for the year have been reviewed and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company.
- (c) We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) significant changes in internal control during the year;
  - (ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

**S SETHEE**

Chief Finance Officer

**JAVED YUNUS**

Executive Director

**ATUL KUMAR RAI**

Chief Executive Officer & Managing Director

Place : New Delhi

Date : April 30, 2010

**AUDITORS' CERTIFICATION ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF IFCI LIMITED**

We have examined the compliance of conditions of Corporate Governance by IFCI Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **CHOKSHI & CHOKSHI**  
Chartered Accountants  
Firm Registration No.101872W

**Kanu S Chokshi**  
Partner

Membership No.17085

Place: New Delhi

Date : July 23, 2010

## AUDITORS' REPORT

### TO THE MEMBERS OF IFCI LIMITED

We have audited the attached Balance Sheet of IFCI Ltd. as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) 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.
- (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting

standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.

- (v) As per information and explanation given to us, the central Government has, till date, not prescribed any cess payable under Section 441A of the Companies Act, 1956.
- (vi) On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on March 31, 2010 from being appointed as Director under Section 274(1) (g) of the Companies Act, 1956.
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
  - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For CHOKSHI & CHOKSHI**  
Chartered Accountants  
Firm Registration No.101872W

**Kanu S. Chokshi**  
Partner  
Membership No.17085

Camp: New Delhi  
Date : April 30, 2010

### ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) The fixed assets are being physically verified by the management at all its offices in a phased manner at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company did not dispose off a substantial part of fixed assets during the year. However, the Company did dispose off certain land and buildings during the year. This has not affected the going concern.
- (ii) The nature of the Company does not require it to hold inventories and as such Clause 4(ii) of the Companies (Auditors' Report) Order, 2003 ('Order') is not applicable.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (a), (b), (c) & (d) of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. As the Company has not taken any loans, secured or unsecured, from parties listed in the registers maintained under Section 301 of the Companies Act, 1956, paragraphs (iii) (e), (f) and (g) of the Order are not applicable.
- (iv) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for sale of services. Further, during the course of our audit we have neither come across nor have we been informed of any continuing failure to correct major weakness in the internal controls.
- (v) (a) In our opinion, and according to the information and explanations given to us, there are no transactions that need to be entered into a register maintained under Section 301 of the Companies Act, 1956.
- (b) In our opinion, and according to the information and explanations given to us, as there are no transactions that need to be entered into a register maintained under Section 301 of the Companies Act, 1956, paragraph (v) (b) of the Order is not applicable.
- (vi) In our opinion, and according to the information and explanations given to us, the Company has, not accepted any public deposits and hence, directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable. As per the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.
- (vii) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with its size and nature of its business.
- (viii) According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records under Clause (d) of Sub-Section (1) of Section 209 of the Companies Act, 1956.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues as applicable with the appropriate authorities. There are no arrears of outstanding statutory dues as at 31.03.2010 for a period of more than 6 months from the date they became payable.
- (b) As at March 31, 2010, according to the records of the Company and the information and explanations given to us, the following are the particulars of dues on account of Income Tax/Sales Tax/Wealth Tax/Service Tax/Custom Duty/Excise Duty/Cess that have not been deposited on account of disputes:

Name of the Statute	Nature of the Dues	Amount	Period to which the Amount relates	Forum where dispute pending
M P Commercial Tax Act	Sales Tax on lease transactions	Rs.60,000/-	-	Board of Revenue (Commercial Tax Tribunal) M.P., Gwalior

However, according to the information and explanations given to us, the demand against Income Tax is fully covered by way of Advance Tax, deposited with Income Tax Authorities.

- (x) The Company did not have any accumulated losses as at the end of the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, *except the differential interest in respect of certain bonds which are in the process of restructuring.*
- (xii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. In our opinion, the Company has maintained adequate documents and records in this respect.
- (xiii) The Company is not a chit fund, nidhi, mutual benefit or a society. Accordingly, Clause 4(xiii) of the Order is not applicable.
- (xiv) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has maintained proper records of the transactions and contracts and timely entries have been made therein in respect of the shares, securities, debentures and other investments dealt with or traded by the Company.
- (b) The shares, securities, debentures and other securities have been held by the Company, in its own name except to the extent of the exemption, if any, granted under Section 49 of the Companies Act, 1956.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from bank or financial institutions are not *prima-facie* prejudicial to the interests of the Company.
- (xvi) In our opinion and according to the information and explanations given to us, term loans availed by the Company were *prima-facie* applied by the Company during the year for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and based on the overall examination of the Balance Sheet of the Company, funds raised on short term basis have *prima-facie* not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) As all debentures and bonds issued are unsecured, creation of security or charge does not arise.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For CHOKSHI & CHOKSHI**  
Chartered Accountants  
Firm Registration No.101872W

**Kanu S. Chokshi**  
Partner  
Membership No.17085

Camp: New Delhi  
Date : April 30, 2010

## BALANCE SHEET AS AT MARCH 31, 2010

	Schedule No.	As at <u>March 31, 2010</u>	(Rs. crore) As at <u>March 31, 2009</u>
<b>I. SOURCES OF FUNDS</b>			
(1) Shareholders' Funds			
Share Capital	I	1,001.68	1,108.28
Reserves and Surplus	II	3,608.12	2,632.47
(2) Loan Funds (Unsecured)			
Rupee Loans	III	13,028.27	9,039.98
Foreign Currency Loans	IV	534.19	631.29
<b>TOTAL</b>		<b><u>18,172.26</u></b>	<b><u>13,412.02</u></b>
<b>II. APPLICATION OF FUNDS</b>			
(1) Fixed Assets	V		
Gross Block		1,738.55	1,102.04
Less: Depreciation		<u>307.38</u>	<u>285.19</u>
Net Block		1,431.17	816.85
Capital work-in-progress (including advances)		18.93	72.25
(2) Investments	VI	5,882.43	4,038.76
(3) Deferred Tax Asset (Net)		1,387.44	1,726.31
(4) Current Assets, Loans and Advances			
Sundry Debtors	VII	59.95	135.72
Cash and Bank Balances	VIII	38.53	483.59
Other Current Assets	IX	187.60	174.95
Loans to Assisted Concerns	X	10,171.81	7,019.90
Other Loans and Advances	XI	411.35	414.23
		<u>10,869.24</u>	<u>8,228.39</u>
Less: Current Liabilities and Provisions			
Current Liabilities	XII	811.53	992.56
Provisions	XIII	<u>605.42</u>	<u>477.98</u>
Net Current Assets		9,452.29	6,757.85
Significant Accounting Policies and Notes on Accounts	XIX		
<b>TOTAL</b>		<b><u>18,172.26</u></b>	<b><u>13,412.02</u></b>

In terms of our report of even date

For and on behalf of Board

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEEV KUMAR JINDAL**  
Director

**KANU S CHOKSHI**  
Partner  
M. No.17085

**P G MURALIDHARAN**  
Director

**TEJINDER SINGH LASCHAR**  
Director

**USHA SANGWAN**  
Director

**SHOBHIT MAHAJAN**  
Director

**K RAGHURAMAN**  
Director

**S SHABBEER PASHA**  
Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	For the year ended March 31, 2010	(Rs. crore) For the year ended March 31, 2009
<b>I. INCOME</b>			
Income from Operations	XIV	1,657.05	1,402.07
Other Income	XV	22.28	82.45
<b>TOTAL INCOME (A)</b>		<b>1,679.33</b>	<b>1,484.52</b>
<b>II. EXPENDITURE</b>			
Cost of Borrowings	XVI	891.18	790.05
Payments to and provisions for employees	XVII	57.28	51.23
Establishment and Other Expenses	XVIII	54.44	39.62
Depreciation (Net of transfer from Revaluation Reserve)		8.98	7.52
<b>TOTAL EXPENDITURE (B)</b>		<b>1,011.88</b>	<b>888.42</b>
<b>III. PROFIT BEFORE PROVISIONS/WRITE OFF (A-B)</b>			
		<b>667.45</b>	<b>596.10</b>
<b>IV. BAD AND DOUBTFUL LOANS &amp; ADVANCES AND OTHER ASSETS</b>			
Write-off		284.66	204.26
Provision		-	75.59
Provision u/s 36(1)(vii)(c)		15.00	-
Provision Reversal		(747.47)	(693.98)
<b>V. PROFIT BEFORE TAX</b>			
		<b>1,115.26</b>	<b>1,010.23</b>
Provision for Taxation			
- Income Tax		105.45	111.62
- MAT Credit Entitlement		-	(74.72)
- Deferred Tax Charge (Net)		338.87	311.41
- Fringe Benefit Tax		-	4.77
<b>VI. PROFIT AFTER TAX</b>			
		<b>670.94</b>	<b>657.15</b>
Surplus brought forward from Previous Year		<b>312.11</b>	<b>12.36</b>
Profit available for appropriation		<b>983.05</b>	<b>669.51</b>
<b>VII. APPROPRIATIONS</b>			
Reserve u/s 45IC of RBI Act		134.19	133.90
Capital Redemption Reserve		82.03	82.03
General Reserve		65.00	65.00
Special Reserve u/s 36(1)(viii)		10.00	-
Proposed Dividend			
- Equity		71.81	60.99
- Preference		0.26	4.37
Tax on Distributed Profits			
- Equity		11.92	10.37
- Preference		0.05	0.74
Balance carried over to Balance Sheet		<b>607.79</b>	<b>312.11</b>
		<b>983.05</b>	<b>669.51</b>
Basic Earnings per share of Rs.10.00 each (Rs.)		<b>9.08</b>	8.55
Diluted Earnings per share of Rs.10.00 each (Rs.)		<b>5.68</b>	4.58
Significant Accounting Policies and Notes on Accounts	XIX		

In terms of our report of even date

For and on behalf of Board

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEV KUMAR JINDAL**  
Director

**KANU S CHOKSHI**  
Partner  
M. No.17085

**P G MURALIDHARAN**  
Director

**TEJINDER SINGH LASCHAR**  
Director

**USHA SANGWAN**  
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**SHOBHIT MAHAJAN**  
Director

**K RAGHURAMAN**  
Director

**S SHABBEER PASHA**  
Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	<b>For the year ended March 31, 2010</b>	<b>(Rs. crore) For the year ended March 31, 2009</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	<b>1,115.26</b>	<b>1,010.23</b>
<b>Adjustments for:</b>		
Depreciation	<b>8.98</b>	7.52
Provision/write offs	<b>(447.81)</b>	(414.13)
Profit on Sale of Assets	<b>3.92</b>	(38.40)
Lease Equalisation	<b>17.47</b>	14.94
<b>Operating Profit before Working Capital Changes</b>	<b><u>697.82</u></b>	<b><u>580.16</u></b>
<b>Adjustments for:</b>		
(Increase)/decrease in Current Assets	<b>63.14</b>	84.72
Increase/(decrease) in Current Liabilities	<b>(67.57)</b>	39.81
<b>Cash Flow before taxation</b>	<b><u>693.39</u></b>	<b><u>704.69</u></b>
Income Tax paid	<b>(102.59)</b>	(82.63)
Dividend paid	<b>(70.06)</b>	(4.37)
<b>Net cash from Operating Activities</b>	<b><u>520.74</u></b>	<b><u>617.69</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of/(Addition) to Investments (including Application Money)	<b>(2,031.90)</b>	(1,883.36)
Purchase of/Advance for Fixed Assets (including Leased Assets)	<b>32.54</b>	(27.07)
Sale proceed of Fixed Assets	<b>3.23</b>	48.09
<b>Net cash used in/raised from Investing Activities</b>	<b><u>(1,996.13)</u></b>	<b><u>(1,862.34)</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans borrowed (net of repayments)	<b>3,891.19</b>	(551.72)
Loans lent (net of repayments)	<b>(2,515.87)</b>	(1,095.31)
Redemption of Preference Shares	<b>(82.03)</b>	(82.04)
Issue of Equity Shares*	<b>(24.57)</b>	-
Share Premium (net of expenses)*	<b>(238.39)</b>	-
<b>Net Cash from Financing Activities</b>	<b><u>1,030.33</u></b>	<b><u>(1,729.07)</u></b>
<b>Net Change in Cash and Cash Equivalent (A+B+C)</b>	<b><u>(445.06)</u></b>	<b><u>(2,973.72)</u></b>
Opening Cash and Cash Equivalent	<b>483.59</b>	3,457.31
Closing Cash and Cash Equivalent	<b>38.53</b>	483.59
<b>Increase/(Decrease) in Cash and Cash Equivalent</b>	<b><u>(445.06)</u></b>	<b><u>(2,973.72)</u></b>

\* re-converted into loans

**Note:** Figures for previous year have been regrouped, wherever considered necessary

In terms of our report of even date

For and on behalf of Board

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEEV KUMAR JINDAL**  
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Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

## SCHEDULES FORMING PART OF THE ACCOUNTS

	As at March 31, 2010	(Rs. crore) As at March 31, 2009
<b>SCHEDULE - I</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
150,00,00,000 (Previous Year – 150,00,00,000) Equity Shares of Rs.10/- each	1,500.00	1,500.00
150,00,00,000 (Previous Year – 150,00,00,000) Cumulative Redeemable Preference Shares of Rs.10/- each	1,500.00	1,500.00
	<b>3,000.00</b>	<b>3,000.00</b>
<b>ISSUED</b>		
80,50,84,785 (Previous Year – 82,96,60,951) Equity Shares of Rs.10/- each	805.08	829.66
42,79,10,000 (Previous Year – 42,79,10,000) Cumulative Redeemable Preference Shares of Rs.10/- each	427.91	427.91
<b>SUBSCRIBED</b>		
73,91,54,031 (Previous Year – 76,37,30,197) Equity Shares of Rs.10/- each	739.15	763.73
42,79,10,000 (Previous Year – 42,79,10,000) Cumulative Redeemable Preference Shares of Rs.10/- each	427.91	427.91
<b>PAID UP</b>		
<b>(A) EQUITY</b>		
73,78,37,331 (Previous Year – 76,24,13,497) Equity Shares of Rs.10/- each @	737.84	762.41
<b>TOTAL (A)</b>	<b>737.84</b>	<b>762.41</b>
<b>(B) PREFERENCE</b>		
1. 26,38,43,100 (Previous Year – 26,38,43,100) 0.10% Cumulative Redeemable Preference Shares of Rs.10/- each (Redeemable at par on 02.08.2017 – Rs.38.84 crore, on 15.09.2018 – Rs.93.00 crore, on 17.09.2018 – Rs.50.00 crore, on 31.03.2019 – Rs.30.00 crore, on 31.10.2020 – Rs.2.00 crore, on 01.03.2021 – Rs. 10.00 crore, on 02.03.2021 – Rs.30.00 crore, on 03.03.2021 – Rs.8.00 crore and on 31.03.2021 – Rs.2.00 crore)	263.84	263.84
2. NIL (Previous Year – 16,40,66,900) 5% Cumulative Redeemable Preference Shares of Rs.10/- each (Rs.5/- already paid) (Redeemed on 01.04.2009)	-	82.03
<b>TOTAL (B)</b>	<b>263.84</b>	<b>345.87</b>
<b>TOTAL (A + B)</b>	<b>1,001.68</b>	<b>1,108.28</b>

@ Of the above 20,25,00,000 (Previous Year – 20,25,00,000) Equity Shares of Rs.10/- each have been allotted as fully paid up, without payment being received in cash, in exchange for shares of the erstwhile Industrial Finance Corporation of India.

	As at April 1, 2009	Additions/ Transfers during the year	Deduction/ Transfers during the year	(Rs. crore) As at March 31, 2010
<b>SCHEDULE - II</b>				
<b>RESERVES AND SURPLUS</b>				
(A) Capital Reserve	0.85	-	-	0.85
(B) Capital Redemption Reserve	111.05	82.03*	-	193.08
(C) Debenture Redemption Reserve	5.00	-	-	5.00
(D) Grant received from Government of India (out of Interest Differential Fund in terms of KfW agreements)	184.48	-	-	184.48
(E) Securities Premium Account	1,210.23	-	238.39	971.84
(F) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961	1.69	-	-	1.69
– For the period upto 31.03.1997	-	10.00	-	10.00
– After 01.04.1997	-	-	-	-
(G) Reserve u/s 45IC of RBI Act	170.77	134.19	-	304.96
(H) Revaluation Reserve	567.18	637.44	10.30	1,194.32
(I) Benevolent Reserve	4.11	-	-	4.11
(J) General Reserve	65.00	65.00	-	130.00
(K) Profit and Loss Account	312.11	670.94	375.26	607.79
<b>TOTAL</b>	<b>2,632.47</b>	<b>1,599.60</b>	<b>623.95</b>	<b>3,608.12</b>
Previous Year	2,134.55	580.68	82.76	2,632.47

\* Represents Capital Redemption Reserve credited out of Profit and Loss Account pursuant to redemption of Preference Shares during the year

	As at March 31, 2010	(Rs. crore) As at March 31, 2009
<b>SCHEDULE - III</b>		
<b>UNSECURED LOANS - RUPEE</b>		
<b>(A) OPTIONALLY CONVERTIBLE DEBENTURES</b>		
(i) 9.75% Government of India - Redeemable on 30.10.2021	400.00	400.00
SUB-TOTAL 'A'	400.00	400.00
<b>(B) NON-CONVERTIBLE DEBENTURES (NCDs)</b>		
(i) 6.00% LIC - Redeemable on 28.12.2021	200.00	200.00
(ii) 6.00% SBI - Redeemable on 25.01.2022	200.00	200.00
(iii) 0.00% LIC - Redeemable on 01.04.2022	418.19	155.22
SUB-TOTAL 'B'	818.19	555.22
<b>(C) BONDS</b>		
<b>(a) Guaranteed by Government of India and redeemable at par</b>		
11.50% Bonds: Redemption - Rs.180 crore on 26.06.2010, Rs.150 crore on 24.09.2010, Rs.70 crore on 26.12.2010 and Rs.180 crore on 19.08.2011	580.00	1,018.00
12.00% Bonds: Redemption - Rs.200 crore on 13.01.2012 and Rs.60 crore on 03.03.2012	260.00	260.00
7.79% Bonds: Redemption - 27.05.2012	102.21	102.21
6.46% Bonds: Redemption - 24.11.2012	179.77	179.77
6.29% Bonds: Redemption - 17.02.2013	15.43	15.43
7.23% Bonds: Redemption - 01.04.2012	25.87	25.87
5.30% Bonds: Redemption - 24.09.2013	195.50	195.50
8.41% Bonds: Redemption - 14.06.2018	133.85	133.85
7.89% Bonds: Redemption - 14.09.2017	176.86	176.86
7.96% Bonds: Redemption - 08.10.2017	176.43	176.43
7.50% Bonds: Redemption - 28.01.2018	9.40	9.40
6.07% Bonds: Redemption - 13.12.2018	146.20	146.20
6.02% Bonds: Redemption - 28.02.2019	26.12	26.12
6.70% Bonds: Redemption - 30.05.2019	153.40	-
7.07% Bonds: Redemption - 19.09.2019	99.41	-
7.69% Bonds: Redemption - 26.12.2019	58.39	-
SUB-TOTAL 'C' (a)	2,338.84	2,465.64
<b>(b) Other Bonds</b>		
(i) Privately Placed Bonds carrying maturity of One to Twenty years from date of placement. Put option applicable on Rs.756.85 crore.	4,706.37	4,487.12
(ii) Privately Placed Zero Coupon Bonds carrying maturity of 10 years from the date of issue. Unamortised discount - Rs.0.11 crore (Previous Year - Rs.0.14 crore).	0.67	0.62
SUB-TOTAL 'C' (b)	4,707.04	4,487.74
<b>(D) OTHER BORROWINGS</b>		
<b>(a) Long Term</b>		
(i) Government of India under restructuring (to be issued in the form of 0.1% Optionally Convertible Debentures (redeemable on 28.03.2023), with a right of recompense on par with other stakeholders)	523.00	523.00
(ii) Banks and Financial Institutions	3,975.00	425.00
(iii) Subsidiaries	35.00	40.00
(iv) Under Interest Differential Fund	23.13	23.13
(v) Interest accrued and due on (iv) above	23.20	20.10
(vi) Others	113.42	69.47
<b>(b) Short Term</b>		
(i) Bank Overdraft	35.79	-
SUB-TOTAL 'D'	4,728.54	1,100.70
<b>(E) FUNDS PLACED WITH THE CORPORATION</b>		
(a) Jute Development Fund (placed by Government of India)	3.87	3.90
(b) Employees' Provident Fund	27.58	22.02
(c) Staff Welfare Fund	4.21	4.76
SUB-TOTAL 'E'	35.66	30.68
<b>TOTAL {(A+B+C(a)+C(b)+D+E)}</b>	<b>13,028.27</b>	<b>9,039.98</b>
Bonds, Debentures and Borrowings repayable within one year	1,511.28	745.43



**SCHEDULE - IV**
**UNSECURED LOANS - FOREIGN CURRENCIES**
**BORROWINGS (Long Term)**

	As at March 31, 2010	(Rs. crore) As at March 31, 2009
(A) Loans Guaranteed by Government of India – Lines of Credit (Kreditanstalt-fur-Wiederaufbau)	523.82	608.15
(B) Other Unsecured Loans – Lines of Credit	10.37	23.14
<b>TOTAL</b>	<b>534.19</b>	<b>631.29</b>
Loans repayable within one year	31.69	35.36

**SCHEDULE - V**
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions/ Transfers	As at 31.03.2010	As at 01.04.2009	For the year	Deductions/ Transfers	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land @	35.07	70.31	–	105.38	–	–	–	–	105.38	35.07
Leasehold Land @	207.85	252.60	–	460.45	12.05	3.26	–	15.31	445.14	195.80
Plant & Machinery	18.93	–	12.64	6.29	10.32	0.74	7.33	3.73	2.56	8.61
Buildings @	547.17	317.46	1.46	863.17	61.98	9.38	0.44	70.92	792.25	485.19
Furniture & Fixtures \$	14.53	4.67	3.68	15.52	8.16	1.63	2.94	6.85	8.67	6.37
Office Equipments	12.57	2.47	1.16	13.88	8.98	1.74	0.91	9.81	4.07	3.59
Electrical Installations and Equipments	12.59	10.52	2.77	20.34	7.89	0.81	2.06	6.64	13.70	4.70
Vehicles	2.33	0.19	–	2.52	0.07	0.84	–	0.91	1.61	2.26
Leased Assets - Plant & Machinery	251.00	–	–	251.00	251.00	–	–	193.21*	57.79	75.26
<b>TOTAL</b>	1,102.04	658.22	21.71	1,738.55	360.45	18.40	13.68	307.38	1,431.17	816.85
Capital work-in-progress incl. advances #	72.25	7.58	60.90	18.93					18.93	72.25
<b>GRAND TOTAL</b>	1,174.29	665.80	82.61	1,757.48	360.45	18.40	13.68	307.38	1,450.10	889.10
Previous Year	1,260.44	18.54	104.69	1,174.29	365.17	17.27	21.99	285.19	889.10	

\$ Gross Block includes Art Works - Rs.1.75 crore

\* Leased Assets (Accumulated Depreciation) is net of Rs.57.79 crore on account of Lease Adjustment (Previous Year - Rs.75.26 crore)

# Advances include Rs. Nil on account of land (Previous Year - Rs.60.51 crore)

@ includes on account of revaluation:

- Freehold Land - Gross Block as on 01.04.2009 - Rs.33.74 crore; Additions - Rs.70.31 crore; Deductions - Nil; as on 31.03.2010 - Rs.104.05 crore
- Leasehold Land - Gross Block as on 01.04.2009 - Rs.186.24 crore; Additions - Rs.252.60 crore; Deductions - Nil; as on 31.03.2010 - Rs.438.84 crore; Depreciation for the year - Rs.3.01 crore (Previous Year - Rs. 3.01 crore)
- Building - Gross Block as on 01.04.2009 - Rs.375.52 crore; Additions - Rs.314.53 crore; Deductions - Rs.0.98 crore; as on 31.03.2010 - Rs.689.07 crore; Depreciation for the year - Rs.6.41 crore (Previous Year - Rs.6.74 crore)

**SCHEDULE - VI**
**INVESTMENTS (TRADE)**

	As at March 31, 2010		As at March 31, 2009	
	No. of Shares/Units	Amount	No. of Shares/Units	Amount
(1) LONG TERM				
(A) QUOTED				
1. Equity Shares				
(a) Associates				
– Tourism Finance Corporation of India Ltd	26,701,549	61.39	25,422,365	57.80
(b) Assistance under financing		676.12		618.83
(c) Others		177.23		147.24
		<b>914.74</b>		<b>823.87</b>
2. Bonds				
(a) LIC Housing Finance Ltd	300	30.66	300	30.66
(b) HDFC Ltd (9.32%)	–	–	100	10.00
(c) HDFC Ltd (9.2%)	1,900	190.00	3,000	300.00
(d) Power Finance Corporation Ltd	100	10.13	100	10.13
		<b>230.79</b>		<b>350.79</b>

**SCHEDULE - VI (Contd.)**

	<b>(Rs. crore)</b>			
	<b>As at March 31, 2010</b>		<b>As at March 31, 2009</b>	
	<b>No. of Shares/Units</b>	<b>Amount</b>	<b>No. of Shares/Units</b>	<b>Amount</b>
<b>3. Units</b>				
Investment in UTI Balance Fund	<b>500,000</b>	<b>0.51</b>	500,000	0.51
		<b>0.51</b>		<b>0.51</b>
<b>4. Government Securities</b>				
7.99% Government Security (Maturity Date - 09.07.2017)		-		4.94
		<b>0.00</b>		<b>4.94</b>
<b>(B) UNQUOTED</b>				
<b>1. Equity Shares</b>				
<b>(a) Subsidiaries</b>				
(i) IFCI Financial Services Ltd	<b>6,903,188</b>	<b>6.90</b>	6,903,188	6.90
(ii) IFCI Venture Capital Funds Ltd	<b>59,521,008</b>	<b>107.55</b>	32,260,505	56.00
(iii) IFCI Infrastructure Development Ltd	<b>339,529,543</b>	<b>339.53</b>	228,630,902	228.63
(iv) IFCI Factors Ltd	<b>79,154,700</b>	<b>90.19</b>	79,154,700	90.19
(v) MPCON Ltd	<b>7,972</b>	<b>0.80</b>	3,480	0.35
<b>(b) Associates</b>				
(i) Assets Care Enterprise Ltd	<b>7,248,334</b>	<b>7.25</b>	7,248,334	7.25
(ii) Himachal Consultancy Organisation Ltd	<b>735</b>	<b>0.07</b>	735	0.07
(iii) HARDICON Ltd	<b>2,600</b>	<b>0.03</b>	2,600	0.03
(iv) North India Technical Consultancy Organisation Ltd	<b>9,750</b>	<b>0.13</b>	2,600	0.06
<b>(c) Assistance under financing</b>		<b>1,014.65</b>		431.09
<b>(d) Others</b>		<b>486.02</b>		-
<b>2. Preference Shares</b>		<b>480.30</b>		545.44
<b>3. Debentures/Bonds</b>		<b>861.93</b>		844.33
<b>4. Security Receipts</b>		<b>133.93</b>		150.27
<b>5. Government Securities</b>				
(a) Investment in 9.75% GoI (IFCI Ltd) Special Security, 2021		<b>400.00</b>		400.00
(b) Investments in Govt. Securities and Treasury Bills		<b>0.01</b>		0.01
<b>6. Units</b>				
(a) Units of UTI VECAUS - III (Fund)	<b>525,000</b>	<b>5.25</b>	775,000	7.75
(b) Units of IACM-1-D (Fund promoted by IVCF)	<b>93,100,000</b>	<b>93.10</b>	41,400,000	41.40
<b>TOTAL - LONG TERM</b>		<b>5,173.68</b>		3,989.88
<b>(2) CURRENT</b>				
<b>(A) QUOTED</b>				
<b>1. Equity Shares</b>				
(a) ABB Ltd	-	-	50,000	2.14
(b) ACC Ltd	-	-	250,000	14.84
(c) ARSS Infrastructure Ltd	<b>6,021</b>	<b>0.27</b>	-	-
(d) Bajaj Hindustan Sugar & Industries Ltd	-	-	50,000	0.24
(e) Balrampur Chini Mills Ltd	<b>100,000</b>	<b>0.96</b>	-	-
(f) Bharti Airtel Ltd	-	-	50,000	3.13
(g) Bharat Heavy Electricals Ltd	<b>20,000</b>	<b>4.85</b>	-	-
(h) DLF Ltd	-	-	50,000	0.89
(i) DQ Entertainment (International) Ltd	<b>50,000</b>	<b>0.40</b>	-	-
(j) GAIL (India) Ltd	<b>40,000</b>	<b>1.61</b>	-	-
(k) ICICI Bank Ltd	<b>10,000</b>	<b>0.96</b>	100,000	3.41
(l) Infosys Technologies Ltd	-	-	5,000	0.68
(m) IVRCL Infrastructure Projects Ltd	<b>39,800</b>	<b>0.66</b>	-	-
(n) Larsen & Toubro Ltd	<b>6,560</b>	<b>1.07</b>	303,846	20.57
(o) Persistent Systems Ltd	<b>33,650</b>	<b>1.04</b>	-	-
(p) Ranbaxy Laboratories Ltd	<b>35,000</b>	<b>1.69</b>	-	-
(q) Reliance Capital Ltd	<b>47,000</b>	<b>3.69</b>	-	-
(r) Reliance Communications Ltd	-	-	800,000	14.05
(s) Reliance Industries Ltd	-	-	200,000	30.91
(t) Reliance Infrastructure Ltd	<b>60,000</b>	<b>6.03</b>	-	-
(u) Siemens India Ltd	-	-	420,000	11.13
(v) State Bank of India	<b>50,000</b>	<b>10.36</b>	300,000	32.27
(w) Steel Authority of India Ltd	-	-	50,000	0.50
(x) Tata Iron & Steel Company Ltd	-	-	240,000	5.05
(y) Tata Motors Ltd	<b>80,000</b>	<b>6.12</b>	-	-
		<b>39.71</b>		<b>139.81</b>
<b>2. Government Securities</b>				
(a) 6.05% Government Security (Maturity Date - 02.02.2019)		-		84.66
(b) 6.49% Government Security (Maturity Date - 08.06.2015)		<b>9.71</b>		-
(c) 7.56% Government Security (Maturity Date - 03.11.2014)		<b>57.24</b>		-
(d) 7.99% Government Security (Maturity Date - 09.07.2017)		-		10.68
		<b>66.95</b>		<b>95.34</b>

**SCHEDULE -VI (Contd.)**
**(Rs. crore)**

	As at March 31, 2010		As at March 31, 2009	
	No. of Shares/Units	Amount	No. of Shares/Units	Amount
<b>3. Units of Mutual Funds</b>				
(a) Axis Mutual Fund	244,831	25.00	-	-
(b) Bharti Axa Mutual Fund	-	-	44,319	4.70
(c) Birla Sun Life Mutual Fund	-	-	11,572,891	19.25
(d) Canara Rebeco Mutual Fund	-	-	93,505,133	100.00
(e) HDFC Cash Management Treasury	12,420,347	12.46	-	-
(f) L&T Mutual Fund	42,321,617	62.76	-	-
(g) IDFC Mutual Fund	-	-	47,118,069	48.75
(h) JP Morgan Mutual Fund	-	-	43,996,927	50.00
(i) Principal Mutual Fund	13,724,136	20.00	10,885,581	14.95
(j) SBI Mutual Fund	-	-	50,919,090	100.00
		<b>120.22</b>		<b>337.65</b>
<b>(B) UNQUOTED</b>				
<b>1. Bonds</b>				
(a) ICICI Bank Ltd	515	53.26	-	-
(b) Infrastructure Development Finance Company Ltd	23	2.30	-	-
(c) Power Finance Corporation Ltd	800	79.95	-	-
(d) Tata Motors Finance Ltd	114	5.70	-	-
(e) Thomson Press (I) Ltd	150	15.00	-	-
(f) UTV News Ltd	500	50.00	-	-
(g) Yes Bank	110	10.77	-	-
		<b>216.98</b>		<b>0.00</b>
<b>2. Pass Through Certificates</b>				
ICICI Bank		-		142.70
		<b>0.00</b>		<b>142.70</b>
<b>3. Commercial Paper</b>				
(a) DLF Ltd	1,000	45.78	-	-
(b) Future Capital Holdings Ltd	500	24.08	-	-
(c) IVRCL Infrastructure Projects Ltd	700	34.59	1,000	48.84
(d) Gati Infrastructure Ltd	200	9.81	-	-
(e) Reliance Capital Ltd	-	-	200	9.72
(f) Reliance Mediaworks Ltd	500	24.52	1,000	48.77
		<b>138.78</b>		<b>107.33</b>
<b>4. Certificate of Deposit</b>				
(a) Bank of India	2,500	23.61	-	-
(b) Canara Bank	21,500	203.45	-	-
(c) Corporation Bank	1,000	9.79	-	-
(d) ICICI Bank	5,000	48.33	-	-
(e) Karnataka Bank	1,000	9.94	-	-
(f) Punjab National Bank	24,000	225.66	-	-
(g) Syndicate Bank	5,000	48.75	2,500	24.13
(h) UCO Bank	20,000	191.59	-	-
		<b>761.12</b>		<b>24.13</b>
<b>TOTAL - CURRENT</b>		<b>1,343.76</b>		<b>846.96</b>
<b>(3) APPLICATION MONEY</b>				
<b>(a) Equity Shares</b>				
(i) Subsidiaries				
- IFCI Financial Services Ltd (under reconciliation)		0.02		0.02
(ii) Others		57.25		79.94
<b>(b) Preference Shares</b>		15.61		15.61
<b>(c) Debentures</b>		-		2.47
<b>TOTAL APPLICATION MONEY</b>		<b>72.88</b>		<b>98.04</b>
<b>TOTAL</b>		<b>6,590.32</b>		<b>4,934.88</b>
Less: Provision for Diminution in the value				
Long Term		707.89		896.12
Current - Mark to Market		706.34		888.59
		1.55		7.53
<b>TOTAL</b>		<b>5,882.43</b>		<b>4,038.76</b>
<b>QUOTED</b>				
(1) Total Book Value		1,372.92		1,752.91
- Equity Shares		954.45		963.68
- Others		418.47		789.23
(2) Total Market Value		1,878.71		1,469.67
- Equity Shares		1,455.01		684.68
- Others		423.70		784.99

**SCHEDULE - VI (Contd.)**

	(Rs. crore)			
	As at March 31, 2010		As at March 31, 2009	
	No. of Shares/Units	Amount	No. of Shares/Units	Amount
<b>UNQUOTED</b>				
Total Book Value		<b>5,217.40</b>		3,181.97
- Equity Shares		<b>2,053.12</b>		820.57
- Preference Shares		<b>480.30</b>		545.44
- Others		<b>2,683.98</b>		1,815.96

Note: The above balances include :

- Rs.20.19 crore (Previous Year - Nil) in equity shares/mutual fund units under Portfolio Management Scheme of subsidiary
- Rs.33.31 crore (Previous Year - Rs.33.52 crore) in respect of equity shares which are subject to lock-in period
- Rs.6.90 crore (Previous Year - Rs.0.30 crore) in respect of equity shares which are subject to restrictive covenants

**Disclosure in respect of Investments where Market Value is equal to or exceeds Rs.2 crore in the case of Quoted Investments and where cost is equal to or exceeds Rs.2 crore in case of Unquoted Investments as included under items A(1) & B(1) to B(3) of Schedule - VI**

NAME OF THE COMPANY	(Rs. crore)			
	As on March 31, 2010		As on March 31, 2009	
	No. of Shares/ Debtentures	Book Value	No. of Shares/ Debtentures	Book Value
<b>Equity Shares - Quoted</b>				
ABB ABL Ltd	46,811	4.28	-	-
ACC Ltd	69,180	6.17	44,180	4.38
Adani Power Ltd	193,985	2.05	-	-
Alok Industries Ltd	21,440,823	49.00	-	-
Andhra Bank	-	-	594,500	2.54
Bank of Baroda	-	-	500,000	12.38
Bartronics India Ltd	376,472	7.34	376,472	7.34
Bharat Immunological & Biological Corporation Ltd	2,609,500	2.61	2,609,500	2.61
Bharti Airtel Ltd	239,000	8.79	35,000	3.04
Canara Bank	-	-	168,500	2.85
Educomp Solutions Ltd	50,000	3.61	-	-
Essar Oil Ltd	160,000	1.34	-	-
Ganesh Benzoplast Ltd	3,888,889	7.00	-	-
Garden Silk Mills Ltd	514,285	3.60	514,285	3.60
GIC Housing Finance Company Ltd	4,035,489	11.96	4,235,489	12.33
Graphite India Ltd	445,300	0.36	-	-
Hindalco Industries Ltd	13,334,859	126.35	13,294,859	125.61
Housing Development & Infrastructure Ltd	70,000	2.23	-	-
ICICI Bank Ltd	23,821	1.58	-	-
Indian Acrylics Ltd	11,561,150	11.56	12,000,000	12.00
Indo Rama Synthetics Ltd	2,779,750	12.76	2,779,750	12.76
Industrial Development Bank of India Ltd	2,599,080	18.17	2,899,080	22.01
Indraprastha Medical Corporation Ltd	-	-	775,000	0.78
Infrastructure Development Finance Company Ltd	11,035,000	11.04	13,535,000	13.54
Ispat Industries Ltd	16,700,000	16.70	66,300,000	66.30
J K Lakshmi Cement Ltd	-	-	1,319,000	7.89
Jaiprakash Associates Ltd	1,400,700	1.97	250,000	0.30
Jayaswal Neco Ltd	2,476,734	2.48	2,476,734	2.48
Jaypee Hotels Ltd	-	-	683,800	1.67
JCT Electronics Ltd	-	-	38,117,700	17.67
JCT Ltd	18,757,151	4.69	25,340,000	6.33
Jhagadia Copper Ltd	4,900,000	4.90	-	-
JSW Steel Ltd	1,274,583	71.77	1,274,583	71.77
Kanoria Chemicals & Industries Ltd	1,200,000	5.20	-	-
Kirloskar Ferrous Industries Ltd	3,565,000	3.57	3,565,000	3.57
Kothari Petrochemicals Ltd	3,023,638	3.02	-	-
Lloyds Steel Industries Ltd	4,632,114	12.65	-	-
Malwa Cotton Spinning Mills Ltd	634,920	4.00	-	-
Manali Petrochemicals Ltd	2,840,250	1.89	-	-
Mangalam Cement Ltd	120,000	0.12	-	-
Mysore Cements Ltd	-	-	1,349,944	1.35
Mysore Paper Mills Ltd	3,801,086	3.80	-	-
ONGC Ltd	26,713	2.78	26,713	2.78
Noida Toll Bridge Ltd	-	-	1,200,000	1.20
Pennar Industries Ltd	-	-	1,273,629	0.64
Power Trading Corporation Ltd	1,506,855	1.51	1,506,855	1.51
Punj Llyod Ltd	147,875	6.70	-	-
Reliance Capital Ltd	30,000	2.03	-	-
Reliance Communications Ltd	355,000	15.59	180,000	11.34
Reliance Industries Ltd	196,832	21.20	30,000	7.61

**SCHEDULE - VI (Contd.)**
**(Rs. crore)**

NAME OF THE COMPANY	As on March 31, 2010		As on March 31, 2009	
	No. of Shares/ Debtentures	Book Value	No. of Shares/ Debtentures	Book Value
<b>Equity Shares - Quoted</b>				
Reliance Infrastructure Ltd	30,000	2.93	-	-
Ruchi Strips and Alloys Ltd	5,305,340	5.38	5,569,025	5.65
Siemens India Ltd	32,000	2.53	-	-
Sree Rayalaseema Alkalies & Allied Chemicals Ltd	16,106,723	16.11	17,000,000	17.00
SRF Ltd	584,000	3.82	584,000	3.82
Star Paper Mills Ltd	701,600	3.95	701,600	3.95
State Bank of India	183,156	33.63	160,656	29.15
State Bank of Travancore	122,800	4.02	-	-
Sujana Metal Products Ltd	976,322	2.54	-	-
Sujana Towers Ltd	627,453	7.34	-	-
Sujana Universal Industries Ltd	9,291,949	11.90	-	-
Tata Motors - DVR - A - Ordy	4,076,238	123.32	-	-
Tata Motors Ltd	59,676	4.28	-	-
Tinplate Company of India Ltd	1,161,150	5.34	-	-
Welspun India Ltd	6,034,069	38.00	6,034,069	43.70
Welspun Syntex Ltd	7,950,000	31.60	7,950,000	31.60
<b>Equity Shares - Unquoted</b>				
ABG Cement Ltd	24,960,000	24.96	-	-
ABG Energy (Gujarat) Ltd	13,203,528	12.64	-	-
Blue Blends India Ltd	3,000,000	3.00	3,000,000	3.00
Clearing Corporation of India Ltd	2,000,000	2.00	2,000,000	2.00
Dewan Rubber Industries Ltd	1,200,000	6.60	1,200,000	6.60
Electrosteel Integrated Ltd	100,000,000	99.50	-	-
Essar Steel Ltd	720,000	2.88	720,000	2.88
Gati Infrastructure Ltd	53,590,000	53.59	-	-
Gujarat State Energy Generation Ltd	17,590,000	28.14	-	-
Gujarat State Petroleum Corporation	12,345,600	100.00	-	-
Hind Agro Industries Ltd	2,700,000	2.70	2,700,000	2.70
HPCL Mittal Energy Ltd	30,036,000	33.33	18,636,000	21.93
India Paging Services Ltd	15,239,300	15.24	15,239,300	15.24
Ispat Profiles Ltd	13,161,250	13.16	13,161,250	13.16
Jaora-Nayagaon Toll Road Company Private Ltd	51,750,000	51.75	-	-
Konaseema Gas Power Ltd	30,000,000	45.00	-	-
Malvika Steel Products Ltd	3,188,300	12.26	3,188,300	12.26
MCX Stock Exchange Ltd	71,875,000	251.56	-	-
Meta Copper & Alloys Ltd	28,171,578	54.25	9,042,000	9.04
Modern Syntex Ltd	8,422,798	12.97	2,422,798	6.97
Multi Commodity Exchange of India Ltd	3,907,540	234.45	-	-
MVR Infrastructure & Tollways Pvt Ltd	1,800,000	17.73	-	-
National Stock Exchange Ltd	2,497,750	255.06	2,321,000	6.52
North Eastern Development Finance Corporation Ltd	10,000,001	10.00	10,000,001	10.00
Pertech Computers Ltd	500,000	3.00	500,000	3.00
Ritspin Synthetics Ltd	9,500,000	9.50	9,500,000	9.50
Samcor Glass Ltd	2,000,000	7.60	2,000,000	7.60
Securities Trading Corporation Ltd	337,400	4.58	337,400	4.58
Sidhartha Super Spinning Mills Ltd	4,000,000	4.00	4,000,000	4.00
Silver Resort Hotel India Pvt Ltd	85,000,000	84.15	-	-
Stock Holding Corporation Ltd	3,570,000	4.46	3,570,000	4.46
Surat Textile Mills Ltd	2,000,000	6.00	2,000,000	6.00
Tata Motors - DVR - A - Ordy	-	-	8,196,720	247.97
Welspun Global Brands Ltd	603,406	3.80	-	-
<b>Preference Shares - Unquoted</b>				
Bellary Steel and Alloys Ltd	567,260	5.67	567,260	5.67
Bhaval Synthetics India Ltd	400,000	3.80	400,000	3.80
Blue Blends India Ltd	1,000,000	9.90	1,000,000	9.90
Dhampur Sugar Mills Ltd	1,198,530	11.99	1,198,530	11.99
Essar Steel Ltd	22,116,599	22.12	22,116,599	22.12
Gangadharan Appliances Ltd	306,250	3.06	306,250	3.06
Gayatri Sugars Ltd	2,452,245	2.45	2,452,245	2.45
GPI Textiles Ltd	106,386,496	53.19	106,386,496	53.19
Gujarat Poly AVX Electronics Ltd	209,000	2.09	209,000	2.09
IC Textiles Ltd	952,394	9.52	952,394	9.52
Ispat Industries Ltd	57,155,107	63.32	57,155,107	63.32
Jai Parabolic Springs Ltd	350,000	3.50	350,000	3.50
JCT Ltd	500,315	2.50	500,315	3.75
Jhagadia Copper Ltd	6,448,070	64.48	6,448,070	64.48
JSW Steel Ltd	21,262,362	20.17	21,262,362	20.17

**SCHEDULE - VI (Contd.)**

NAME OF THE COMPANY Preference Shares - Unquoted	(Rs. crore)			
	As on March 31, 2010		As on March 31, 2009	
	No. of Shares/ Debentures	Book Value	No. of Shares/ Debentures	Book Value
Kalyanpur Cements Ltd	584,040	5.80	584,040	5.80
LML Ltd	2,150,912	21.51	2,150,912	21.51
Malwa Cotton Spinning Mills Ltd	1,724,610	17.25	1,724,610	17.25
Mangalore Refinery & Pertochemicals Ltd	7,148,949	7.15	7,148,949	7.15
Meta Copper & Alloys Ltd	-	-	4,521,000	45.21
Nagarjuna Fertilisers Ltd	1,026,880	10.27	1,026,880	10.27
Oswal Spinning & Weaving Mills Ltd	99,730,160	9.97	99,730,160	9.97
Polygenta Technologies Ltd	2,500,000	2.50	-	-
Prag Bosimi Synthetics Ltd	2,614,577	26.15	2,614,577	26.15
S Kumar Nationwide Ltd	-	-	1,372,790	12.22
Saurashtra Chemicals Ltd	1,046,700	10.47	1,046,700	10.47
Shree Satpuda Tapi Parisar SSK Ltd	9,178	4.59	9,178	4.59
Spectrum Power Generation Ltd	11,820,000	11.82	11,820,000	11.82
Suryalakshmi Cotton Mills Ltd	271,600	2.72	271,600	2.72
West Coast Paper Mills Ltd	6,500,000	65.00	6,500,000	65.00
Western India Plywoods Ltd	-	-	923,270	9.23
<b>Debentures - Unquoted</b>				
Ashima Ltd	-	-	2,400,000	16.00
Bharti Ventures Ltd	-	-	1,000	100.00
C.T. Cotton Yarns Ltd	480,000	2.89	480,000	2.89
DCM Shriram Industries Ltd	898,000	2.07	898,000	3.45
DSL Enterprises Pvt Ltd	2,962	29.58	2,962	29.58
Emtex Industries Ltd	-	-	900,000	9.00
Essar Oil Ltd	2,631,500	26.88	2,631,500	26.88
Ganesh Benzoplast Ltd	74,663	7.47	74,663	7.47
Ginni Filaments Ltd	649,169	6.32	649,169	6.49
Global Rural Netco Ltd	25,000,000	250.00	-	-
GTC Industries Ltd	1,000,000	2.90	1,000,000	4.77
Hind Agro Industries Ltd	1,175,000	3.53	1,175,000	5.88
Indo Rama Synthetics Ltd	-	-	11,000,000	4.81
Ispat Profiles Ltd	3,301,954	22.02	3,301,954	33.02
JCT Electronics Ltd	-	-	3,000,000	25.50
JCT Ltd	1,751,104	8.16	1,751,104	9.56
Kajaria Ceramics Ltd	1,000,000	4.60	1,000,000	4.84
Krishna Lifestyle Technologies Ltd	626,000	2.09	626,000	6.26
Lanco Kondapalli Power Ltd	-	-	3,750,000	5.13
Lloyds Steel Industries Ltd	5,000	15.60	5,000	38.72
Majestic Hotels Ltd	522,040	5.22	522,040	5.22
Malanpur Steels Ltd	2,000,000	20.00	2,000,000	20.00
Mesco Pharmaceuticals Ltd	1,000,000	4.17	1,000,000	5.49
Modern Denim Ltd	-	-	1,750	7.50
Modern Syntex Ltd	-	-	9,014	43.75
Modern Thread Ltd	-	-	3,435	18.75
Mukund Ltd	2,500,000	21.88	2,500,000	22.08
Mysore Paper Mills Ltd	67,702	4.51	67,702	6.77
Nagarjuna Fertilizers & Chemicals Ltd	10,500,000	42.38	10,500,000	46.73
Navin Fluorine International Ltd	423,000	2.80	423,000	4.23
Pasupati Acrylon Ltd	-	-	1,000,000	4.00
Pentafour Products Ltd	28,000,000	2.80	28,000,000	2.80
Polygenta Technologies Ltd	300	3.00	-	-
Prag Bosimi Synthetics Ltd	3,585,978	41.76	3,585,978	41.76
Quipo Telecom Infrastructure Ltd	10,000,000	100.00	10,000,000	100.00
Rama Industries Ltd	400,000	4.00	-	-
Reliance Industries Ltd	1,636,306	16.36	1,636,306	16.36
Shamken Spinners Ltd	500,000	5.00	500,000	5.00
Shree Maheshwar Hydel Power Company Ltd	5	71.51	-	-
Sree Rayalaseema Alkalies & Allied Chemicals Ltd	3,547,949	26.61	3,547,949	31.04
Sujana Steels Ltd	-	-	800,000	8.00
Sujana Towers Ltd	800,000	2.37	-	-
Sun Polytron Industries Ltd	1,300	13.00	1,300	13.00
Uflex Ltd	3,279,117	32.79	3,279,117	32.79
Usha India Ltd	5,000,000	50.00	5,000,000	50.00
Videocon Industries Ltd	-	-	21	6.15

**Disclosure in respect of Investments where Market Value is less than Rs.2 crore in case of Quoted Investments and where cost is less than Rs.2 crore in case of Unquoted Investments as included under items A(1) & B(1) to B(3) of Schedule - VI**

PARTICULARS	As on March 31, 2010	As on March 31, 2009
	No. of concerns	503
Book Value	125.98	245.66
Market/Break Value	105.65	136.51

	As at March 31, 2010	(Rs. crore) As at March 31, 2009
<b>SCHEDULE - VII</b>		
<b>SUNDRY DEBTORS</b>		
(a) LEASE RENTAL RECEIVABLE		
– Considered good	–	–
– Considered doubtful	8.25	27.21
Less: Provision	(8.25)	(27.21)
(b) OTHERS		
– Considered good	59.95	135.72
– Considered doubtful	2.00	2.00
Less: Provision	(2.00)	(2.00)
<b>TOTAL</b>	<b>59.95</b>	<b>135.72</b>
<b>SCHEDULE - VIII</b>		
<b>CASH &amp; BANK BALANCES</b>		
(a) Cash in hand (including postage stamps)	0.02	0.01
(b) Cheques on hand & under collection and remittances in transit	2.22	6.91
(c) Balances with Reserve Bank of India		
– Current Account	0.04	0.47
(d) Balances with Scheduled Banks		
– Current Account in India	10.18	5.99
– Deposit Account in India	17.94	455.62
– Current Account outside India	8.13	14.59
<b>TOTAL</b>	<b>38.53</b>	<b>483.59</b>
<b>SCHEDULE - IX</b>		
<b>OTHER CURRENT ASSETS</b>		
(a) Accrued Income		
(i) Interest and commitment charges on Loans	56.71	39.73
(ii) Interest on Investments	101.11	110.52
(iii) Other Income	29.71	24.63
(b) Assets acquired in settlement of dues and held for sale	0.07	0.07
<b>TOTAL</b>	<b>187.60</b>	<b>174.95</b>
<b>SCHEDULE - X</b>		
<b>LOANS</b>		
(a) ASSISTED CONCERNS		
(i) In Rupees and Foreign Currencies	12,311.79	9,859.34
(ii) Advance for Assets	83.89	115.72
(b) LOAN TO SUBSIDIARIES/ASSOCIATES	152.75	25.54
(c) OTHER INSTITUTIONS	0.06	0.06
	12,548.49	10,000.66
Less: Provision for bad and doubtful loans	2,376.68	2,980.76
<b>TOTAL</b>	<b>10,171.81</b>	<b>7,019.90</b>
<b>Notes:</b> (1) The above amounts include interest and other charges accrued and due		
(2) Classification of Loans		
(i) Secured by Assets	9,140.47	8,465.25
(ii) Guaranteed by Central/State Governments	1.77	1.77
(iii) Against Promissory Notes and Usance Bills accepted/Guaranteed by Banks	47.04	47.04
(iv) Against pledge of shares	3,262.12	1,389.51
(v) Unsecured	97.09	97.09
	12,548.49	10,000.66
<b>Note:</b> Out of the above		
(i) Considered good	10,171.81	7,019.90
(ii) Considered doubtful	2,376.68	2,980.76
	12,548.49	10,000.66
<b>SCHEDULE - XI</b>		
<b>OTHER LOANS &amp; ADVANCES</b>		
(a) Advance Tax paid (net of provisions)		
(i) Income Tax	173.33	45.35
(ii) Interest Tax	6.30	6.30
(b) MAT Credit Entitlement	186.97	316.13
(c) Other Loans and Advances		
(i) Secured	10.80	10.06
(ii) Unsecured		
– Considered good	30.12	24.89
– Considered doubtful	1.00	1.00
Less: Provision for doubtful debts	(1.00)	(1.00)
(d) Sundry Deposits	2.59	5.23
(e) Forward Deal Suspense	–	5.36
(f) Pre-paid Expenses	1.24	0.91
<b>TOTAL</b>	<b>411.35</b>	<b>414.23</b>

<b>SCHEDULE - XII</b>		<b>(Rs. crore)</b>	
<b>CURRENT LIABILITIES</b>		<b>As at</b>	<b>As at</b>
		<b>March 31, 2010</b>	<b>March 31, 2009</b>
(a)	Interest accrued but not due on bonds and borrowings	<b>383.81</b>	377.82
(b)	Sundry Creditors		
(i)	Total outstanding dues to Micro and Small Enterprises	-	-
(ii)	Total outstanding dues of creditors other than Micro and Small Enterprises	<b>44.55</b>	180.05
(c)	Advance Receipts	<b>0.75</b>	0.83
(d)	Other Liabilities	<b>287.27</b>	329.37
(e)	Items covered by Investor Education and Protection Fund* (to be credited by the following amounts)		
(i)	Unpaid Matured Debentures	<b>92.24</b>	101.58
(ii)	Interest accrued on above	<b>2.91</b>	2.91
	<b>TOTAL</b>	<b>811.53</b>	<b>992.56</b>

\* As at 31.03.2010, no amount was due and outstanding for transfer to Investor Education and Protection Fund

<b>SCHEDULE - XIII</b>			
<b>PROVISIONS</b>			
(a)	Assets	<b>506.73</b>	397.53
(b)	Employee Benefits	<b>12.61</b>	8.35
(c)	Proposed Dividend	<b>73.78</b>	60.99
(d)	Corporate Dividend Tax	<b>12.30</b>	11.11
	<b>TOTAL</b>	<b>605.42</b>	<b>477.98</b>

<b>SCHEDULE - XIV</b>		<b>For the year ended</b>	<b>For the year ended</b>
<b>INCOME FROM OPERATIONS</b>		<b>March 31, 2010</b>	<b>March 31, 2009</b>
(a)	On Lending Operations (including funded interest)	<b>1,029.58</b>	789.91
(b)	On Investment Operations		
(i)	Dividend (Gross)		
- Long Term		<b>63.61</b>	26.73
- Current		<b>0.21</b>	-
(ii)	Interest (Gross)	<b>119.41</b>	134.40
(iii)	Profit on sale of Shares/Units/Debentures (Net)		
- Assistance under financing - long term		<b>307.83</b>	94.23
- Investments - long term		<b>27.57</b>	30.59
- Investments - current		<b>18.56</b>	4.87
(c)	Leasing Operations		
(i)	Lease Rentals etc.	<b>8.62</b>	15.13
(ii)	Lease Equalisation Account	<b>(17.47)</b>	(14.94)
(d)	Business Services Fee and Commission (including guarantee commission)	<b>27.66</b>	29.27
(e)	Income from deployment of funds	<b>70.08</b>	262.42
(f)	Exchange Fluctuation Gains/(Loss)	<b>1.39</b>	(3.98)
(g)	Provision/Write off/Liability no longer required written back*	-	33.44
	<b>TOTAL</b>	<b>1,657.05</b>	<b>1,402.07</b>
<b>Note:</b>	(i) Income Tax deducted at source from Interest etc.	<b>24.22</b>	27.29
	(ii) Dividend from subsidiaries	<b>0.01</b>	0.52
	(iii) Interest from subsidiaries	<b>10.47</b>	2.97
	* Includes		
	- Liability not payable	-	31.10
	- Amount written-off in earlier years written back	-	2.34

<b>SCHEDULE - XV</b>			
<b>OTHER INCOME</b>			
(a)	Interest on staff advances	<b>0.58</b>	0.57
(b)	Profit on sale of fixed assets (Net)	<b>(3.92)</b>	38.40
(c)	Rental Income	<b>23.62</b>	19.06
(d)	Miscellaneous Income @	<b>2.00</b>	24.42
	<b>TOTAL</b>	<b>22.28</b>	<b>82.45</b>
	@ Includes Interest on income tax/interest tax refund	-	22.89

<b>SCHEDULE - XVI</b>			
<b>COST OF BORROWINGS</b>			
(a)	Fixed		
(i)	Interest on SLR Bonds	<b>213.89</b>	245.67
(ii)	Interest on other Bonds and Borrowings	<b>658.19</b>	493.36
(iii)	Interest on Foreign Currency Borrowings	<b>12.87</b>	14.82
(b)	Others		
(i)	Interest on Bank Overdraft	<b>0.59</b>	29.90
(ii)	Interest on funds placed with the Company	<b>2.08</b>	3.00
(iii)	Commitment Charges, Brokerage, Commission and other costs	<b>3.56</b>	3.30
	<b>TOTAL</b>	<b>891.18</b>	<b>790.05</b>



**SCHEDULE - XVII**
**PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**

	<b>For the year ended March 31, 2010</b>	<b>(Rs. crore) For the year ended March 31, 2009</b>
(a) Salaries and Allowances*	33.34	19.10
(b) Contribution to Retirement Funds #	21.52	30.30
(c) Staff Welfare Expenses	2.42	1.83
<b>TOTAL</b>	<b>57.28</b>	<b>51.23</b>
* includes Leave Encashment	5.64	3.60
# includes:		
– Gratuity	1.31	1.29
– Annuity for DA relief/restoration of commuted pension to retirees	16.02	11.67

**SCHEDULE - XVIII**
**ESTABLISHMENT AND OTHER EXPENSES**

(a) Rent	0.36	0.18
(b) Rates and Taxes	3.05	2.65
(c) Insurance	0.14	0.08
(d) Repairs and Maintenance		
– Buildings	14.91	9.82
– Others	0.58	0.34
(e) Electricity	3.71	4.03
(f) Auditors' Remuneration	0.23	0.15
(g) Directors' Fee	0.03	0.07
(h) Advertisement	4.57	4.27
(i) Consultation and Law Charges	3.97	3.16
(j) Brokerage/Commission/STT	3.64	0.78
(k) Other Miscellaneous Expenses	19.25	14.09
<b>TOTAL</b>	<b>54.44</b>	<b>39.62</b>

**SCHEDULE - XIX**
**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**
**(A) SIGNIFICANT ACCOUNTING POLICIES**
**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The accompanying financial statements have been prepared on historical basis and conform in all material aspects to Generally Accepted Accounting Principles in India which encompasses applicable statutory provisions, regulatory framework and Accounting Standards. The Company adopts the accrual concept in the preparation of accounts. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

**2. REVENUE RECOGNITION**

- 2(a) Income on Non-Performing Assets (NPAs) is recognized, as and when received.
- 2(b) Front-end fee, Premium on pre-payment of loans/reduction in interest rates and LC Commission are accounted for on realization basis.
- 2(c) Dividends declared by the respective companies till the close of the accounting period are accounted for as income, once the right to receive is established.
- 2(d) Rental on leased assets is accounted for from the commencement date, as prescribed in the lease agreement entered with the lessees. In respect of lease transactions commenced on/or before 31.03.2001, income from leases (except in case of Non-Performing Assets) is recognised on the basis of implicit rate in the lease to the net investment outstanding on the lease over the primary lease period.
- 2(e) The front-end fee/underwriting commission/commitment fee received in respect of devolvement of underwriting and direct subscription is reduced from the cost of related investments.
- 2(f) Surplus on sale of investments is net of losses thereon.

**3. INVESTMENTS**

- 3(a) Investments are classified under current and long term categories and valued in accordance with the Reserve Bank of India (RBI) Guidelines as applicable to Non-Banking Financial Companies (NBFCs) and Accounting Standard 13 on 'Accounting for Investments' issued by The Institute of Chartered Accountants of India (ICAI).
  - (i) 'Long term Investments' are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis.
  - (ii) 'Current Investments' are carried at the lower of cost or fair value on an individual basis. However, appreciation if any, within the category, is available for set off.
- 3(b) Security Receipts issued by an Asset Reconstruction Company (ARC)/Securitisation Company (SC) are valued in accordance with RBI guidelines. Accordingly, the net asset value obtained from the ARC is reckoned for valuation

of such investments. Appreciation in the value, if any, is ignored and depreciation is provided for.

**4. DERIVATIVES**

- 4(a) Equity Index/Stock Futures are marked to market on daily basis. Debit or Credit Balances disclosed under Current Assets or Current Liabilities respectively represent the net amount paid or received on the basis of movement of prices in the Index Stock Futures till the Balance Sheet date. Equity Index/Stock Options are recognized in the books to the extent of premium paid.
- 4(b) As at the Balance Sheet date, the profit or loss on open positions are accounted for as follows:
  - The unrealized profit determined Scrip wise/Index wise, being anticipated profit, is ignored and no credit is taken in the profit and loss account.
  - The unrealized loss determined Scrip wise/Index wise, being anticipated loss, is recognized in the profit and loss account.
  - Equity Index/Stock Options are carried at cost where they are used as an instrument for hedging.
- 4(c) On final settlement or squaring-up of contracts for Equity Index/Stock Futures, the profit or loss is calculated as difference between settlement/squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/squaring-up contract is recognized as profit or loss upon expiry/squaring-up of the contracts. When more than one contract in respect of the relevant series of Equity Index/Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using weighted average method for calculating profit/loss on squaring up.
- 4(d) Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets.

**5. FOREIGN EXCHANGE TRANSACTIONS**

- 5(a) The expenses and income in foreign exchange transactions are accounted for at the rates prevailing on the date of transactions/at the forward rate, if booked, for such transaction.
- 5(b) Assets and liabilities held in foreign currencies and accrued income and expenditure in foreign currencies are translated into Indian Rupees at the rates advised by Foreign Exchange Dealers Association of India (FEDAI) prevailing towards the close of the accounting period. Gains/losses, if any, on valuation of various assets and liabilities are taken to Profit & Loss Account.

**6. FIXED ASSETS AND DEPRECIATION**

- 6(a) Fixed Assets are carried at cost (including capitalized interest) less accumulated depreciation and impairment loss, if any. Accumulated depreciation on assets in respect of lease transactions commenced on or before 31.03.2001 is adjusted for the balance in the 'Accumulated Lease Equalization Account'.
- 6(b) Depreciation on assets given on lease is provided on Straight Line Method (SLM) at the rates prescribed under Schedule XIV to the Companies Act, 1956 or over the primary period of lease of assets, whichever is higher.

- 6(c) Depreciation in respect of Office Building and Plant & Machinery at Corporate Office is provided on SLM and on all other assets on the Written Down Value (WDV) method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets having individual value of less than Rs.5000/- are charged to the Profit & Loss Account in the year of purchase.
- 6(d) Leasehold land is amortized over the lease period.
- 6(e) Depreciation on increase in value of Leasehold Land & Building due to revaluation is provided on straight-line basis over the balance useful life of asset and adjusted out of revaluation reserve.
- 6(f) Mobile phones are fully depreciated in the year of acquisition itself.
- 6(g) Art works capitalized under Furniture and Fixtures are not being depreciated.

#### 7. IMPAIRMENT OF ASSETS

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to the extent of the carrying value of the asset that would have been determined (net of amortization/depreciation), had no impairment loss been recognized.

#### 8. PROVISIONS/WRITE OFF AGAINST LOANS AND OTHER CREDIT FACILITIES

- 8(a) All credit exposures are classified into performing and non-performing assets (NPAs) as per the RBI Guidelines. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions on standard assets are made as per the approval of the Board. Provisions are made on sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, increased provisions are necessary.
- 8(b) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI.
- 8(c) Recovery against debts written off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable in terms of RBI Guidelines.
- 8(d) Provision in respect of purchase and sale of NPAs is accounted as per guidelines prescribed by RBI.

#### 9. GRANTS RECEIVED FROM GOVERNMENT OF INDIA UNDER INTEREST DIFFERENTIAL FUND (IDF)

Grants received from Government of India under Interest Differential Fund (IDF) is of a capital nature and to be utilized for specified purposes for promotional activities of Industrial Development. Accordingly, the money so received, net of expenditure for the approved purposes is shown under 'Reserves and Surplus' in the Balance Sheet. The amounts invested and loans made out of the fund for approved purposes are shown under 'Investments' and 'Loans' respectively. The interest/dividend/other income earned and profit on sale of investments are treated as income of the Company.

#### 10. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

#### 11. MISCELLANEOUS EXPENDITURE

- 11(a) Expenses on issue of Shares and Bonds are charged as per guidelines contained in Accounting Standard 26 - "Intangible Assets".
- 11(b) Voluntary Retirement Scheme (VRS) expenses are charged off as and when incurred.

#### 12. EMPLOYEE BENEFITS

- 12(a) Monthly contributions to the Retirement Funds viz. Provident Fund and Pension Fund being in the nature of defined contribution is charged against revenue. The Provident Fund is administered through duly constituted and approved administrators. The administration of Pension Fund in respect of existing employees opting for the same has been entrusted by Trustees to Life Insurance Corporation of India (LIC) by entering into a Group Superannuation Cash Accumulation Scheme. The existing pension optees, however, continue to be governed by the provisions of the scheme in operation at the time of their retirement and are accordingly entitled to DA relief and family pension as and when due. The contribution made on account of same is charged to Accounts as and when due.
- 12(b) The Company has a defined benefit employees scheme in the form of Gratuity. The Trustees of the scheme have entrusted the administration of related fund to LIC. Expense for the year is determined on the basis of actuarial valuation of the Company's year-end obligation in this regard and the value of year end

assets of the scheme. Contribution is deposited with LIC based on intimation received by the Company.

- 12(c) The Company has a post retirement medical benefit scheme for employees and their dependants subject to certain limits for hospitalization and normal medical treatment. The same is charged against revenue as and when incurred.

#### 13. TAXATION

Tax Expense comprises of current & deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being difference between taxable income and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent year(s). Deferred taxes are reviewed for their carrying values at each balance sheet date.

#### 14. PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

#### (B) NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for in respect of:

	(Rs. crore)	
Year ended	31.03.2010	31.03.2009
(i) Guarantees issued in Indian Currency	50.00	186.65
(ii) Bank Guarantees	6.87	-
(iii) Performance Guarantees issued	0.67	0.62
(iv) Claims not acknowledged as debts	50.14	50.35
(v) Assets sold with recourse	-	2.88
(vi) Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	4.36	-
(vii) Tax Matters:		
- Income Tax	314.64	186.87
- Service Tax	3.08	-
	In view of judicial pronouncements and legal opinions in respect of issues under appeal, no provision is considered necessary.	

2. The Company has been granted exemption as on March 31, 2010 by the Government of India, Ministry of Corporate Affairs, under Section 211(4) of the Companies Act, 1956, regarding the following requirements of Schedule VI of the Companies Act, 1956:

- (i) Company-wise details of investments where the market value in case of quoted investments and cost in case of unquoted investments in any particular company not exceeding Rs.2 crore each.
- (ii) Age-wise Classification of Sundry Debtors.

The accounts have been prepared in accordance therewith.

3. The stakeholders of IFCI in Financial Year (FY) 2002-03 had approved the package for restructuring of debt/liabilities, inter alia, providing for release of Rs.5,220 crore (comprising Rs.3,604 crore towards principal and Rs.1,616 crore towards interest over future years on liabilities taken over/to be serviced by Government of India) as Grant. Government of India (GoI) released Rs.2,932.31 crore, comprising Rs.523 crore as loan (FY 2002-03) and Rs.2,409.31 crore (FY 2003-04 to FY 2006-07) as Grant. The amount of Rs.2,409.31 crore received as Grant in FY 2003-04 to 2006-07 comprised of Rs.1,606.31 crore towards principal and Rs.803 crore towards interest. Out of Rs.1,606.31 crore received towards principal, Rs.1,359 crore (FY 2003-04) was accounted as extra-ordinary income and Rs.247.31 crore (FY 2004-05 to FY 2006-07) as Restructuring Reserve in the Reserves & Surplus A/c and thereafter transferred to Profit & Loss A/c, as per the guidelines conveyed by RBI. The amount of Rs.803 crore received towards interest was reduced from the cost of borrowings in respective years. In view of GoI letter dated December 12, 2007, stating that it would assist IFCI Ltd in case such a situation arises, no Grant has been received in the last three years.
4. The bonds guaranteed by GoI of Rs.2,338.84 crore include bonds of Rs.1,498.84 crore which have been rolled over for 10 years from the respective due dates in line with the minutes of meetings of stakeholders, held on November 26, and December 2, 2002. GoI has been requested to extend the guarantee for the rolled over period.
- 5(a) Transfer of equivalent amount to Capital Redemption Reserve Account in respect of Preference Shares of Rs.20 crore redeemed in the FY 2001-02, was complied with in FY 2007-08. However, the Company's application to the Regional Director, Northern Region for compounding is yet to be disposed off by the authorities.
- 5(b) During the current year, Preference Shares of Rs.82.03 crore (Previous Year - Rs.82.03 crore) have been redeemed, as per restructured terms on 01.04.2009 and necessary amount has been transferred to the Capital Redemption Reserve Account from Profit and Loss Account.
- 6(a) GoI has the option of converting the debentures, as shown at 'A' of Schedule III, wholly or partly into fully paid equity shares of IFCI Ltd, at par, at any time during the currency of debentures subject to compliance with provisions of SEBI guidelines, in respect of

preferential allotment. IFCI also has the right to redeem the convertible debentures issued to GoI, fully or partly, at par, at any time after expiry of five years from the date of the issue with prior approval of RBI.

6(b) During the financial year 2007-08, Zero Coupon Optionally Convertible Debentures (ZCOCDs) amounting to Rs.1,323.99 crore held by Public Sector Banks and Financial Institutions were converted into equity shares of the Company. LIC had, however, stated that they would convert only as much of their ZCOCDs into equity as would maintain their shareholding at 8.39% post conversion of ZCOCDs. Accordingly, the shareholders at the AGM held on September 12, 2008 had approved reduction of share capital for aligning the stake of LIC to 8.39% as requested by LIC. The order of the High Court of Delhi passed on February 26, 2009 for reduction of Equity Share Capital by Rs.24.57 crore and Securities Premium account by Rs.238.39 crore and minutes forming part of the petition were registered by Registrar of Companies on April 15, 2009 and have been duly effected in the books of accounts.

6(c) Loan from GoI as shown at 'D(a)(i)' of Schedule III, to be issued in the form of 0.1% Optionally Convertible Debentures and redeemable on 28.03.2023 has a right of recompense on par with other stakeholders.

7. Borrowings from Banks & FIs shown at 'D(a)(ii)' of Schedule III include loans of Rs.300 crore (Previous Year - Rs.300 crore) against security of cash flow/negative lien against certain identified loan assets.

8. In respect of Investments in shares, debentures and security receipts in certain cases, scrips are yet to be received.

9. Other Loans and Advances include Rs.0.25 crore (Previous Year - Rs.0.12 crore) due from Directors. Maximum balance during the year Rs.0.25 crore (Previous Year - Rs.0.12 crore).

	(Rs. crore)	
Year ended	31.03.2010	31.03.2009
10. Expenditure in Foreign Currencies:		
- Interest on borrowings	5.56	6.88
- Other matters	0.71	0.76
	<u>6.27</u>	<u>7.64</u>
11. Earnings in Foreign Currencies:		
Interest	-	-
12. Auditors' Remuneration:		
- Fee (including Service Tax)	0.22	0.15
- Out of pocket expenses	0.01	-
	<u>0.23</u>	<u>0.15</u>
13. Managerial Remuneration:		
- Salary and Allowances	1.16	0.70
- Contribution to retirement funds*	0.13	0.10
- Perquisites	0.07	-
	<u>1.36</u>	<u>0.80</u>

\* Excluding contribution to gratuity and leave encashment, as not determinable individually  
Computation of Net Profit and Managerial Remuneration:

	(Rs. crore)	
Year ended	31.03.2010	31.03.2009
Profit before Taxation	1,115.26	1,010.23
Add: Directors' Remuneration	1.36	0.80
Add: Wealth Tax	0.12	0.04
Add/(Less): (Profit)/Loss on sale of fixed assets	3.92	(38.40)
Net Profit as per Section 198 of the Companies Act, 1956	1,120.66	972.67
Maximum permissible remuneration to CEO & MD/ WTD u/s 198 of the Companies Act, 1956		
@10% of the profits computed as above	112.07	97.27
Payable for the year	1.36	0.80

14. The Gross Block of Fixed Assets includes Rs.1,194.32 crore (Previous Year - Rs.595.50 crore) on account of revaluation of Land & Buildings carried out during the year on the basis of replacement value as certified by Government Approved Valuer. The resulting increase of Rs.637.44 crore (Land - Rs.322.91 crore; Building-Rs.314.53 crore) has been credited to the Revaluation Reserve. The increase in value is in addition to earlier revaluation done in FY 2006-07. The additional charge of depreciation of Rs.9.42 crore (Previous Year - Rs.9.75 crore) on revaluation carried out in earlier years has been charged to Profit & Loss Account and an equivalent amount withdrawn from Revaluation Reserve and credited to Profit and Loss Account.

15. During the year, the Company has changed the method of depreciation on Mobile Phones by providing 100% depreciation in the year of acquisition itself in place of providing depreciation on WDV method at the rates provided under Schedule XIV of Companies Act, 1956. Profit for the current year is lower by Rs.0.20 crore due to the change. The additions made in the preceding years have also been fully depreciated.

16. Balances appearing under loans, sundry debtors and sundry creditors are subject to confirmation in certain cases.

17. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

18. Details of investments purchased and sold/redeemed during the year ended March 31, 2010 are enclosed as Annexure.

19. There are no material prior period items, except to the extent disclosed, included in Profit & Loss A/c required to be disclosed as per Accounting Standard-5 issued by the ICAI read with RBI guidelines.

20. Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2010 and recognized in the financial statements in respect of Employee Benefit Schemes:

	31.03.2010		31.03.2009	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	Funded	Un-funded	Funded	Un-funded
<b>I. Components of Employer Expense</b>				
1. Current Service Cost	0.31	0.84	0.30	-
2. Interest Cost	0.50	0.60	0.40	-
3. Expected Return on Plan Asset	0.58	-	0.40	-
4. Curtailment Cost/(Credit)	-	-	-	-
5. Settlement Cost/(Credit)	-	-	-	-
6. Past Service Cost	-	-	-	-
7. Actuarial (gain)/loss recognized	1.12	3.66	0.66	3.60
8. Expense Recognized in Statement of Profit/Loss	1.36	-	0.96	-
<b>II. Actual Returns for the year</b>	0.58	-	0.65	-
<b>III. Net (Asset)/Liability recognized in Balance Sheet at end of year</b>				
1. Present Value of Defined Benefit Obligation	8.10	-	6.24	-
2. Fair Value on Plan Assets	7.59	-	6.57	-
3. Status (Surplus/Deficit)	(0.50)	-	0.33	-
4. Unrecognised Past Service Cost	-	-	-	-
5. Net (Asset)/Liability recognized in Balance Sheet	(0.50)	-	(0.33)	-
<b>IV. Change in Defined Benefit Obligations (DBO) during the year</b>				
1. Present Value of Obligation at the beginning of the year	6.24	7.51	5.05	5.55
2. Current Service Cost	0.31	0.84	0.30	-
3. Interest Cost	0.50	0.60	0.40	-
4. Curtailment cost	-	-	-	-
5. Settlement Cost	-	-	-	-
6. Plan Amendments	-	-	-	-
7. Acquisitions	-	-	-	-
8. Actuarial (gain)/loss on Obligations	1.12	3.66	0.91	-
9. Benefits Paid	0.08	-	0.43	-
10. Present Value of Obligation at the end of the Year	8.10	12.61	6.24	8.35
<b>V. Change in Fair Value of Assets during the year</b>				
1. Fair Value of Plan Asset the beginning of the year	6.57	-	5.05	-
2. Acquisition Adjustment	-	-	-	-
3. Expected Return on Plan Asset	0.58	-	0.40	-
4. Actuarial (gain)/loss on Plan Asset	-	-	0.25	-
5. Contributions	0.53	-	1.29	-
6. Benefits Paid	0.08	-	0.43	-
7. Fair Value of Plan Asset at the end of the Year	7.59	-	6.57	-
<b>VI. Actuarial Assumptions</b>				
1. Mortality Table		LIC 1994-96		LIC 1994-96
2. Early Retirement & Disablement		Age Related		Age Related
3. Discount Rate	8.00%	8.00%	8.00%	8.00%
4. Inflation Rate	7.00%	7.00%	7.00%	5.00%
5. Return on Asset	8.00%	-	8.00%	-
<b>VII. Major Category of Plan Assets as a % of the Total Plan Assets</b>				
1. Government Securities	9.10%	-	15.61%	-
2. Special Deposit Scheme	-	-	-	-
3. High Quality Corporate Bonds	-	-	-	-
4. Insurance Companies	90.90%	-	84.39%	-
5. Cash & Cash Equivalents	-	-	-	-

21. The Company operates in India and hence it is considered to operate only in domestic segment. More than 90% of revenue for the Company comes from a single segment of Financing. Accordingly, segment reporting as required under Accounting Standard-17, issued by the ICAI is not applicable.

22. Disclosure of details pertaining to related party transactions in terms of Accounting Standard-18, issued by the ICAI - "Related Party Disclosures" are as under:

(i) Name of the related party and nature of relationship:

Nature of Relationship	Name of the Related Party
<b>Subsidiary</b>	IFCI Financial Services Ltd (IFIN)
	IFCI Venture Capital Funds Ltd (IVCF)
	IFCI Infrastructure Development Ltd (IIDL)
	IFCI Factors Ltd (IFL)
	MPCON Ltd
	IFCI Commodity Ltd (indirect control through IFIN)
<b>Associates</b>	IFIN Credit Ltd (indirect control through IFIN)
	Assets Care Enterprise Ltd (ACE)
	Tourism Finance Corporation of India Ltd (TFCI)
	HIMCON Ltd
	NITCON Ltd
	HARDICON Ltd

Key Managerial Personnel: – Mr Atul Kumar Rai (CEO & MD)  
– Mr Sujit K Mandal (Whole Time Director)

(ii) Transaction with the related party during the year:

Type of Transaction (Year ended 31.03.2010)	(Rs. crore)				
	IFIN	IVCF	IIDL	IFL	MP- CON
Infusion of Equity-Cash	– (–)	50.00 (50.00)	50.00 (120.00)	– (83.33)	0.45 (0.25)
Infusion of Equity-Other than Cash	– (–)	– (–)	60.90 (106.63)	– (–)	– (–)
Rent & Maintenance received by IFCI	1.03 (0.37)	1.40 (0.50)	1.19 (0.22)	1.45 (0.13)	– (–)
Fee on renting of premises	– (–)	– (–)	0.26 (–)	– (–)	– (–)
Brokerage/Professional fee paid by IFCI	0.55 (0.16)	0.07 (–)	0.10 (0.07)	– (–)	0.02 (0.01)
Fee for depository services	2.29 (1.28)	– (–)	– (–)	– (–)	– (–)
Salaries/Other Estt. Exp. paid by IFCI for employees posted by IFCI, recovered/recoverable from them	– (–)	0.16 (0.09)	0.54 (0.24)	0.22 (0.15)	– (–)
Consideration for assets sold by IFCI	– (–)	– (–)	60.90 (106.63)	– (–)	– (–)
Loans given (outstanding)	55.00 (–)	– (–)	– (–)	95.00 (25.00)	– (–)
Maximum amount outstanding (receivable) during the year	55.00 (–)	– (11.49)	– (–)	95.00 (40.69)	– (–)
Interest received/receivable on Loan to IFIN/IFL	3.91 (–)	– (1.08)	– (–)	6.55 (1.89)	– (–)
Deposit with IFCI (outstanding)	– (–)	– (–)	35.00 (40.00)	– (–)	– (–)
Maximum amount outstanding (payable) during the year	– (–)	– (–)	65.00 (41.30)	– (–)	– (–)
Interest paid/payable by IFCI	– (–)	– (–)	4.77 (1.30)	– (–)	– (–)
Investment in IFIN-PMS	20.00 (–)	– (–)	– (–)	– (–)	– (–)
Employees deputed/posted by IFCI as at 31.03.2010 (Nos.)	– (–)	2 (–)	3 (3)	4 (1)	– (–)
Employees deputed in IFCI as at 31.03.2010 (No.)	– (–)	– (–)	1 (1)	– (–)	– (–)

With Associates (Rs. crore)

Type of Transaction (Year ended 31.03.2010)	ACE	TFCI	HIM- CON	HARDI- CON	NIT- CON
Infusion of Equity	– (3.77)	– (–)	– (–)	– (–)	0.07 (0.04)
Acquisition from market	– (–)	3.59 (7.36)	– (–)	– (–)	– (–)
Dividend received by IFCI	– (–)	2.54 (–)	– (–)	– (–)	– (–)
Preference Dividend paid by IFCI	– (–)	Rs.20,000 (–)	– (–)	– (–)	– (–)
Rent & Maintenance received by IFCI	0.12 (0.18)	0.04 (0.57)	– (–)	– (–)	– (–)
Loan (outstanding)	2.75 (–)	– (–)	– (–)	– (–)	– (–)
Interest received/receivable on Loan to ACE	0.02 (–)	– (–)	– (–)	– (–)	– (–)
Salaries/Other Estt. Exp. paid by IFCI for employees deputed by IFCI, recovered/recoverable from them	0.08 (0.19)	– (–)	– (–)	– (–)	– (–)
Professional Fee paid by IFCI	– (–)	– (–)	0.05 (0.07)	0.14 (0.05)	0.01 (0.03)
Employees deputed by IFCI as at 31.03.2010 (No.)	– (1)	– (–)	– (–)	– (–)	– (–)
Employees posted by IFCI as at 31.03.2010 (No.)	1 (1)	– (–)	– (–)	– (–)	– (–)
Employees deputed in IFCI as at 31.03.2010 (No.)	– (–)	– (–)	– (–)	1 (–)	– (–)
With Key Managerial Personnel					
Type of Transaction (Year ended 31.03.2010)			CEO & MD		WTD
Dividend			Rs.12,000 (–)		– (–)

23. Earnings per share (EPS) (Rs. crore)

Year ended	31.03.2010	31.03.2009
<b>I. Computation for Basic Earnings per Share</b>		
(a) Profit Computation for Equity Shareholders		
Net profit as per Profit & Loss Account	670.94	657.15
Less: Preference Dividend	(0.31)	(5.11)
Net profit for Equity Shareholders	670.63	652.04
(b) Weighted Average Number of Equity Shares outstanding during the year	73,87,79,978	76,24,13,497
<b>II. Computation for Diluted Earnings per Share</b>		
(a) Profit Computation for Equity Shareholders (including potential shareholders)		
Net profit as per Profit & Loss Account	670.94	657.15
Less: Preference dividend	(0.31)	(5.11)
Add: Interest on Convertible Debentures (net of MAT)	32.81	35.05
Net profit for Equity Shareholders (including potential shareholders)	703.44	687.09
(b) Weighted Average Number of Equity Shares outstanding during the year including Convertible Debentures held by LIC/GoI assuming conversion price as per SEBI Guidelines	1,23,89,14,001	1,50,16,94,913
<b>III. Earnings Per Share</b> (Weighted Average, not annualised)		
Basic (Rs.)	9.08	8.55
Diluted (Rs.)	5.68	4.58

24(a) Provisions of Accounting Standard-19, issued by the ICAI - "Leases" are not applicable as the Company has not entered into leasing transaction on or after April 01, 2001.

24(b) (i) The Company has entered into lease agreement at three centers. Some of the significant terms and conditions of the arrangements are:

- Agreement may generally be terminated by either party on serving a notice period.
- The lease arrangements are generally renewed on expiry of lease period subject to mutual agreement.
- The Company shall not sublet, assign or part with the possession of the premises without prior written consent of lessor.

(ii) Rent in respect of above is charged to Profit and Loss Account.

(iii) The year-wise break up of future minimum lease payments in respect of leased premises are as under:

Particulars	(Rs. crore)	
	31.03.2010	31.03.2009
Minimum Lease payments:		
(a) Not later than one year	0.23	0.14
(b) Later than one year but not later than five years	0.14	0.10
(c) Later than five years	-	-

25. Current Tax represents Minimum Alternate Tax (MAT), provided in terms of Section 115JB of the Income Tax Act, 1961, as tax at normal rates is lower than MAT. In view of amendment to Section 115JB of Income Tax Act, 1961 vide Finance Act, 2009 w.r.e.f. 01.04.2001, additional provision of Rs.51.17 crore has been made for Financial Years 2006-07 and 2007-08. Further, MAT Credit Entitlement and income tax provision of Rs.129.17 crore has been reversed for Financial Years 2008-09 and 2009-10.

26. In terms of Accounting Standard-22, issued by the ICAI - "Accounting for Taxes on Income", Deferred Tax Assets (Net) on account of timing differences is as under:

As at	(Rs. crore)	
	31.03.2010	31.03.2009
Unabsorbed Business Loss *	187.51	251.03
Unabsorbed Depreciation *	56.75	58.07
Provision against Loans/Advances & other Assets	1,196.77	1,463.14
Timing difference in Depreciable Assets	(63.22)	(57.12)
Other Timing Differences	9.63	11.19
Deferred Tax Assets (Net)	1,387.44	1,726.31

\* as evidenced from the income tax return filed by the Company

For the current year, Deferred Tax charge of Rs.338.87 crore (Previous Year - Rs.311.41 crore) has been charged in the accounts.

27. Fixed Assets possessed by the Company are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by Accounting Standard-28 - 'Impairment of Assets' issued by the ICAI. As on March 31, 2010, there were no events or changes in circumstances which indicate any impairment in the assets.

28. Movement in Provisions, in terms of Accounting Standard-29, issued by the ICAI - "Provisions, Contingent Liabilities and Contingent Assets" is given as under:

	(Rs. crore)			
	Opening Balance	Addition/Transfer	Deduction/Transfer	Closing Balance
Leave Encashment	8.35	4.26	-	12.61
Income Tax	382.33	97.58	129.17	350.74
Fringe Benefit Tax	6.13	0.21	-	6.34
Assets	4,275.69	112.54	829.61	3,558.62

29. The following additional information is disclosed in terms of RBI Circulars:

(A) Loans and advances availed, inclusive of interest accrued thereon but not paid:

Particulars	(Rs. crore)			
	As on 31.03.2010		As on 31.03.2009	
	Outstanding	Overdue	Outstanding	Overdue
(a) Debentures: Secured	-	-	-	-
Unsecured	1,218.19	-	955.22	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	4,614.98	-	991.23	-
(d) Inter Corporate Loans & Borrowings	113.42	-	109.47	-
(e) Commercial Paper	-	-	-	-
(f) Other Loans				
(i) Funds placed with IFCI	35.52	-	30.68	-
(ii) Bonds	7,045.88	-	6,955.89	-

The Company has not defaulted in repayment of dues to any financial institution or bank or bond/debenture holders.

(B) Break-up of Leased Assets and stock on hire and other assets counting towards Loan activities:

Particulars	(Rs. crore)	
	31.03.2010	31.03.2009
(i) Lease assets including lease rentals:		
(a) Financial Lease	66.04	103.29
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities:		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

(C) Borrower group-wise classification of assets financed:

Category	(Rs. crore)	
	31.03.2010	31.03.2009
1. Related Parties		
(a) Subsidiaries	150.00	25.55
(b) Companies in same group	-	-
(c) Other Related Parties	2.75	-
2. Other than Related Parties	10,920.83	8,252.92
<b>TOTAL</b>	<b>11,073.58</b>	<b>8,278.47</b>

Amount is net of provision and excludes Provision against Standard Assets.

(D) Investor group-wise classification of all investments (Current & Long Term) in shares and securities (both Quoted & Unquoted):

Category	31.03.2010		31.03.2009	
	Market/Break-up/ Fair Value/ NAV	Book Value	Market/Break-up/ Fair Value/ NAV	Book Value
	1. Related Parties			
(a) Subsidiaries	685.63	638.07	444.92	423.47
(b) Companies in same group	-	-	-	-
(c) Other Related Parties	84.00	68.87	42.85	65.21
2. Other than Related Parties	5,085.56	5,883.18	4,177.57	4,550.25
<b>TOTAL</b>	<b>5,855.19</b>	<b>6,590.12</b>	<b>4,665.34</b>	<b>5,038.93</b>

(E) Other Information:

Particulars	(Rs. crore)	
	31.03.2010	31.03.2009
1. Gross Non-Performing Assets:		
(a) Related Parties	-	-
(b) Other than Related parties	3,809.53	5,152.17
2. Net Non-Performing Assets:		
(a) Related Parties	-	-
(b) Other than Related parties	55.55	463.26
3. Assets acquired in satisfaction of debt	0.07	0.07

(F) Capital to Risk Assets Ratio (CRAR):

As on	(Rs. crore)	
	31.03.2010	31.03.2009
Capital		
(a) Capital to Risk Assets Ratio (CRAR)	17.9%	19.7%
(i) Core CRAR	12.5%	14.5%
(ii) Supplementary CRAR	5.4%	5.2%
(b) Subordinated debt raised, outstanding as Tier II Capital (Rs. crore)	-	-
(c) Risk-weighted assets (Rs. crore)		
(i) On-Balance Sheet Items	16,876.16	11,729.62
(ii) Off-Balance Sheet Items	326.59	412.72

**(G) Exposure to Real Estate Sector: (Rs. crore)**

Category	31.03.2010	31.03.2009
(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 (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
(ii) Commercial Real Estate: Lending secured by mortgages on commercial real estate (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	241.46	76.99
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

**(H) Maturity Pattern of assets and liabilities: (Rs. crore)**

	1 Day to 30/31 Days (1 Mth)	Over 1 Mth to 2 Mths	Over 2 Mths to 3 Mths	Over 3 Mths to 6 Mths	Over 6 Mths to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
<b>Liabilities:</b>									
Borrowings from Banks	0.25	2.15	21.39	359.02	580.18	2,928.46	1,195.47	2,597.58	7,684.50
Market Borrowings	22.29	50.27	10.98	224.17	240.58	675.86	1,095.99	2,905.45	5,225.59
<b>Total</b>	<b>22.54</b>	<b>52.42</b>	<b>32.37</b>	<b>583.19</b>	<b>820.76</b>	<b>3,604.32</b>	<b>2,291.46</b>	<b>5,503.03</b>	<b>12,910.09</b>
<b>Assets:</b>									
Advances	108.58	239.78	181.77	818.14	1,214.96	3,311.06	1,311.25	2,925.82	10,111.36
Investments	248.21	10.87	42.03	175.75	618.57	341.78	203.26	4,238.10	5,878.57
<b>Total</b>	<b>356.79</b>	<b>250.65</b>	<b>223.80</b>	<b>993.89</b>	<b>1,833.53</b>	<b>3,652.84</b>	<b>1,514.51</b>	<b>7,163.92</b>	<b>15,989.93</b>

**(I) Details of Loan Assets subjected to Restructuring: (Rs. crore)**

Particulars	31.03.2010		31.03.2009	
	CDR	Non-CDR	CDR	Non-CDR
Standard	673.74	406.38	39.10	48.63
Sub-Standard	449.60	-	-	37.77
Doubtful	7.86	-	-	-
<b>Total</b>	<b>1,131.20</b>	<b>406.38</b>	<b>39.10</b>	<b>86.40</b>

**(J) Assets sold to Securitisation Company/Reconstruction Company (SC/RC): (Rs. crore)**

Particulars	31.03.2010	31.03.2009
1. Number of Accounts	4	7
2. Aggregate outstanding of accounts sold to SC/ RC	18.22	197.41
3. Aggregate consideration	6.80	105.09
4. Additional consideration realized in respect of accounts transferred in earlier years	-	-
5. Aggregate gain/(loss) over net book value	-	-

**(K) Details of Non-performing financial assets purchased: (Rs. crore)**

Particulars	31.03.2010	31.03.2009
1. (a) Number of accounts purchased during the year	5	3
(b) Aggregate Outstanding (Rs. crore)	39.62	19.85
2. (a) Of the above number of accounts restructured during the year	-	-
(b) Aggregate Outstanding (Rs. crore)	-	-

**(L) Details of Non-performing financial assets sold: (Rs. crore)**

Particulars	31.03.2010	31.03.2009
Number of accounts sold during the year	18	5
Aggregate outstanding (Rs. crore)	302.24	35.75
Aggregate consideration received (Rs. crore)	113.90	6.18

30. Total value of outstanding Currency Swaps was USD 23.20 million against INR and EUR 45.80 million against USD (Previous Year - USD 9.45 million against INR and EUR 40.80 million against USD respectively) equivalent to Rs.398.89 crore (Previous Year - Rs.236.25 crore), whereas total value of outstanding Forex Deals other than Currency Swaps was USD 8.00 million against INR and EUR 19.40 million against USD equivalent to Rs.154.28 crore (Previous Year - USD 10 million and EUR 20 million respectively).
31. Foreign Currency exposure that is not hedged by derivative instrument or otherwise is USD 0.70 million (Previous Year - USD 0.01 million) and EUR 0.16 million (Previous Year - EUR 0.02 million), equivalent to Rs.3.17 crore (Previous Year - Rs.0.16 crore).
32. Previous year figures have been re-grouped/re-arranged wherever necessary, to conform to current year's, presentation.
33. Balance Sheet abstract and Company's General Business Profile as per Part IV of Schedule VI of the Companies Act, 1956 are enclosed as Appendix.

**Signatories to all Schedules I to XIX**

In terms of our report of even date

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEEV KUMAR JINDAL**  
Director

**KANU S CHOKSHI**  
Partner  
M. No.17085

**P G MURALIDHARAN**  
Director

**TEJINDER SINGH LASCHAR**  
Director

**USHA SANGWAN**  
Director

**SHOBHIT MAHAJAN**  
Director

**K RAGHURAMAN**  
Director

**S SHABBEER PASHA**  
Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

For and on behalf of Board

**DETAILS OF INVESTMENTS PURCHASED AND SOLD/REDEEMED**
**Annexure**
**MUTUAL FUNDS**
**(Rs. crore)**

<b>Name of the Scheme</b>	<b>No. of Units</b>	<b>Face Value (Rs.)</b>	<b>Amount</b>
AIG India Liquid Fund Super Institutional Growth	45,16,348.84	1,000	524.75
AIG India Treasury Fund Super Institutional Growth	23,32,20,105.20	10	273.90
Axis Liquid Fund-Growth-Total	30,71,929.40	1,000	308.30
Axis Treasury Advantage Fund-Growth-Total	21,22,703.70	1,000	213.30
Baroda Pioneer Liquid Institutional Growth Plan	49,13,33,304.16	10	504.15
Baroda Pioneer Treasury Advantage Fund Growth Plan	21,28,27,771.17	10	214.90
Bharti Axa Liquid Fund Super Institutional Plan Growth	23,48,422.36	1,000	253.35
Bharti Axa Treasury Advantage Fund Institutional Plan-Growth	6,55,472.56	1,000	71.30
Birla Sun Life Cash Plus Institutional Premium Growth	31,14,02,102.15	10	450.05
Birla Sun Life Savings Fund Institutional-Growth	12,72,52,128.80	10	217.00
Canara Robeco Liquid Super Institutional Growth Fund	1,72,49,92,832.63	10	1,876.35
Canara Robeco Treasury Advantage Super Instt Growth Fund-Total	7,33,31,822.00	10	100.00
DBS Chola Freedom Income STP Inst Cum Org-Total	6,90,66,902.00	10	100.00
DBS Chola Liquid Super Institutional Plan Cumulative Growth	24,78,21,399.25	10	305.00
DSP Black Rock Floating Rate Fund-Institutional Plan-Growth-Total	3,83,824.48	1,000	50.00
DSP BlackRock Cash Manager Fund-Institutional Plan-Growth	10,80,322.96	1,000	124.35
DSP Blackrock Cash Plus Fund Growth Plan	4,39,393.80	1,000	50.00
DWS Insta Cash Plus Fund Super Institutional Plan Growth	43,96,83,641.36	10	511.75
DWS Ultra Short Term Fund-Institutional Growth-Total	14,09,87,477.00	10	150.00
Fidelity Cash Fund Super Institutional Growth	39,06,45,943.68	10	478.20
Fidelity Ultra Short Term Debt Fund Super Institutional-Growth-Total	10,69,27,694.00	10	124.90
Fortis Money Plus Institutional Growth-Total	3,65,24,953.00	10	50.00
Fortis Overnight Institutional Plus Growth	52,02,99,865.17	10	575.30
HDFC Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth	2,56,53,984.00	10	50.00
HDFC Floating Rate Income Fund-Short Term Plan-Wholesale Option-Growth-Total	2,83,16,596.00	10	43.75
HDFC Liquid Fund Premium Plan Growth	19,09,49,107.36	10	343.75
HSBC Cash Fund Institutional Plus Growth Scheme	3,60,77,899.40	10	50.00
ICICI Prudential Flexible Income Plan Premium-Growth-Total	1,94,45,733.00	100	32.65
ICICI Prudential Institutional Liquid Plan Super Institutional Growth	33,43,57,321.97	10	456.25
IDFC Cash Fund-Super Institutional Plan C-Growth	27,83,02,762.14	10	304.95
IDFC Money Manager Fund-Treasury Plan-Super Inst Plan C-Growth-Total	6,87,41,854.00	10	73.75
IDFC Money Manager Fund-Investment Plan-Inst Plan B-Growth	3,59,62,100.50	10	50.00
ING Liquid Fund Super Institutional Plan Growth	31,73,01,036.38	10	424.10
JM High Liquidity Fund Super Institutional Plan Growth (94)	44,91,59,786.61	10	629.20
JM Money Manager Fund Super Plus Plan-Growth (172)	7,50,05,408.20	10	95.10
JM Money Manager Super Plus-Daily Dividend Reinvestment	4,99,79,193.85	10	50.00
JP Morgan India Liquid Fund Super Inst Growth Plan	30,05,68,265.00	10	348.90
JP Morgan India Treasury Fund Super Institutional Growth Plan	25,61,30,069.11	10	298.90
LIC MF Liquid Fund-Growth-Total	40,45,47,386.00	10	673.20
Principal Cash Management Fund Liquid Option Instl Prem Plan	36,44,47,470.73	10	507.95
Principal Floating Rate Fund FMP-Regular Option-Growth Plan	2,48,443.78	10	0.35
Principal Floating Rate Fund FMP Insti Option Growth Plan-Total	7,44,62,375.20	10	106.50
Principal Ultra Short Term Fund-Growth Plan-Total	70,02,049.90	10	8.15
Reliance Floating Rate Fund Growth Plan-Growth Option	7,13,37,066.90	10	100.00
Reliance Liquid Fund Treasury Plan Institutional Growth Option Growth Plan	6,90,17,650.22	10	150.00
Religare Liquid Fund Super Institutional Growth	43,11,27,760.47	10	528.50
Religare Ultra Short Term Fund-Institutional Growth	4,05,62,674.80	10	50.00
SBI-Magnum Insta Cash Fund-Cash Option-Total	10,62,58,884.00	10	213.90
SBI-SHF-Ultra Short Term Fund-Institutional Plan-Growth	48,27,88,841.00	10	565.50
SBI Magnum Insta Cash Fund-Growth	40,00,40,130.19	10	797.85
SBI Premier Liquid Fund-Super IP Growth-Total	13,38,60,528.00	10	191.65
Shinsei Liquid Fund-Institutional Growth Plan	4,49,74,530.84	1,000	60.00
Sundaram BNP Paribas Money Fund Super Institutional Growth	36,56,49,388.83	10	688.80
Sundaram BNP Paribas Ultra Short Term Fund Growth	9,88,72,293.60	10	120.30
Tata Floater Fund-Growth-Total	9,24,82,951.00	10	125.00
Tata Liquid Super High Inv. Fund-Appreciation	18,03,380.60	1,000	299.40
Tata Treasury Manager Ship Growth-Total	4,86,198.45	1,000	50.03
Taurus Liquid Fund Institutional Plan Growth	7,33,13,362.50	10	73.60
Taurus Liquid Fund Super Institutional Growth-Total	6,95,57,692.00	10	69.60
Taurus Ultra Short Term Bond Fund-Super Institutional Plan-Growth	13,60,34,756.10	10	143.20
Templeton India Treasury Management Account Super Institutional Plan	43,55,720.88	1,000	579.65
UTI Liquid Cash Plan Institutional Growth Option	5,36,608.62	1,000	77.70
UTI Money Market Fund Growth Plan	13,25,73,168.32	10	329.15
UTI Money Market Mutual Fund-Institutional Growth Plan	18,12,70,952.57	1,000	794.62
UTI Treasury Advantage Fund-Institutional Plan (Growth Option)-Total	16,46,236.10	1,000	199.80

**EQUITY SHARES**
**(Rs. crore)**

Particulars	No. of Shares	Face Value (Rs.)	Amount
ACC Ltd	1,26,599	10	9.17
Ambuja Cements Ltd	2,00,000	2	1.85
Axis Bank Ltd	1,35,000	10	13.03
Bajaj Finserv Ltd	8,541	5	0.29
Balrampur Chini Mills Ltd	3,50,000	1	4.75
Bank of Baroda	3,30,400	10	14.50
Bharti Airtel Ltd	90,000	10	3.46
Bharat Heavy Electricals Ltd	37,500	10	8.42
Cairn India Ltd	50,000	10	1.09
Chambal Fertilisers & Chemicals Ltd	14,71,561	10	7.67
DLF Ltd	1,34,600	2	5.09
HDFC Bank Ltd	35,325	10	5.11
Hero Honda Motors Ltd	60,000	2	9.40
Hindalco Industries Ltd	12,52,408	10	16.88
Hindustan Unilever Ltd	40,000	10	5.01
ICICI Bank Ltd	1,68,921	10	13.62
Infrastructure Development Finance Company Ltd	1,25,000	10	2.07
Indian Overseas Bank	1,18,000	10	1.00
Infosys Technologies Ltd	30,000	5	6.83
ITC Ltd	2,87,635	1	6.98
IVRCL Infrastructure & Projects Ltd	80,000	2	3.09
JSW Steel Ltd	9,61,530	10	65.21
Larsen & Toubro Ltd	7,500	2	1.13
NTPC Ltd	1,00,000	10	2.14
ONGC Ltd	75,452	10	8.65
Punjab National Bank	40,000	10	3.04
Punj Lloyd Ltd	73,500	2	1.78
Ranbaxy Laboratories Ltd	1,00,000	5	3.35
Reliance Communications Ltd	8,18,400	10	22.26
Reliance Capital Ltd	1,86,365	10	15.31
Reliance Industries Ltd	1,36,126	10	27.01
Reliance Infrastructure Ltd	75,000	10	8.41
Reliance Power Ltd	1,45,000	10	2.44
Steel Authority of India Ltd	1,00,344	10	1.67
State Bank of India	1,23,508	10	24.52
Sterlite Industries Ltd	85,000	2	5.41
Suzlon Energy Ltd	1,00,000	2	0.88
Tata Steel Ltd	2,22,228	10	11.47
Tata Motors Ltd	3,26,400	10	14.83
Union Bank of India	6,59,450	10	16.35
Unitech Ltd	4,50,000	2	4.32

**GOVERNMENT SECURITIES**
**(Rs. crore)**

Particulars	No. of Units	Face Value (Rs.)	Amount
6.90% G-Sec 2019	3,000	1,00,000	28.80
7.27% G-Sec 2013	2,000	1,00,000	20.91
7.37% G-Sec 2014	500	1,00,000	5.31
7.56% G-Sec 2014	1,000	1,00,000	10.68
7.59% G-Sec 2016	2,000	1,00,000	21.06

**CORPORATE BONDS**
**(Rs. crore)**

Particulars	No. of Units	Face Value (Rs.)	Amount
9.75% ICICI Home Finance Company Ltd	200	10,00,000	20.00
2% Tata Motors Ltd	50	10,00,000	5.08
8.6% 57B Power Finance Corporation Ltd	250	10,00,000	25.00
8.35% Infrastructure Leasing and Financial Services Ltd	250000	1,000	25.00
8.5% Infrastructure Leasing and Financial Services Ltd	500	10,00,000	50.00
8.35% Op I 90B Rural Electrification Corporation Ltd	50	10,00,000	5.00
8.72% Op II 90B Rural Electrification Corporation Ltd	400	10,00,000	40.00
8.75% Deccan Chronicle Ltd	250	10,00,000	25.00
9.65% Yes Bank Ltd	200	10,00,000	20.00



## APPENDIX

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

as per Part IV of the Schedule VI to the Companies Act, 1956

#### I. Registration details

Registration No. 

5	5	-	5	3	6	7	7
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Balance Sheet Date 

3	1		0	3		1	0
---	---	--	---	---	--	---	---

State Code 

5	5
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#### II. Capital Raised during the Year (Amount in Rs. Crore)

Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Rights Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Crore)

##### Sources of Funds

Total Liabilities

	1	9	5	8	9	.	2	1
--	---	---	---	---	---	---	---	---

Total Assets

	1	9	5	8	9	.	2	1
--	---	---	---	---	---	---	---	---

Paid-up Capital

		1	0	0	1	.	6	8
--	--	---	---	---	---	---	---	---

Reserves & Surplus

		3	6	0	8	.	1	2
--	--	---	---	---	---	---	---	---

Secured Loans

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Unsecured Loans

	1	3	5	6	2	.	4	6
--	---	---	---	---	---	---	---	---

##### Application of Fund

Net Fixed Assets

		1	4	5	0	.	1	0
--	--	---	---	---	---	---	---	---

Investments

		5	8	8	2	.	4	3
--	--	---	---	---	---	---	---	---

Net Current Assets \*

		9	4	5	2	.	2	9
--	--	---	---	---	---	---	---	---

Misc. Expenditure

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Accumulated Losses

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Deferred Tax Assets

		1	3	8	7	.	4	4
--	--	---	---	---	---	---	---	---

\* Includes Rs.10,171.81 crore by way of Term Loans to Industrial Concerns/Other Institutions

#### IV. Performance of the Company (Amount in Rs. Crore)

Turnover

		1	6	7	9	.	3	3
--	--	---	---	---	---	---	---	---

Total Expenditure

		1	0	1	1	.	8	8
--	--	---	---	---	---	---	---	---

Profit Before Tax

		1	1	1	5	.	2	6
--	--	---	---	---	---	---	---	---

Profit After Tax

			6	7	0	.	9	4
--	--	--	---	---	---	---	---	---

Earnings Per Share Rs.

						9	.	0	8
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Dividend Rate %

	1	0	.	0	0
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#### V. Generic Names of Three Principal Products/Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code)

NOT APPLICABLE
----------------

Product Description

PROJECT FINANCING
-------------------

Item Code No. (ITC Code)

NOT APPLICABLE
----------------

Product Description

FINANCIAL SERVICES
--------------------

Item Code No. (ITC Code)

NOT APPLICABLE
----------------

Product Description

INVESTMENTS
-------------

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANIES**

Name of the Subsidiary Company	IFCI Venture Capital Funds Ltd	IFCI Financial Services Ltd	IFCI Infrastructure Development Ltd	IFCI Factors Ltd	MPCON Ltd	IFCI Commodity Ltd (subsidiary of IFCI Financial Services Ltd)	IFIN Credit Ltd (subsidiary of IFCI Financial Services Ltd)
1. Financial Year of the Subsidiary Company ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
2. (a) Issued, Subscribed and Paid up capital of the Subsidiary Company	6,03,71,008 Equity Shares of Rs.10/- each	90,73,088 Equity Shares of Rs.10/- each	33,95,29,543 Equity Shares of Rs.10/- each	7,93,57,700 Equity Shares of Rs.10/- each	10,000 Equity Shares of Rs.1,000/- each	20,00,000 Equity Shares of Rs.10/- each	25,00,000 Equity Shares of Rs.10/- each
(b) Extent of interest of IFCI in Capital of the Subsidiary	5,95,21,008 Equity Shares of Rs.10/- each (98.59%)	69,03,188 Equity Shares of Rs.10/- each (76.08%)	33,95,29,543 Equity Shares of Rs.10/- each (100%)	7,91,54,700 Equity Shares of Rs.10/- each (99.74%)	7,972 Equity Shares of Rs.1,000/- each (79.72%)	20,00,000 Equity Shares of Rs.10/- each (100%)	25,00,000 Equity Shares of Rs.10/- each (100%)
3. Net aggregate amount of Profits/Losses of the Subsidiary so far as it concerns the Members of IFCI and is not dealt with in the Accounts of IFCI							
(a) The Financial Year ended March 31, 2010 (Rs. crore)	4.87	1.61	4.00	10.56	0.21	0.05	0.09
(b) For the previous Financial Years of the Subsidiary since it became Subsidiary of IFCI (Rs. crore)	9.44	5.01	0.50	3.98	1.25	Nil	(0.46)
4. Net aggregate amount of Profits/Losses of the Subsidiary so far as dealt with or provisions made for those losses in the Accounts of IFCI							
(a) The Financial Year ended March 31, 2010 (Rs. crore)	Nil	Nil	Nil	Nil	0.02	Nil	Nil
(b) For the previous Financial Years of the Subsidiary since it became Subsidiary of IFCI (Rs. crore)	0.90	2.72	Nil	Nil	0.01	Nil	Nil

For and on behalf of Board

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEEV KUMAR JINDAL**  
Director

**P G MURALIDHARAN**  
Director

**TEJINDER SINGH LASCHAR**  
Director

**USHA SANGWAN**  
Director

**SHOBHIT MAHAJAN**  
Director

**K RAGHURAMAN**  
Director

**S SHABBEER PASHA**  
Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

**AUDITORS' REPORT**

**TO THE BOARD OF DIRECTORS  
IFCI LIMITED**

We have examined the attached Consolidated Balance Sheet of IFCI Limited (Company) and its Subsidiaries and Associates (IFCI Group) as at March 31, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of five subsidiaries, two step-down subsidiaries and five associates, we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries and associates is based solely on the reports of the other auditors. The details of assets, revenue and net cash inflows in respect of these subsidiaries and the net carrying cost of investment and current year share of profit in respect of these associates, to the extent to which they are reflected in the consolidated financial statements are given below:

**AUDITED BY OTHER AUDITORS:**

	(Rs. crore)		
	Total Assets	Total Revenue	Net Cash Inflows
Subsidiaries	984.00	105.30	9.82
	Net carrying cost of investment	Current year share of profit	
Associates	0.59	0.20	-

We further report that in respect of four associates, the un-audited financial statements have been certified by Management and have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the Associates are based solely on these certified financial statements.

Since the financial statements for the financial year ended March 31, 2010, which were compiled by Management of this Company were not audited, any adjustments to their balances could have

consequential effects on the attached consolidated financial statements. However, the size of the Associates in the consolidated position is not significant in relative terms. The details of the net carrying cost of investment and current year share of profit in respect of these Associates, to the extent to which they are reflected in the consolidated financial statements is given below:

**CERTIFIED BY MANAGEMENT:**

	(Rs. crore)	
	Net carrying cost of investment	Current year share of profit
Associates	114.90	11.16

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard-21, "Consolidated Financial Statements" and (AS)-23, "Accounting for Investments in Associates in Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India and on the basis of the separate audited/certified financial statements of the IFCI Group included in the consolidated financial statements.

We report that on the basis of the information and according to the explanations given to us, and on the consideration of the separate audit report on individual audited financial statements of the IFCI Group, we are of the opinion that the said consolidated financial statements, read together with significant accounting policies in Schedule XX and notes appearing thereon specifically Note No.32 & 33 regarding pending approval of Central Government as required under 314(1)(b) of the Companies Act, 1956, remuneration/fee as consultant Rs.0.63 crore has been paid to a key managerial personnel and loan of Rs.0.42 crore given to relative of the Managing Director without prior approval of Central Government, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the IFCI Group as at March 31, 2010;
- (b) in the case of the consolidated Profit and Loss Account, of the consolidated results of operations of the IFCI Group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the IFCI Group for the year ended on that date.

For **CHOKSHI & CHOKSHI**  
Chartered Accountants  
Firm Registration No.101872W

**Kanu S Chokshi**  
Partner  
Membership No.17085

Camp: New Delhi  
Date : April 30, 2010

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010**

	Schedule No.	As at March 31, 2010	(Rs. crore) As at March 31, 2009
<b>I. SOURCES OF FUNDS</b>			
(1) Shareholders' Funds			
Share Capital	I	<b>1,001.68</b>	1,108.28
Reserves and Surplus	II	<b>3,753.18</b>	2,724.86
(2) Minority Interest			
Share Capital		<b>3.43</b>	4.40
Reserves and Surplus		<b>4.09</b>	4.67
(3) Loan Funds (Unsecured)			
Rupee Loans	III	<b>13,109.63</b>	9,006.39
Foreign Currency Loans	IV	<b>534.19</b>	631.29
<b>TOTAL</b>		<b>18,406.20</b>	13,479.89
<b>II. APPLICATION OF FUNDS</b>			
(1) Fixed Assets	V		
Gross Block		<b>1,823.69</b>	1,109.50
Less: Depreciation		<b>313.22</b>	288.73
Net Block		<b>1,510.47</b>	820.77
Capital work-in-progress (including advances)		<b>54.01</b>	79.49
(2) Investments	VI	<b>5,459.87</b>	3,702.46
(3) Goodwill on consolidation		<b>53.25</b>	34.78
(4) Deferred Tax Assets		<b>1,388.38</b>	1,726.79
(5) Current Assets, Loans and Advances			
Sundry Debtors	VII	<b>484.81</b>	276.21
Cash and Bank Balances	VIII	<b>140.56</b>	575.80
Other Current Assets	IX	<b>353.80</b>	322.92
Loans to Assisted Concerns	X	<b>10,049.98</b>	7,001.19
Other Loans and Advances	XI	<b>437.18</b>	437.07
		<b>11,466.33</b>	8,613.19
Less: Current Liabilities and Provisions			
Current Liabilities	XII	<b>918.60</b>	1,019.20
Provisions	XIII	<b>607.53</b>	478.43
		<b>1,526.13</b>	1,497.63
Net Current Assets		<b>9,940.20</b>	7,115.56
(6) Miscellaneous Expenditure to the extent not written off/adjusted	XIV	<b>0.02</b>	0.04
Significant Accounting Policies and Notes on Accounts	XX		
<b>TOTAL</b>		<b>18,406.20</b>	13,479.89

In terms of our report of even date

For and on behalf of Board

 For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEEV KUMAR JINDAL**  
Director

**KANU S CHOKSHI**  
Partner  
M. No.17085

**P G MURALIDHARAN**  
Director

**TEJINDER SINGH LASCHAR**  
Director

**USHA SANGWAN**  
Director

**SHOBHIT MAHAJAN**  
Director

**K RAGHURAMAN**  
Director

**S SHABBEER PASHA**  
Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

 Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

	Schedule No.	For the year ended March 31, 2010	(Rs. crore) For the year ended March 31, 2009
<b>I. INCOME</b>			
Income from Operations	XV	1,743.45	1,432.22
Other Income	XVI	17.44	80.97
<b>TOTAL INCOME (A)</b>		<b>1,760.89</b>	<b>1,513.19</b>
<b>II. EXPENDITURE</b>			
Cost of Borrowings	XVII	889.05	789.52
Payments to and provisions for employees	XVIII	71.21	57.04
Establishment and Other Expenses	XIX	68.66	51.07
Cost of Stock in trade sold		17.32	-
Depreciation (Net of transfer from Revaluation Reserve)		11.27	8.13
Preliminary/Preoperative/Misc expenses written off		0.02	2.27
<b>TOTAL EXPENDITURE (B)</b>		<b>1,057.53</b>	<b>908.03</b>
<b>III. PROFIT BEFORE PROVISIONS/WRITE OFF (A-B)</b>		<b>703.36</b>	<b>605.16</b>
<b>IV. BAD AND DOUBTFUL LOANS &amp; ADVANCES AND OTHER ASSETS</b>			
Write-off		284.81	204.37
Provision		2.32	75.59
Provision u/s 36(1)(vii)(c)		15.00	-
Provision Reversal		(747.47)	(693.98)
<b>V. PROFIT BEFORE TAX</b>		<b>1,148.70</b>	<b>1,019.18</b>
Provision for Taxation			
- Income Tax		117.25	115.64
- MAT Credit Entitlement		-	(74.72)
- Deferred Tax Charge (Net)		338.41	310.55
- Fringe Benefit Tax		-	4.87
<b>VI. PROFIT AFTER TAX</b>		<b>693.04</b>	<b>662.84</b>
Surplus brought forward from Previous Year		329.30	26.41
Profit available for appropriation		1,022.34	689.25
<b>VII. APPROPRIATIONS</b>			
Reserve u/s 45IC of RBI Act		136.31	136.45
Capital Redemption Reserve		82.03	82.03
General Reserve		65.00	65.00
Special Reserve u/s 36(1)(viii)		10.00	-
Proposed Dividend			
- Equity		71.81	60.99
- Preference		0.26	4.37
Tax on Distributed Profits			
- Equity		11.92	10.37
- Preference		0.05	0.74
Balance carried over to Balance Sheet		644.96	329.30
		<b>1,022.34</b>	<b>689.25</b>
Basic Earnings per share of Rs.10.00 each (Rs.)		9.38	8.63
Diluted Earnings per share of Rs.10.00 each (Rs.)		5.86	4.61
Significant Accounting Policies and Notes on Accounts	XX		

In terms of our report of even date

For and on behalf of Board

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEEV KUMAR JINDAL**  
Director

**KANU S CHOKSHI**  
Partner  
M. No.17085

**P G MURALIDHARAN**  
Director

**TEJINDER SINGH LASCHAR**  
Director

**USHA SANGWAN**  
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Director

**K RAGHURAMAN**  
Director

**S SHABBEER PASHA**  
Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	For the year ended March 31, 2010	(Rs. crore) For the year ended March 31, 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	<b>1,148.70</b>	1,019.18
<b>Adjustments for:</b>		
Depreciation	11.27	8.13
Preliminary Expenses written off	0.02	2.27
Provision/write offs	(445.34)	(414.02)
Profit on Sale of Assets	3.92	(37.57)
(Increase)/decrease in Misc. Expenditure	-	(3.61)
Lease Equalisation	17.47	14.94
	<u>(412.66)</u>	<u>(429.86)</u>
<b>Operating Profit before Working Capital Changes</b>	<b>736.04</b>	589.32
<b>Adjustments for:</b>		
(Increase)/decrease in Current Assets	(240.39)	(189.94)
Increase/(decrease) in Current Liabilities	14.52	63.56
	<u>(225.87)</u>	<u>(126.38)</u>
<b>Cash Flow before Taxation</b>	<b>510.17</b>	462.94
Income Tax paid	(116.42)	(115.64)
Dividend paid	(70.06)	(3.63)
Net cash from Operating Activities	<u>323.69</u>	<u>343.67</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of/(Addition) to Investments (incl. Application Money)	(1,958.89)	(1,556.13)
Purchase of/Advance for Fixed Assets (including Leased Assets)	(72.94)	(27.46)
Sale proceed of Fixed Assets	3.23	48.38
Net cash used in/raised from Investing Activities	<u>(2,028.60)</u>	<u>(1,535.21)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans borrowed (net of repayments) *	4,006.14	(582.80)
Loans lent (net of repayments)	(2,415.22)	(1,087.63)
Redemption of Preference Shares	(82.03)	(82.03)
Issue of Equity Shares *	(24.57)	-
Share Premium (net of expenses) *	(214.65)	37.22
IDF/BRF/SWF (Net)	-	0.44
Net Cash from Financing Activities	<u>1,269.67</u>	<u>(1,714.80)</u>
<b>Net Change in Cash &amp; Cash Equivalent (A+B+C)</b>	<b>(435.24)</b>	(2,906.34)
Opening Cash and Cash Equivalent	575.80	3,482.14
Closing Cash and Cash Equivalent	<u>140.56</u>	<u>575.80</u>
<b>Increase/(Decrease) in Cash &amp; Cash Equivalent</b>	<b>(435.24)</b>	(2,906.34)

\*re-converted into loans

**Note:** Figures for previous year have been regrouped, wherever considered necessary

In terms of our report of even date

For and on behalf of Board

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

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Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary

**SCHEDULES FORMING PART OF THE ACCOUNTS**

SCHEDULE - I SHARE CAPITAL	(Rs. crore)	
	As at March 31, 2010	As at March 31, 2009
<b>AUTHORISED</b>		
150,00,00,000 (Previous Year - 150,00,00,000) Equity Shares of Rs.10/- each	1,500.00	1,500.00
150,00,00,000 (Previous Year - 150,00,00,000) Cumulative Redeemable Preference Shares of Rs.10/- each	1,500.00	1,500.00
	<b>3,000.00</b>	<b>3,000.00</b>
<b>ISSUED</b>		
80,50,84,785 (Previous Year - 82,96,60,951) Equity Shares of Rs.10/- each	805.08	829.66
42,79,10,000 (Previous Year - 42,79,10,000) Cumulative Redeemable Preference Shares of Rs.10/- each	427.91	427.91
<b>SUBSCRIBED</b>		
73,91,54,031 (Previous Year - 76,37,30,197) Equity Shares of Rs.10/- each	739.15	763.73
42,79,10,000 (Previous Year - 42,79,10,000) Cumulative Redeemable Preference Shares of Rs.10/- each	427.91	427.91
<b>PAID UP</b>		
<b>(A) EQUITY</b>		
73,78,37,331 (Previous Year - 76,24,13,497) Equity Shares of Rs.10/- each @	737.84	762.41
<b>TOTAL (A)</b>	<b>737.84</b>	<b>762.41</b>
<b>(B) PREFERENCE</b>		
1. 26,38,43,100 (Previous Year - 26,38,43,100) 0.10% Cumulative Redeemable Preference Shares of Rs.10/- each (Redeemable at par on 02.08.2017 - Rs.38.84 crore, on 15.09.2018 - Rs.93.00 crore, on 17.09.2018 - Rs.50.00 crore, on 31.03.2019 - Rs.30.00 crore, on 31.10.2020 - Rs.2.00 crore, on 01.03.2021 - Rs. 10.00 crore, on 02.03.2021 - Rs.30.00 crore, on 03.03.2021 - Rs.8.00 crore and on 31.03.2021 - Rs.2.00 crore)	263.84	263.84
2. NIL (Previous Year - 16,40,66,900) 5% Cumulative Redeemable Preference Shares of Rs.10/- each (Rs.5/- already paid) (Redeemed on 01.04.2009)	-	82.03
<b>TOTAL (B)</b>	<b>263.84</b>	<b>345.87</b>
<b>TOTAL (A + B)</b>	<b>1,001.68</b>	<b>1,108.28</b>

@ Of the above 20,25,00,000 Equity Shares of Rs.10/- each have been allotted as fully paid up, without payment being received in cash, in exchange for shares of the erstwhile Industrial Finance Corporation of India.

SCHEDULE - II RESERVES AND SURPLUS	(Rs. crore)			
	As at April 1, 2009#	Additions/ Transfers during the year	Deduction/ Transfers during the year	As at March 31, 2010
(A) Capital Reserve	0.86	-	-	0.86
(B) Capital Reserve on consolidation	-	1.66	-	1.66
(C) Capital Redemption Reserve *	111.05	82.03*	-	193.08
(D) Debenture Redemption Reserve	5.00	-	-	5.00
(E) Grant received from Government of India (out of Interest Differential Fund in terms of KfW agreements)	184.48	-	-	184.48
(F) Securities Premium Account	1,247.45	23.74	238.39	1,032.80
(G) Special Reserve under Section 36(1)(viii) of the Income Tax Act, 1961				
- for the period upto 31.03.1997	1.74	-	-	1.74
- after 01.04.1997	-	10.00	-	10.00
(H) Reserve u/s 45IC of RBI Act	173.32	136.31	-	309.63
(I) Revaluation Reserve	567.18	637.44	10.30	1,194.32
(J) Benevolent Reserve	4.11	-	-	4.11
(K) General Reserve	66.29	65.00	-	131.29
(L) Profit and Loss Account	333.88	737.92@	377.40	694.40
<b>TOTAL#</b>	<b>2,695.36</b>	<b>1,694.10</b>	<b>626.09</b>	<b>3,763.37</b>
Less: Minority Interest				4.09
Less: Share of pre-acquisition profits in Subsidiary Companies				6.10
				<b>3,753.18</b>
Previous Year	2,153.44	658.84	82.76	2,729.53
Less: Minority Interests in Reserves and Surplus				4.67
				<b>2,724.86</b>

\* Represents Capital Redemption Reserve credited out of Profit and Loss Account pursuant to redemption of Preference Shares during the year.

# Includes opening balances of entities that became subsidiaries during the year (IFIN Credit Ltd).

@ Includes amount on account of consolidation.

	As at March 31, 2010	(Rs. crore) As at March 31, 2009
<b>SCHEDULE - III</b>		
<b>UNSECURED LOANS - RUPEE</b>		
<b>(A) OPTIONALLY CONVERTIBLE DEBENTURES</b>		
(i) 9.75% Govt. of India - Redeemable on 30.10.2021	400.00	400.00
SUB - TOTAL 'A'	400.00	400.00
<b>(B) NON-CONVERTIBLE DEBENTURES (NCDs)</b>		
(i) 6.00% LIC - Redeemable on 28.12.2021	200.00	200.00
(ii) 6.00% SBI - Redeemable on 25.01.2022	200.00	200.00
(iii) 0.00% LIC - Redeemable on 01.04.2022	418.19	155.22
SUB-TOTAL 'B'	818.19	555.22
<b>(C) BONDS</b>		
<b>(a) Guaranteed by Government of India and redeemable at par</b>		
11.50% Bonds: Rs.180 crore on 26.06.2010, Rs.150 crore on 24.09.2010, Rs.70 crore on 26.12.2010 and Rs.180 crore on 19.08.2011	580.00	1,018.00
12.00% Bonds: Redemption - Rs.200 crore on 13.01.2012 and Rs.60 crore on 03.03.2012	260.00	260.00
7.79% Bonds: Redemption - 27.05.2012	102.21	102.21
6.46% Bonds: Redemption - 24.11.2012	179.77	179.77
6.29% Bonds: Redemption - 17.02.2013	15.43	15.43
7.23% Bonds: Redemption - 01.04.2012	25.87	25.87
5.30% Bonds: Redemption - 24.09.2013	195.50	195.50
8.41% Bonds: Redemption - 14.06.2018	133.85	133.85
7.89% Bonds: Redemption - 14.09.2017	176.86	176.86
7.96% Bonds: Redemption - 08.10.2017	176.43	176.43
7.50% Bonds: Redemption - 28.01.2018	9.40	9.40
6.07% Bonds: Redemption - 13.12.2018	146.20	146.20
6.02% Bonds: Redemption - 28.02.2019	26.12	26.12
6.70% Bonds: Redemption - 30.05.2019	153.40	-
7.07% Bonds: Redemption - 19.09.2019	99.41	-
7.69% Bonds: Redemption - 26.12.2019	58.39	-
SUB-TOTAL 'C' (a)	2,338.84	2,465.64
<b>(b) Other Bonds</b>		
(i) Privately Placed Bonds carrying maturity of One to Twenty years from date of placement. Put option applicable on Rs.756.85 crore.	4,706.37	4,487.12
(ii) Privately Placed Zero Coupon Bonds carrying maturity of 10 years from the date of issue. Unamortised discount of Rs.0.11 crore (Previous Year - Rs.0.14 crore).	0.67	0.62
SUB-TOTAL 'C' (b)	4,707.04	4,487.74
<b>(D) OTHER BORROWINGS</b>		
<b>(a) Long Term</b>		
(i) Govt. of India under restructuring (to be issued in the form of 0.1% Optionally Convertible Debentures (redeemable on 28.03.2023), with a right of recompense on par with other stakeholders)	523.00	523.00
(ii) Banks & Financial Institutions	4,071.96	425.00
(iii) Subsidiaries	-	-
(iv) Under Interest Differential Fund	23.13	23.13
(v) Interest accrued and due on (iv) above	23.24	20.10
(vi) Others	114.22	75.88
<b>(b) Short Term</b>		
(i) Bank Overdraft (includes Rs.18.56 crore secured against FDRs)	54.35	-
SUB-TOTAL 'D'	4,809.90	1,067.11
<b>(E) FUNDS PLACED WITH THE CORPORATION</b>		
(a) Jute Development Fund (placed by Government of India)	3.87	3.90
(b) Employees' Provident Fund	27.58	22.02
(c) Staff Welfare Fund	4.21	4.76
SUB-TOTAL 'E'	35.66	30.68
<b>TOTAL {(A+B+C(a)+C(b)+D+E)}</b>	<b>13,109.63</b>	<b>9,006.39</b>
Bonds, Debentures and Borrowings repayable within one year	1,511.28	745.43



# IFCI Limited (Consolidated Financial Statements)



## SCHEDULE - IV

### UNSECURED LOANS - FOREIGN CURRENCIES

#### BORROWINGS (Long Term)

(A) Loans Guaranteed by Government of India

– Lines of Credit (Kreditanstalt-fur-Wiederaufbau)

(B) Other unsecured loans

– Lines of Credit

#### TOTAL

Loans repayable within one year

	As at March 31, 2010	(Rs. crore) As at March 31, 2009
	523.82	608.15
	10.37	23.14
<b>TOTAL</b>	<b>534.19</b>	<b>631.29</b>
Loans repayable within one year	31.69	35.36

## SCHEDULE - V

### FIXED ASSETS

(Rs. crore)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009&	Additions	Deductions/ Transfers	As at 31.03.2010	As at 01.04.2009&	For the year	Deductions/ Transfers	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land @	35.07	131.25	–	166.32	–	–	–	–	166.32	35.07
Leasehold Land @	207.85	252.60	–	460.45	12.05	3.26	–	15.31	445.14	195.80
Plant & Machinery	18.93	–	12.64	6.29	10.32	0.74	7.33	3.73	2.56	8.61
Buildings @	548.19	329.41	1.46	876.14	62.29	9.59	0.44	71.44	804.70	485.90
Furniture & Fixtures \$	14.81	4.76	3.68	15.89	8.37	1.68	2.94	7.11	8.78	6.44
Office Equipments	17.17	6.59	1.18	22.58	11.76	3.21	0.93	14.04	8.54	5.41
Electrical Installations and Equipments	12.66	10.57	2.77	20.46	7.94	0.82	2.06	6.70	13.76	4.72
Vehicles	2.89	0.36	–	3.25	0.28	0.96	–	1.24	2.01	2.61
Leased Assets - Plant & Machinery	251.00	–	–	251.00	251.00	–	–	193.21*	57.79	75.26
Intangible Assets	0.99	0.32	–	1.31	0.01	0.43	–	0.44	0.87	0.98
<b>TOTAL</b>	<b>1,109.56</b>	<b>735.86</b>	<b>21.73</b>	<b>1,823.69</b>	<b>364.02</b>	<b>20.69</b>	<b>13.70</b>	<b>313.22</b>	<b>1,510.47</b>	<b>820.80</b>
Capital work-in-progress incl. advances #	79.49	35.95	61.43	54.01					54.01	79.49
<b>GRAND TOTAL</b>	<b>1,189.05</b>	<b>771.81</b>	<b>83.16</b>	<b>1,877.70</b>	<b>364.02</b>	<b>20.69</b>	<b>13.70</b>	<b>313.22</b>	<b>1,564.48</b>	<b>900.29</b>
Previous Year	1,267.21	28.46	106.68	1,188.99	368.97	17.88	22.86	288.73	900.26	

\$ Gross Block includes Art Works - Rs.1.75 crore

\* Leased Assets (Accumulated Depreciation) is net of Rs.57.79 crore on account of Lease Adjustment (Previous Year - Rs.75.26 crore)

# Advances include Rs. Nil on account of land (Previous Year - Rs.60.51 crore)

& Includes opening balances of entities that became subsidiaries during the year (IFIN Credit Limited)

@ includes on account of revaluation:

– Freehold Land - Gross Block as on 01.04.2009 - Rs.33.74 crore; Additions - Rs.70.31 crore; Deductions - Nil; as on 31.03.2010 - Rs.104.05 crore

– Leasehold Land - Gross Block as on 01.04.2009 - Rs.186.24 crore; Additions - Rs.252.60 crore; Deductions - Nil; as on 31.03.2010 - Rs.438.84 crore;

Depreciation for the year - Rs.3.01 crore (Previous Year - Rs. 3.01 crore)

– Building - Gross Block as on 01.04.2009 - Rs.375.52 crore; Additions - Rs.314.53 crore; Deductions - Rs.0.98 crore; as on 31.03.2010 - Rs.689.07 crore;

Depreciation for the year - Rs.6.41 crore (Previous Year - Rs.6.74 crore)

## SCHEDULE - VI

### INVESTMENTS (TRADE)

(Rs. crore)

	As at March 31, 2010		As at March 31, 2009	
	No. of Shares/Units	Amount	No. of Shares/Units	Amount
<b>(1) LONG TERM</b>				
<b>(A) QUOTED</b>				
<b>1. Equity Shares</b>				
(a) Associates				
(i) Tourism Finance Corporation of India Ltd	26,701,549	61.39	25,422,365	57.80
Add: Capital Reserve on new acquisition		1.46		–
Add: Share of accumulated profits		42.52		31.82
[including share of current year's profit				
Rs.10.70 crore (Previous Year - Rs.9.12 crore)]		105.37		89.62
(b) Assistance under financing		676.12		618.83
(c) Others		177.70		147.71
		959.19		856.16
<b>2. Bonds</b>				
(a) LIC Housing Finance Ltd	300	30.66	300	30.66
(b) HDFC Ltd (9.32%)	–	–	100	10.00
(c) HDFC Ltd (9.2%)	1,900	190.00	3,000	300.00
(d) Power Finance Corporation Ltd	100	10.13	100	10.13
		230.79		350.79
<b>3. Units</b>				
Investment in UTI Balance Fund	500,000	0.51	500,000	0.51
		0.51		0.51

**SCHEDULE - VI (Contd.)**

	(Rs. crore)			
	As at March 31, 2010		As at March 31, 2009	
	No. of Shares/Units	Amount	No. of Shares/Units	Amount
<b>4. Government Securities</b>				
7.99% Government Security (Maturity Date - 09.07.2017)		-		4.94
		<b>0.00</b>		<b>4.94</b>
<b>B. UNQUOTED</b>				
<b>1. Equity Shares</b>				
<b>(a) Associates</b>				
(i) Assets Care Enterprise Ltd	7,328,334	7.33	7,328,334	7.33
Add: Share of accumulated profits [including share of current year's profit Rs.0.34 crore (Previous Year-Rs.0.82 crore)]		1.48		1.14
		<b>8.81</b>		<b>8.47</b>
(ii) Himachal Consultancy Organisation Ltd	735	0.07	735	0.07
Add: Share of accumulated profits [including share of current year's profit Rs.0.20 crore (Previous Year-Rs.0.08 crore)]		0.52		0.32
		<b>0.59</b>		<b>0.39</b>
(iii)HARDICON Ltd	2,600	0.03	2,600	0.03
Add: Share of accumulated profits [including share of current year's profit Rs.0.10 crore (Previous Year-Rs.0.07 crore)]		0.21		0.11
		<b>0.24</b>		<b>0.14</b>
(iv)North India Technical Consultancy Organisation Ltd	9,750	0.13	2,600	0.06
Add: Capital Reserve on a/c of fresh investment		0.20		-
Add: Share of accumulated profits [including share of current year's profit Rs.0.02 crore (Previous Year-Rs.0.01 crore)]		0.15		0.13
		<b>0.48</b>		<b>0.19</b>
<b>(b) Assistance under financing</b>		<b>1,015.77</b>		<b>433.31</b>
<b>(c) Others</b>		<b>486.03</b>		<b>-</b>
<b>2. Preference shares</b>		<b>480.30</b>		<b>545.44</b>
<b>3. Debentures/Bonds</b>		<b>861.93</b>		<b>844.33</b>
<b>4. Security Receipts</b>		<b>133.93</b>		<b>150.27</b>
<b>5. Government Securities</b>				
(a) Investment in 9.75% GoI (IFCI Ltd) Special Security, 2021		<b>400.00</b>		400.00
(b) Investments in Govt, Securities and Treasury Bills		<b>0.01</b>		0.01
<b>6. Units</b>				
(a) Units of UTI VECAUS - III (Fund)	525,000	5.25	775,000	7.75
(b) Units of IACM-1-D (fund promoted by IVCF)	93,100,000	93.10	41,400,000	41.40
(c) Investment in Venture Funds GIVF	26,050,000	26.05	80,00,000	8.00
(d) Investment in Venture Funds IEDF	39,563,500	39.56	15,13,500	1.51
<b>TOTAL LONG TERM</b>		<b>4,742.54</b>		<b>3,653.61</b>
<b>(2) CURRENT</b>				
<b>A. QUOTED</b>				
<b>1. Equity Shares</b>				
(a) ABB Ltd	-	-	50,000	2.14
(b) ACC Ltd	-	-	250,000	14.84
(c) ARSS Infrastructure Ltd	6,021	0.27	-	-
(d) Bajaj Hindustan Sugar & Industries Ltd	-	-	50,000	0.24
(e) Balrampur Chini Mills Ltd	100,000	0.96	-	-
(f) Bharti Airtel Ltd	-	-	50,000	3.13
(g) Bharat Heavy Electricals Ltd	20,000	4.85	-	-
(h) DLF Ltd	-	-	50,000	0.89
(i) DQ Entertainment (International) Ltd	50,000	0.40	-	-
(j) Educomp Ltd	2,000	0.15	-	-
(k) GAIL (India) Ltd	40,000	1.61	-	-
(l) Jindal Steel & Power Ltd	3,000	0.21	-	-
(m) ICICI Bank Ltd	10,000	0.96	100,000	3.41
(n) Infosys Technologies Ltd	-	-	5,000	0.68
(o) IVRCL Infrastructure Projects Ltd	39,800	0.66	-	-
(p) Larsen & Toubro Ltd	9,560	1.56	303,846	20.59
(q) Maruti Suzuki Ltd	3,000	0.43	-	-
(r) Oil India Ltd	2,000	0.23	-	-
(s) Persistent Systems Ltd	33,650	1.04	-	-
(t) Punj Llyod Ltd	8,000	0.14	-	-
(u) Ranbaxy Laboratories Ltd	35,000	1.69	-	-
(v) Reliance Capital Ltd	47,000	3.69	-	-
(w) Reliance Communications Ltd	-	-	800,000	14.05
(x) Reliance Industries Ltd	1,500	0.16	200,000	30.91
(y) Reliance Infrastructure Ltd	60,000	6.03	-	-
(z) Sesa Goa Ltd	1,000	0.05	-	-
(aa) Siemens India Ltd	-	-	420,000	11.13
(ab) State Bank of India	51,000	10.57	300,000	32.27
(ac) Steel Authority of India Ltd	-	-	50,000	0.50
(ad) Tata Chemicals Ltd	5,000	0.16	-	-
(ae) Tata Iron & Steel Company Ltd	-	-	240,000	5.05
(af) Tata Motors Ltd	80,000	6.12	-	-
(ag) Tata Power Ltd	2,000	0.27	-	-
(ah) Hindalco Industries Ltd	-	-	1,000	0.01
(ai) TV 18	-	-	1,000	0.01
(aj) Investment by IFCI Financial Services Ltd	-	-	-	0.13
		<b>42.21</b>		<b>139.98</b>

# IFCI Limited (Consolidated Financial Statements)



## SCHEDULE - VI (Contd.)

	(Rs. crore)			
	As at March 31, 2010		As at March 31, 2009	
	No. of Shares/Units	Amount	No. of Shares/Units	Amount
<b>2. Government Securities</b>				
(a) 6.05% Government Security (Maturity Date - 02.02.2019)		-		84.66
(b) 6.49% Government Security (Maturity Date - 08.06.2015)		9.71		-
(c) 7.56% Government Security (Maturity Date - 03.11.2014)		57.24		-
(d) 7.99% Government Security (Maturity Date - 09.07.2017)		-		10.68
		<b>66.95</b>		<b>95.34</b>
<b>3. Units of Mutual Funds</b>				
(a) Axis Mutual Fund	244,831	25.00	-	-
(b) Bharti Axa Mutual Fund	-	-	44,319	4.70
(c) Birla Sun Life Mutual Fund	-	-	11,572,891	19.25
(d) Canara Rebeco Mutual Fund	-	-	93,505,133	100.00
(e) HDFC Cash Management Treasury	12,420,347	12.46	-	-
(f) L&T Mutual Fund	42,321,617	62.76	-	-
(g) IDFC Mutual Fund	-	-	47,118,069	48.75
(h) JP Morgan Mutual Fund	-	-	43,996,927	50.00
(i) Principal Mutual Fund	13,724,136	20.00	10,885,581	14.95
(j) SBI Mutual Fund	-	-	50,919,090	100.00
(k) Investment by Subsidiary Company - IVCF		6.28		
		<b>126.50</b>		<b>337.65</b>
<b>B. UNQUOTED</b>				
<b>1. Bonds</b>				
(a) ICICI Bank Ltd	515	53.26	-	-
(b) Infrastructure Development Finance Company Ltd	23	2.30	-	-
(c) Power Finance Corporation Ltd	800	79.95	-	-
(d) Tata Motors Finance Ltd	114	5.70	-	-
(e) Thomson Press (I) Ltd	150	15.00	-	-
(f) UTV News Ltd	500	50.00	-	-
(g) Yes Bank	110	10.77	-	-
		<b>216.98</b>		-
<b>2. Pass Through Certificates</b>				
ICICI Bank				142.70
				<b>142.70</b>
<b>3. Commercial Paper</b>				
(a) DLF Ltd	1,000	45.78	-	-
(b) Future Capital Holdings Ltd	500	24.08	-	-
(c) IVRCL Infrastructure Projects Ltd	700	34.59	1,000	48.84
(d) Gati Infrastructure Ltd	200	9.81	-	-
(e) Reliance Capital Ltd	-	-	200	9.72
(f) Reliance Mediaworks Ltd	500	24.52	1,000	48.77
		<b>138.78</b>		<b>107.33</b>
<b>4. Certificate of Deposit</b>				
(a) Bank of India	2,500	23.61	-	-
(b) Canara Bank	21,500	203.45	-	-
(c) Corporation Bank	1,000	9.79	-	-
(d) ICICI Bank	5,000	48.33	-	-
(e) Karnataka Bank	1,000	9.94	-	-
(f) Punjab National Bank	24,000	225.66	-	-
(g) Syndicate Bank	5,000	48.75	2,500	24.13
(h) UCO Bank	20,000	191.59	-	-
		<b>761.12</b>		<b>24.13</b>
<b>TOTAL CURRENT</b>		<b>1,352.54</b>		<b>847.13</b>
<b>(3) APPLICATION MONEY</b>				
<b>(a) Equity shares</b>				
(i) Subsidiaries				
- IFCI Financial Services Ltd (under reconciliation)		0.02		0.02
(ii) Others		57.25		79.94
<b>(b) Preference Shares</b>		15.61		15.61
<b>(c) Debentures</b>		-		2.47
<b>TOTAL APPLICATION MONEY</b>		<b>72.88</b>		<b>98.04</b>
<b>TOTAL</b>		<b>6,167.96</b>		<b>4,598.78</b>
Less: Provision for Diminution in the value		<b>708.09</b>		896.32
Long Term		<b>706.54</b>		888.79
Current - Mark to Market		1.55		7.53
<b>TOTAL</b>		<b>5,459.87</b>		<b>3,702.46</b>
<b>QUOTED</b>				
(1) Total Book Value		1,426.15		1,785.37
- Equity Shares		1,001.40		996.14
- Others		424.75		789.23
(2) Total Market Value		1,881.63		1,469.67
- Equity Shares		1,457.93		684.68
- Others		423.70		784.99

**SCHEDULE - VI (Contd.)**

	(Rs. crore)			
	As at March 31, 2010		As at March 31, 2009	
	No. of Shares/Units	Amount	No. of Shares/Units	Amount
<b>UNQUOTED</b>				
Total Book Value		4,751.93		2,813.41
- Equity Shares		1,522.04		442.50
- Preference Shares		480.30		545.44
- Others		2,749.59		1,825.47

Note: The above balances include:

- Rs.20.19 crore (Previous Year - Nil) in equity shares/mutual fund units under Portfolio Management Scheme of subsidiary
- Rs.33.31 crore (Previous Year - Rs.33.52 crore) in respect of equity shares which are subject to lock-in period
- Rs.6.90 crore (Previous Year - Rs.0.30 crore) in respect of equity shares which are subject to restrictive covenants

**Disclosure in respect of Investments where Market Value is equal to or exceeds Rs.2 crore in the case of Quoted Investments and where cost is equal to or exceeds Rs.2 crore in case of Unquoted Investments as included under items A(1) & B(1) to B(3) of Schedule - VI**

NAME OF THE COMPANY	(Rs. crore)			
	As on March 31, 2010		As on March 31, 2009	
	No. of Shares/ Debentures	Book Value	No. of Shares/ Debentures	Book Value
<b>Equity Shares - Quoted</b>				
ABB ABL Ltd	46,811	4.28	-	-
ACC Ltd	69,180	6.17	44,180	4.38
Adani Power Ltd	193,985	2.05	-	-
Alok Industries Ltd	21,440,823	49.00	-	-
Andhra Bank	-	-	594,500	2.54
Bank of Baroda	-	-	500,000	12.38
Bartronics India Ltd	376,472	7.34	376,472	7.34
Bharat Immunological & Biological Corporation Ltd	2,609,500	2.61	2,609,500	2.61
Bharti Airtel Ltd	239,000	8.79	35,000	3.04
Canara Bank	-	-	168,500	2.85
Educomp Solutions Ltd	50,000	3.61	-	-
Essar Oil Ltd	160,000	1.34	-	-
Ganesh Benzoplast Ltd	3,888,889	7.00	-	-
Garden Silk Mills Ltd	514,285	3.60	514,285	3.60
GIC Housing Finance Company Ltd	4,035,489	11.96	4,235,489	12.33
Graphite India Ltd	445,300	0.36	-	-
Hindalco Industries Ltd	13,334,859	126.35	13,294,859	125.61
Housing Development & Infrastructure Ltd	70,000	2.23	-	-
ICICI Bank Ltd	23,821	1.58	-	-
Indian Acrylics Ltd	11,561,150	11.56	12,000,000	12.00
Indo Rama Synthetics Ltd	2,779,750	12.76	2,779,750	12.76
Industrial Development Bank of India Ltd	2,599,080	18.17	2,899,080	22.01
Indraprastha Medical Corporation Ltd	-	-	775,000	0.78
Infrastructure Development Finance Company Ltd	11,035,000	11.04	13,535,000	13.54
Ispat Industries Ltd	16,700,000	16.70	66,300,000	66.30
J K Lakshmi Cement Ltd	-	-	1,319,000	7.89
Jaiprakash Associates Ltd	1,400,700	1.97	250,000	0.30
Jayaswal Neco Ltd	2,476,734	2.48	2,476,734	2.48
Jaypee Hotels Ltd	-	-	683,800	1.67
JCT Electronics Ltd	-	-	38,117,700	17.67
JCT Ltd	18,757,151	4.69	25,340,000	6.33
Jhagadia Copper Ltd	4,900,000	4.90	-	-
JSW Steel Ltd	1,274,583	71.77	1,274,583	71.77
Kanoria Chemicals & Industries Ltd	1,200,000	5.20	-	-
Kirloskar Ferrous Industries Ltd	3,565,000	3.57	3,565,000	3.57
Kothari Petrochemicals Ltd	3,023,638	3.02	-	-
Lloyds Steel Industries Ltd	4,632,114	12.65	-	-
Malwa Cotton Spinning Mills Ltd	634,920	4.00	-	-
Manali Petrochemicals Ltd	2,840,250	1.89	-	-
Mangalam Cement Ltd	120,000	0.12	-	-
Mysore Cements Ltd	-	-	1,349,944	1.35
Mysore Paper Mills Ltd	3,801,086	3.80	-	-
ONGC Ltd	26,713	2.78	26,713	2.78
Noida Toll Bridge Ltd	-	-	1,200,000	1.20
Pennar Industries Ltd	-	-	1,273,629	0.64
Power Trading Corporation Ltd	1,506,855	1.51	1,506,855	1.51
Punj Llyod Ltd	147,875	6.70	-	-
Reliance Capital Ltd	30,000	2.03	-	-
Reliance Communications Ltd	355,000	15.59	180,000	11.34
Reliance Industries Ltd	196,832	21.20	30,000	7.61

## SCHEDULE - VI (Contd.)

NAME OF THE COMPANY	(Rs. crore)			
	As on March 31, 2010		As on March 31, 2009	
	No. of Shares/ Debitures	Book Value	No. of Shares/ Debitures	Book Value
<b>Equity Shares - Quoted</b>				
Reliance Infrastructure Ltd	30,000	2.93	-	-
Ruchi Strips and Alloys Ltd	5,305,340	5.38	5,569,025	5.65
Siemens India Ltd	32,000	2.53	-	-
Sree Rayalaseema Alkalies & Allied Chemicals Ltd	16,106,723	16.11	17,000,000	17.00
SRF Ltd	584,000	3.82	584,000	3.82
Star Paper Mills Ltd	701,600	3.95	701,600	3.95
State Bank of India	183,156	33.63	160,656	29.15
State Bank of Travancore	122,800	4.02	-	-
Sujana Metal Products Ltd	976,322	2.54	-	-
Sujana Towers Ltd	627,453	7.34	-	-
Sujana Universal Industries Ltd	9,291,949	11.90	-	-
Tata Motors - DVR - A - Ordy	4,076,238	123.32	-	-
Tata Motors Ltd	59,676	4.28	-	-
Tinplate Company of India Ltd	1,161,150	5.34	-	-
Welspun India Ltd	6,034,069	38.00	6,034,069	43.70
Welspun Syntex Ltd	7,950,000	31.60	7,950,000	31.60
<b>Equity Shares - Unquoted</b>				
ABG Cement Ltd	24,960,000	24.96	-	-
ABG Energy (Gujarat) Ltd	13,203,528	12.64	-	-
Blue Blends India Ltd	3,000,000	3.00	3,000,000	3.00
Clearing Corporation of India Ltd	2,000,000	2.00	2,000,000	2.00
Dewan Rubber Industries Ltd	1,200,000	6.60	1,200,000	6.60
Electrosteel Integrated Ltd	100,000,000	99.50	-	-
Essar Steel Ltd	720,000	2.88	720,000	2.88
Gati Infrastructure Ltd	53,590,000	53.59	-	-
Gujarat State Energy Generation Ltd	17,590,000	28.14	-	-
Gujarat State Petroleum Corporation	12,345,600	100.00	-	-
Hind Agro Industries Ltd	2,700,000	2.70	2,700,000	2.70
HPCL Mittal Energy Ltd	30,036,000	33.33	18,636,000	21.93
India Paging Services Ltd	15,239,300	15.24	15,239,300	15.24
Ispat Profiles Ltd	13,161,250	13.16	13,161,250	13.16
Jaora-Nayagaon Toll Road Company Private Ltd	51,750,000	51.75	-	-
Konaseema Gas Power Ltd	30,000,000	45.00	-	-
Malvika Steel Products Ltd	3,188,300	12.26	3,188,300	12.26
MCX Stock Exchange Ltd	71,875,000	251.56	-	-
Meta Copper & Alloys Ltd	28,171,578	54.25	9,042,000	9.04
Modern Syntex Ltd	8,422,798	12.97	2,422,798	6.97
Multi Commodity Exchange of India Ltd	3,907,540	234.45	-	-
MVR Infrastructure & Tollways Pvt Ltd	1,800,000	17.73	-	-
National Stock Exchange Ltd	2,497,750	255.06	2,321,000	6.52
North Eastern Development Finance Corporation Ltd	10,000,001	10.00	10,000,001	10.00
Pertech Computers Ltd	500,000	3.00	500,000	3.00
Ritspin Synthetics Ltd	9,500,000	9.50	9,500,000	9.50
Samcor Glass Ltd	2,000,000	7.60	2,000,000	7.60
Securities Trading Corporation Ltd	337,400	4.58	337,400	4.58
Sidhartha Super Spinning Mills Ltd	4,000,000	4.00	4,000,000	4.00
Silver Resort Hotel India Pvt Ltd	85,000,000	84.15	-	-
Stock Holding Corporation Ltd	3,570,000	4.46	3,570,000	4.46
Surat Textile Mills Ltd	2,000,000	6.00	2,000,000	6.00
Tata Motors - DVR - A - Ordy	-	-	8,196,720	247.97
Welspun Global Brands Ltd	603,406	3.80	-	-
<b>Preference Shares - Unquoted</b>				
Bellary Steel and Alloys Ltd	567,260	5.67	567,260	5.67
Bhaval Synthetics India Ltd	400,000	3.80	400,000	3.80
Blue Blends India Ltd	1,000,000	9.90	1,000,000	9.90
Dhampur Sugar Mills Ltd	1,198,530	11.99	1,198,530	11.99
Essar Steel Ltd	22,116,599	22.12	22,116,599	22.12
Gangadharan Appliances Ltd	306,250	3.06	306,250	3.06
Gayatri Sugars Ltd	2,452,245	2.45	2,452,245	2.45
GPI Textiles Ltd	106,386,496	53.19	106,386,496	53.19
Gujarat Poly AVX Electronics Ltd	209,000	2.09	209,000	2.09
IC Textiles Ltd	952,394	9.52	952,394	9.52
Ispat Industries Ltd	57,155,107	63.32	57,155,107	63.32
Jai Parabolic Springs Ltd	350,000	3.50	350,000	3.50
JCT Ltd	500,315	2.50	500,315	3.75
Jhagadia Copper Ltd	6,448,070	64.48	6,448,070	64.48
JSW Steel Ltd	21,262,362	20.17	21,262,362	20.17

**SCHEDULE - VI (Contd.)**

NAME OF THE COMPANY	(Rs. crore)			
	As on March 31, 2010		As on March 31, 2009	
	No. of Shares/ Debentures	Book Value	No. of Shares/ Debentures	Book Value
<b>Preference Shares - Unquoted</b>				
Kalyanpur Cements Ltd	584,040	5.80	584,040	5.80
LML Ltd	2,150,912	21.51	2,150,912	21.51
Malwa Cotton Spinning Mills Ltd	1,724,610	17.25	1,724,610	17.25
Mangalore Refinery & Pertochemicals Ltd	7,148,949	7.15	7,148,949	7.15
Meta Copper & Alloys Ltd	-	-	4,521,000	45.21
Nagarjuna Fertilisers Ltd	1,026,880	10.27	1,026,880	10.27
Oswal Spinning & Weaving Mills Ltd	99,730,160	9.97	99,730,160	9.97
Polygenta Technologies Ltd	2,500,000	2.50	-	-
Prag Bosimi Synthetics Ltd	2,614,577	26.15	2,614,577	26.15
S Kumar Nationwide Ltd	-	-	1,372,790	12.22
Saurashtra Chemicals Ltd	1,046,700	10.47	1,046,700	10.47
Shree Satpuda Tapi Parisar SSK Ltd	9,178	4.59	9,178	4.59
Spectrum Power Generation Ltd	11,820,000	11.82	11,820,000	11.82
Suryalakshmi Cotton Mills Ltd	271,600	2.72	271,600	2.72
West Coast Paper Mills Ltd	6,500,000	65.00	6,500,000	65.00
Western India Plywoods Ltd	-	-	923,270	9.23
<b>Debentures - Unquoted</b>				
Ashima Ltd	-	-	2,400,000	16.00
Bharti Ventures Ltd	-	-	1,000	100.00
C.T. Cotton Yarns Ltd	480,000	2.89	480,000	2.89
DCM Shriram Industries Ltd	898,000	2.07	898,000	3.45
DSL Enterprises Pvt Ltd	2,962	29.58	2,962	29.58
Emtex Industries Ltd	-	-	900,000	9.00
Essar Oil Ltd	2,631,500	26.88	2,631,500	26.88
Ganesh Benzoplast Ltd	74,663	7.47	74,663	7.47
Ginni Filaments Ltd	649,169	6.32	649,169	6.49
Global Rural Netco Ltd	25,000,000	250.00	-	-
GTC Industries Ltd	1,000,000	2.90	1,000,000	4.77
Hind Agro Industries Ltd	1,175,000	3.53	1,175,000	5.88
Indo Rama Synthetics Ltd	-	-	11,000,000	4.81
Ispat Profiles Ltd	3,301,954	22.02	3,301,954	33.02
JCT Electronics Ltd	-	-	3,000,000	25.50
JCT Ltd	1,751,104	8.16	1,751,104	9.56
Kajaria Ceramics Ltd	1,000,000	4.60	1,000,000	4.84
Krishna Lifestyle Technologies Ltd	626,000	2.09	626,000	6.26
Lanco Kondapalli Power Ltd	-	-	3,750,000	5.13
Lloyds Steel Industries Ltd	5,000	15.60	5,000	38.72
Majestic Hotels Ltd	522,040	5.22	522,040	5.22
Malanpur Steels Ltd	2,000,000	20.00	2,000,000	20.00
Mesco Pharmaceuticals Ltd	1,000,000	4.17	1,000,000	5.49
Modern Denim Ltd	-	-	1,750	7.50
Modern Syntex Ltd	-	-	9,014	43.75
Modern Thread Ltd	-	-	3,435	18.75
Mukund Ltd	2,500,000	21.88	2,500,000	22.08
Mysore Paper Mills Ltd	67,702	4.51	67,702	6.77
Nagarjuna Fertilizers & Chemicals Ltd	10,500,000	42.38	10,500,000	46.73
Navin Fluorine International Ltd	423,000	2.80	423,000	4.23
Pasupati Acrylon Ltd	-	-	1,000,000	4.00
Pentafour Products Ltd	28,000,000	2.80	28,000,000	2.80
Polygenta Technologies Ltd	300	3.00	-	-
Prag Bosimi Synthetics Ltd	3,585,978	41.76	3,585,978	41.76
Quipo Telecom Infrastructure Ltd	10,000,000	100.00	10,000,000	100.00
Rama Industries Ltd	400,000	4.00	-	-
Reliance Industries Ltd	1,636,306	16.36	1,636,306	16.36
Shamken Spinners Ltd	500,000	5.00	500,000	5.00
Shree Maheshwar Hydel Power Company Ltd	5	71.51	-	-
Sree Rayalaseema Alkalies & Allied Chemicals Ltd	3,547,949	26.61	3,547,949	31.04
Sujana Steels Ltd	-	-	800,000	8.00
Sujana Towers Ltd	800,000	2.37	-	-
Sun Polytron Industries Ltd	1,300	13.00	1,300	13.00
Uflex Ltd	3,279,117	32.79	3,279,117	32.79
Usha India Ltd	5,000,000	50.00	5,000,000	50.00
Videocon Industries Ltd	-	-	21	6.15

Disclosure in respect of Investments where Market Value is less than Rs.2 Crore in case of Quoted Investments and where cost is less than Rs.2 Crore in case of Unquoted Investments as included under items A(1) & B(1) to B(3) of Schedule - VI

PARTICULARS	As on March 31, 2010		As on March 31, 2009	
	No. of concerns	503		601
Book Value	125.98		245.66	
Market/Break Value	105.65		136.51	

	As at March 31, 2010	(Rs. crore) As at March 31, 2009
<b>SCHEDULE - VII</b>		
<b>SUNDRY DEBTORS</b>		
(a) LEASE RENTAL RECEIVABLE		
– Considered good	–	–
– Considered doubtful	8.25	27.21
Less: Provision	(8.25)	(27.21)
(b) OTHERS		
– Considered good	477.75	276.21
– Considered doubtful	9.84	2.00
Less: Provision	(2.78)	(2.00)
<b>TOTAL</b>	<b>484.81</b>	<b>276.21</b>
<b>SCHEDULE - VIII</b>		
<b>CASH &amp; BANK BALANCES</b>		
(a) Cash in hand (including postage stamps)	0.03	0.01
(b) Cheques on hand & under collection & remittances in transit	2.22	7.06
(c) Balances with Reserve Bank of India		
– Current Account	0.04	0.47
(d) Balances with Scheduled Banks		
– Current Account in India	29.70	9.97
– Deposit Account in India	100.44	543.70
– Current Account outside India	8.13	14.59
<b>TOTAL</b>	<b>140.56</b>	<b>575.80</b>
<b>SCHEDULE - IX</b>		
<b>OTHER CURRENT ASSETS</b>		
(a) Accrued Income		
(i) Interest and commitment charges on Loans	53.55	39.81
(ii) Interest on Investments	101.11	113.00
(iii) Other Income	33.68	24.67
(b) Assets acquired in settlement of dues & held for sale	0.07	0.07
(c) Stock-in-Trade	165.39	145.37
<b>TOTAL</b>	<b>353.80</b>	<b>322.92</b>
<b>SCHEDULE - X</b>		
<b>LOANS</b>		
(a) ASSISTED CONCERNS		
(i) In Rupees and Foreign Currencies	12,339.96	9,866.42
(ii) Advance for Assets	83.89	115.72
(b) LOAN TO ASSOCIATES	2.75	–
(c) OTHER INSTITUTIONS	0.06	0.06
	12,426.66	9,982.20
Less: Provision for bad and doubtful loans	2,376.68	2,981.01
<b>TOTAL</b>	<b>10,049.98</b>	<b>7,001.19</b>
<b>Notes:</b> (1) The above amounts include interest and other charges accrued and due		
(2) Classification of Loans		
(i) Secured by Assets	9,015.50	8,437.80
(ii) Guaranteed by Central/State Governments	1.77	1.76
(iii) Against Promissory Notes and Usance Bills accepted/Guaranteed by Banks	47.04	47.04
(iv) Against pledge of shares	3,262.12	1,398.51
(v) Unsecured	100.23	97.09
	12,426.66	9,982.20
<b>Note:</b> Out of the above,		
(i) Considered good	10,049.98	7,001.19
(ii) Considered doubtful	2,376.68	2,981.01
	12,426.66	9,982.20
<b>SCHEDULE - XI</b>		
<b>OTHER LOANS &amp; ADVANCES</b>		
(a) Advance Tax paid (net of provisions)		
(i) Income Tax	174.23	45.87
(ii) Interest Tax	6.30	6.30
(b) MAT Credit Entitlement	186.97	316.13
(c) Other Loans and Advances		
(i) Secured	13.36	10.06
(ii) Unsecured		
– Considered good	39.66	43.63
– Considered doubtful	1.00	1.00
Less: Provision for doubtful debts	(1.00)	(1.00)
(d) Sundry Deposits	15.09	8.78
(e) Forward Deal Suspense	–	5.36
(f) Pre-paid Expenses	1.57	0.94
<b>TOTAL</b>	<b>437.18</b>	<b>437.07</b>

<b>SCHEDULE - XII CURRENT LIABILITIES</b>	<b>As at March 31, 2010</b>	<b>(Rs. crore) As at March 31, 2009</b>
(a) Interest accrued but not due on bonds and borrowings	382.35	376.52
(b) Sundry Creditors		
(i) Total outstanding dues to Micro and Small Enterprises	-	-
(ii) Total outstanding dues of creditors other than Micro and Small Enterprises	65.82	182.25
(c) Advance Receipts	2.24	2.00
(d) Other Liabilities	373.04	353.94
(e) Items covered by Investor Education and Protection Fund* (to be credited by the following amounts)		
(i) Unpaid Matured Debentures	92.24	101.58
(ii) Interest accrued on above	2.91	2.91
<b>TOTAL</b>	<b>918.60</b>	<b>1,019.20</b>

\* As on 31.03.2010, no amount was due and outstanding for transfer to Investor Education and Protection Fund

<b>SCHEDULE - XIII PROVISIONS</b>	<b>As at March 31, 2010</b>	<b>(Rs. crore) As at March 31, 2009</b>
(a) Assets	508.20	397.53
(b) Employee Benefits	13.25	8.80
(c) Proposed Dividend	73.78	60.99
(d) Corporate Dividend Tax	12.30	11.11
<b>TOTAL</b>	<b>607.53</b>	<b>478.43</b>

<b>SCHEDULE - XIV MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>	<b>As at March 31, 2010</b>	<b>(Rs. crore) As at March 31, 2009</b>
Preliminary Expenditure	0.02	0.04
<b>TOTAL</b>	<b>0.02</b>	<b>0.04</b>

<b>SCHEDULE - XV INCOME FROM OPERATIONS</b>	<b>For the year ended March 31, 2010</b>	<b>For the year ended March 31, 2009</b>
(a) On Lending Operations (including funded interest)	1027.80	789.18
(b) On Investment Operations		
(i) Dividend (Gross)		
- Long Term	63.61	27.14
- Current	0.47	-
(ii) Interest (Gross)	126.50	142.86
(iii) Profit on sale of Shares/Units/Debentures (Net)		
- Assistance under financing - long term	307.83	94.23
- Investments - long term	28.05	31.36
- Investments - current	20.00	4.85
(c) Leasing Operations		
(i) Lease Rentals etc.	8.62	15.13
(ii) Lease Equalisation Account	(17.47)	(14.94)
(d) Business Services Fee and Commission (including guarantee commission)	86.15	50.27
(e) Income from deployment of funds	70.08	262.42
(f) Exchange Fluctuation Gains/(Loss)	1.39	(3.74)
(g) Provision/Write off/Liability no longer required written back*	0.29	33.46
(h) Sale proceeds of stock in trade	20.13	-
<b>TOTAL</b>	<b>1,743.45</b>	<b>1,432.22</b>
Note: Income Tax deducted at source from Interest etc.	24.22	27.29
*Includes		
- Liability not payable	0.29	31.10
- Amount written-off in earlier years written back	-	2.34

<b>SCHEDULE - XVI OTHER INCOME</b>	<b>As at March 31, 2010</b>	<b>(Rs. crore) As at March 31, 2009</b>
(a) Interest on staff advances	0.58	0.57
(b) Profit on sale of fixed assets (Net)	(3.92)	37.57
(c) Rental Income	18.55	17.84
(d) Miscellaneous Income @	2.23	24.99
<b>TOTAL</b>	<b>17.44</b>	<b>80.97</b>
@ Includes: Interest on income tax/interest tax refund	-	22.89



	(Rs. crore)	
	For the year ended	For the year ended
	March 31, 2010	March 31, 2009
<b>SCHEDULE - XVII</b>		
<b>COST OF BORROWINGS</b>		
(a) Fixed		
(i) Interest on SLR Bonds	213.89	245.67
(ii) Interest on other Bonds and Borrowings	654.82	493.36
(iii) Interest on Foreign Currency Borrowings	12.87	14.82
(b) Others		
(i) Interest on Bank Overdraft	1.28	30.35
(ii) Interest on funds placed with the Company	2.49	1.99
(iii) Commitment Charges, Brokerage, Commission and other costs	3.70	3.33
<b>TOTAL</b>	<b>889.05</b>	<b>789.52</b>
<b>SCHEDULE - XVIII</b>		
<b>PAYMENTS TO AND PROVISIONS FOR EMPLOYEES</b>		
(a) Salaries and Allowances*	46.05	35.88
(b) Contribution to Retirement Funds#	22.29	19.07
(c) Staff Welfare Expenses	2.87	2.09
<b>TOTAL</b>	<b>71.21</b>	<b>57.04</b>
* includes Leave Encashment	5.64	3.60
# includes		
– Gratuity	1.31	1.29
– Annuity for DA relief/restoration of commuted pension to retirees	16.02	11.67
<b>SCHEDULE - XIX</b>		
<b>ESTABLISHMENT AND OTHER EXPENSES</b>		
(a) Rent	1.09	0.74
(b) Rates and Taxes	3.07	2.84
(c) Insurance	0.30	0.25
(d) Repairs and Maintenance		
– Buildings	14.91	9.89
– Others	1.07	0.56
(e) Electricity	3.93	4.11
(f) Auditors' Remuneration	0.29	0.18
(g) Directors' Fee	0.08	0.09
(h) Advertisement	5.12	4.31
(i) Consultation and Law Charges	9.22	3.49
(j) Brokerage/Commission/STT	3.22	1.37
(k) Other Miscellaneous Expenses	26.36	23.24
<b>TOTAL</b>	<b>68.66</b>	<b>51.07</b>

## SCHEDULE - XX

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### (A) SIGNIFICANT ACCOUNTING POLICIES

##### 1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared on historical basis and conform in all material aspects to Generally Accepted Accounting Principles in India which encompasses applicable statutory provisions, regulatory framework and Accounting Standards. The Company adopts the accrual concept in the preparation of accounts. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

##### 2. REVENUE RECOGNITION

- 2(a) Income on Non-Performing Assets (NPAs) is recognized, as and when received.
- 2(b) Front-end fee, Premium on pre-payment of loans/reduction in interest rates and LC Commission are accounted for on realization basis.
- 2(c) Dividends declared by the respective companies till the close of the accounting period are accounted for as income, once the right to receive is established.
- 2(d) Rental on leased assets is accounted for from the commencement date, as prescribed in the lease agreement entered with the lessees. In respect of lease transactions commenced on or before 31.03.2001, income from leases (except in case of Non-Performing Assets) is recognised on the basis of implicit rate in the lease to the net investment outstanding on the lease over the primary lease period.
- 2(e) The front-end fee/underwriting commission/commitment fee received in respect of devolvement of underwriting and direct subscription is reduced from the cost of related investments.
- 2(f) Surplus on sale of investments is net of losses thereon.

- 2(g) Broking Income is recognised on the basis of settlement date of transactions.
  - 2(h) Interest earned on fixed income bearing securities is accounted for on accrual basis.
  - 2(i) Income from Merchant Banking/Loan Syndication Fee is recognized when the right to receive the income is established.
  - 2(j) Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.
  - 2(k) Insurance Commission from Agency business is booked upon actual receipt of commission from the principal agent.
  - 2(l) IFCI Financial Services has changed its accounting policy for accounting of commission from selling of Mutual Funds from cash basis to accrual basis during the year. This has resulted in a higher profit of Rs.0.70 crore.
  - 2(m) Fee income from Portfolio Management and advisory services is recognized on accrual basis.
  - 2(n) Income by way of fee for project advisory and execution services is recorded on the accrual basis as per services rendered pursuant to the specific agreements.
  - 2(o) Revenue on sale of properties and other assets is recognized on handing over of possession or execution of Sale Deed/Sale Letter, whichever is earlier.
  - 2(p) Income & Expenses on Project Consultancy, Entrepreneurship Development Trainings etc. under the Grants-In Aid (G.I.A)/similar other programmes awarded by the Central/State Govt. Departments/Other Agencies are accounted for on pro-rata basis.
  - 2(q) Income from factoring services is accounted on accrual basis except in the case of non-performing assets where income is accounted on realization.
- ##### 3. STOCK - IN - TRADE
- 3(a) Stock in trade (Securities) is valued at lower of cost and quoted value, computed category wise. Cost is ascertained on FIFO basis. Provision is made for diminution arising there from.
  - 3(b) Inventory comprises of lands (with or without removable structure) incl. existing/added boundary walls, Land and Building/Residential Complex, Built-up floor space acquired/purchased for development and/or sale, other removable/disposable assets

existing thereon. These are valued at lower of Cost or net realizable value. Costs are determined by adding all considerations/costs which are attributable to purchase/acquisition, and other expenses incurred specifically thereto.

#### 4. INVESTMENTS

4(a) Investments are classified under current and long term categories and valued in accordance with the Reserve Bank of India (RBI) Guidelines as applicable to Non-Banking Financial Companies (NBFCs) and Accounting Standard 13 on 'Accounting for Investments' issued by The Institute of Chartered Accountants of India (ICAI).

- (i) 'Long term Investments' are carried at acquisition cost. A provision is made for diminution other than temporary on an individual basis.
- (ii) 'Current Investments' are carried at the lower of cost or fair value on an individual basis. However, appreciation if any, within the category, is available for set off.

4(b) Security Receipts issued by an Asset Reconstruction Company (ARC)/Securitisation Company (SC) are valued in accordance with RBI guidelines. Accordingly, the net asset value obtained from the ARC is reckoned for valuation of such investments. Appreciation in the value, if any, is ignored and depreciation is provided for.

#### 5. DERIVATIVES

5(a) Equity Index/Stock/Commodity Futures are marked to market on daily basis. Debit or Credit Balances disclosed under Current Assets or Current Liabilities respectively represent the net amount paid or received on the basis of movement of prices in the Index/Stock/Commodity Futures till the Balance Sheet date. Equity Index/Stock Options are recognized in the books to the extent of premium paid.

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

- (i) The unrealized profit determined Scrip wise/Index wise, being anticipated profit, is ignored and no credit is taken in the profit and loss account.
- (ii) The unrealized loss determined Scrip wise/Index wise, being anticipated loss, is recognized in the profit and loss account.
- (iii) Equity Index/Stock Options are carried at cost where they are used as an instrument for hedging.

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

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

#### 6. FOREIGN EXCHANGE TRANSACTIONS

6(a) The expenses and income in foreign exchange transactions are accounted for at the rates prevailing on the date of transactions/at the forward rate, if booked, for such transaction.

6(b) Assets and liabilities held in foreign currencies and accrued income and expenditure in foreign currencies are translated into Indian Rupees at the rates advised by Foreign Exchange Dealers Association of India (FEDAI) prevailing towards the close of the accounting period. Gains/losses, if any, on valuation of various assets and liabilities are taken to Profit & Loss Account.

#### 7. FIXED ASSETS AND DEPRECIATION

7(a) Fixed Assets are carried at cost (including capitalized interest) less accumulated depreciation and impairment loss, if any. Accumulated depreciation on assets in respect of lease transactions commenced on or before 31.03.2001 is adjusted for the balance in the 'Accumulated Lease Equalization Account'.

7(b) Cost includes purchase price and all other attributable costs of bringing the assets to the working condition for intended use. Costs of self constructed fixed assets (including work-in-progress) comprise those costs that relate directly to the specific asset and those, which are attributable to the construction activity in general and can be allocated to the specific asset.

7(c) Depreciation on assets given on lease is provided on Straight Line Method (SLM) at the rates prescribed under Schedule XIV to the Companies Act, 1956 or over the primary period of lease of assets, whichever is higher.

7(d) Depreciation in respect of Office Building and Plant & Machinery at Corporate Office is provided on SLM and on all other assets on the Written Down Value (WDV) method at the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets having individual value of less than Rs.5,000/- are charged to the Profit & Loss Account in the year of purchase.

7(e) Leasehold Land is amortized over the lease period.

7(f) Depreciation on increase in value of Leasehold Land & Building due to revaluation is provided on straight-line basis over the balance useful life of asset and adjusted out of revaluation reserve.

7(g) Mobile phones are fully depreciated in the year of acquisition itself.

7(h) Art works capitalized under Furniture and Fixtures are not being depreciated.

7(i) In the case of IFCI Financial Services Ltd intangible assets are recognized if they are separately identifiable and the company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account. The computer software which is identified as intangible assets and has been amortized at the rate of 40% following WDV method.

The consideration paid for non-compete fee is identified as intangible assets and has been amortized as per terms of the non-compete agreement at straight line basis.

7(j) In the case of IFCI Infrastructure Development Ltd depreciation on fixed assets is provided on written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 or based on the management's estimates of the useful life of the asset, whichever is higher.

7(k) In the case of IFCI Factors Ltd, depreciation has been provided on the basis of straight line method as per Schedule XIV to the Companies Act, 1956.

7(l) In the case of IFCI Infrastructure Development Ltd intangible assets consisting of computer software with indefinite period utility/user rights and having a useful life lasting with that of the equipment have been capitalized with the cost of computer. Software carrying an identifiable utility of at least five years is amortized on a straight line basis over a period of five years from the date put into use. Software with limited edition/period utility i.e. requiring annual revision is charged to Profit and Loss Account in the year of purchase.

7(m) In the case of IFCI Factors Ltd 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.

7(n) Factored Debts purchased are included under Current Assets as Sundry Debtors. The unpaid balance of the price of the debts factored and due to the clients on collection is included under the Current Liabilities as contractual obligation.

#### 8. IMPAIRMENT OF ASSETS

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to the extent of the carrying value of the asset that would have been determined (net of amortization/depreciation), had no impairment loss been recognized.

#### 9. PROVISIONS/WRITE OFF AGAINST LOANS AND OTHER CREDIT FACILITIES

9(a) All credit exposures are classified into performing and non-performing assets (NPAs) as per the RBI Guidelines. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI. Provisions on standard assets are made as per the approval of the Board. Provisions are made on sub-standard and doubtful assets at rates prescribed by RBI. Loss assets and unsecured portion of doubtful assets are provided/written off as per the extant RBI guidelines. Additional provisions are made against specific non-performing assets over and above what is stated above, if in the opinion of the management, increased provisions are necessary.

9(b) For restructured/rescheduled assets, provision is made in accordance with the guidelines issued by RBI.

9(c) Recovery against debts written off/provided for is credited to revenue. Income is recognized where amounts are either recovered and/or adjusted against securities/properties or advances there-against or are considered recoverable in terms of RBI Guidelines.

9(d) Provision in respect of purchase and sale of NPAs is accounted as per guidelines prescribed by RBI.

9(e) 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.

#### 10. GRANTS RECEIVED FROM GOVERNMENT OF INDIA UNDER INTEREST DIFFERENTIAL FUND (IDF)

Grants received from Government of India under Interest Differential Fund (IDF) is of a capital nature and to be utilized for specified purposes for promotional activities of Industrial Development. Accordingly, the money so received, net of expenditure for the approved purposes is shown under 'Reserves and Surplus' in the Balance Sheet. The amounts invested and loans made out of the fund for approved purposes are shown under 'Investments' and 'Loans' respectively. The interest/dividend/other income earned and profit on sale of investments are treated as income of the Company.

#### 11. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

#### 12. MISCELLANEOUS EXPENDITURE

12(a) Expenses on issue of Shares and Bonds are charged as per guidelines contained in Accounting Standard 26 - "Intangible Assets".

12(b) Voluntary Retirement Scheme (VRS) expenses are charged off as and when incurred.

### 13. EMPLOYEE BENEFITS

13(a) Monthly contributions to the Retirement Funds viz Provident Fund and Pension Fund being in the nature of defined contribution is charged against revenue. The Provident Fund is administered through duly constituted and approved administrators. The administration of Pension Fund in respect of existing employees opting for the same has been entrusted by Trustees to Life Insurance Corporation of India (LIC) by entering into a Group Superannuation Cash Accumulation Scheme. The existing pension optees, however, continue to be governed by the provisions of the scheme in operation at the time of their retirement and are accordingly entitled to DA relief and family pension as and when due. The contribution made on account of same is charged to Accounts as and when due.

13(b) The Company has a defined benefit employees scheme in the form of Gratuity. The Trustees of the scheme have entrusted the administration of related fund to LIC. Expense for the year is determined on the basis of actuarial valuation of the Company's year-end obligation in this regard and the value of year end assets of the scheme. Contribution is deposited with LIC based on intimation received by the Company.

13(c) The Company has a post retirement medical benefit scheme for employees and their dependants subject to certain limits for hospitalization and normal medical treatment. The same is charged against revenue as and when incurred.

13(d) Leave Encashment liability is provided for on the basis of actuarial valuation in accordance with Accounting Standard (AS-15).

13(e) In the case of IFCI Financial Services Ltd and IFCI Factors Ltd, liability towards gratuity is accounted for on the basis of an actuarial valuation done at the year end and is charged to the revenue account or the profit and loss account as applicable.

13(f) IFCI Financial Services Ltd has changed its leave policy during the year. As per the revised policy, an employee is entitled to 19 days of earned leave per year and any leave standing to the credit of the employee at the end of the calendar year will be paid as leave salary in January. Consequent to the change in the policy, the liability to the extent of Rs.0.10 crore on account of the accumulated leave of the employees has been discharged in full by the Company during the year.

13(g) Gratuity and Leave Encashment liability in case of MPCON is calculated on accrual basis for all the Employees as on 31.03.2010.

### 14. TAXATION

Tax Expense comprises of current & deferred income tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act. Deferred Tax is recognized, subject to consideration of prudence, on timing differences, being difference between taxable income and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent year(s). Deferred taxes are reviewed for their carrying values at each balance sheet date.

### 15. PROVISIONS AND CONTINGENCIES

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

### (B) NOTES ON ACCOUNTS

1(a) The consolidated financial statements comprise the individual financial statements of IFCI Ltd and its following subsidiaries as on 31.03.2010 and for the year ended on that date:

Name of the Subsidiary	Proportion of Ownership Interest (%)
IFCI Financial Services Ltd (IFIN)	76.08
IFCI Venture Capital Funds Ltd (IVCF)	98.59
IFCI Infrastructure Development Ltd (IIDL)	100.00
IFCI Factors Ltd (IFL)	99.74
MPCON Ltd	79.72

IFCI Commodity Ltd - Wholly owned subsidiary of IFIN.  
IFIN Credit Ltd - Wholly owned subsidiary of IFIN, formed during the year.  
All the subsidiaries are incorporated in India.

1(b) The following associate companies are considered in consolidation based on equity method as provided in AS-23 and the Company's ownership interest therein are as under:

Name of the Associate	Proportion of Ownership Interest (%)
Tourism Finance Corporation of India Ltd	33.08
Assets Care Enterprise Ltd	37.91
HARDICON Ltd	26.00
Himachal Consultancy Organisation Ltd	49.00
North India Technical Consultancy Organisation Ltd	48.75

Particulars of investments as on March 31, 2010 is as under: **(Rs. crore)**

	TFCI	ACE	HARDI-CON	HIM-CON	NIT-CON
Original Cost of Investments	57.80	7.33	0.03	0.07	0.06
Accumulated share in profit at the beginning of the year	31.82	1.14	0.11	0.32	0.13
Acquired during the year	3.59	-	-	-	0.07
Share of profit for the year	10.70	0.34	0.10	0.20	0.02
Adjustment of goodwill for the year	1.46	-	-	-	0.20
Carrying cost of investments	105.37	8.81	0.24	0.59	0.48

1(c) Though the Company holds more than 20% of voting power in certain entities, the same are not treated as investment in an Associate under AS-23 'Accounting for Investments in Associates in Consolidated Financial Statements' mainly due to lack of significant influence.

### 2. Contingent Liabilities not provided for in respect of:

As at	31.03.2010	31.03.2009
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(i) Guarantees issued in Indian Currency	50.00	186.65
(ii) Bank Guarantees	8.31	-
(iii) Performance Guarantees issued	0.67	0.62
(iv) Claims not acknowledged as debts	50.32	50.37
(v) Assets sold with recourse	-	2.88
(vi) Estimated amount of contract (including lease contract) remaining to be executed on capital account (net of advances)	46.00	46.37
(vii) Tax Matters:		
- Income Tax	314.97	187.18
- Service Tax	3.90	0.82

In view of judicial pronouncements and legal opinions in respect of issues under appeal, no provision is considered necessary.

(viii) Bank guarantees aggregating to Rs.22 crore (Previous Year - Rs.1.25 crore) to the Stock/Commodity Exchanges as on 31.03.2010 for meeting margin requirements, Fixed deposits aggregating of Rs.11 crore (Previous Year - Rs.0.63 crore) pledged with banks for obtaining the above bank guarantees. Counter guarantee given by IFCI Financial Services Ltd to a bank for issue of bank guarantee to the subsidiary company, IFCI Commodity Ltd Rs.2 crore (Previous Year - NIL).

### 3. The Company has been granted exemption as on March 31, 2010 by the Government of India, Ministry of Corporate Affairs, under Section 211(4) of the Companies Act, 1956, regarding the following requirements of Schedule VI of the Companies Act, 1956:

(i) Company-wise details of investments where the market value in case of quoted investments and cost in case of unquoted investments in any particular company not exceeding Rs.2 crore each.

(ii) Age-wise Classification of Sundry Debtors.

The accounts have been prepared in accordance therewith.

### 4. The Company has been granted exemption as on March 31, 2010 by the Ministry of Finance, Department of Corporate Affairs, under Section 212(8) of the Companies Act, 1956, regarding attachment of the Balance Sheet of subsidiaries. Requisite details requiring disclosure in terms of the exemption are given as under:

Year ended March 31	IFIN		IVCF		IIDL		IFL		MPCON	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Capital	9.07	9.07	60.37	34.11	339.53	228.63	79.36	79.36	1.00	0.53
Reserves	11.98	9.85	62.05	33.37	4.51	0.50	29.55	18.96	1.86	1.63
Total Assets	106.46	20.67	123.22	85.33	345.20	230.54	388.48	148.74	9.94	10.58
Total Liabilities	85.41	1.75	0.80	17.85	1.16	1.41	279.57	50.42	7.08	8.42
Investments	5.26	2.17	75.31	10.66	-	-	-	-	0.09	0.09
Turnover (incl. Prior Period Income)	26.12	5.55	11.89	7.94	27.67	4.16	31.64	10.52	7.22	7.09
Profit before Taxation	3.27	0.63	7.20	3.39	6.04	0.76	16.20	4.24	0.45	0.80
Provision for Taxation	1.15	0.41	2.26	0.86	2.03	0.27	5.61	1.46	0.20	0.27
Profit after Taxation	2.12	0.22	4.94	2.53	4.01	0.49	10.59	2.78	0.25	0.53
Proposed Dividend (incl. CDT)	-	-	-	-	-	-	-	-	0.02	0.02

### 5. The stakeholders of IFCI in Financial Year (FY) 2002-03 had approved the package for restructuring of debt/liabilities, inter alia, providing for release of Rs.5,220 crore (comprising Rs.3,604 crore towards principal and Rs.1,616 crore towards interest

- over future years on liabilities taken over/to be serviced by Government of India) as Grant. Government of India (GoI) released Rs.2,932.31 crore, comprising Rs.523 crore as loan (FY 2002-03) and Rs.2,409.31 crore (FY 2003-04 to FY 2006-07) as Grant. The amount of Rs.2,409.31 crore received as Grant in FY 2003-04 to 2006-07 comprised of Rs.1,606.31 crore towards principal and Rs.803 crore towards interest. Out of Rs.1,606.31 crore received towards principal, Rs.1,359 crore (FY 2003-04) was accounted as extra-ordinary income and Rs.247.31 crore (FY 2004-05 to FY 2006-07) as Restructuring Reserve in the Reserve & Surplus A/c and thereafter transferred to Profit & Loss A/c, as per the guidelines conveyed by RBI. The amount of Rs.803 crore received towards interest was reduced from the cost of borrowings in respective years. In view of GoI letter dated December 12, 2007, stating that it would assist IFCI Ltd in case such a situation arises, no Grant has been received in the last three years.
6. The bonds guaranteed by GoI of Rs.2,338.84 crore include bonds of Rs.1,498.84 crore which have been rolled over for 10 years from the respective due dates in line with the minutes of meetings of stakeholders, held on November 26, and December 2, 2002. GoI has been requested to extend the guarantee for the rolled over period.
- 7(a) Transfer of equivalent amount to Capital Redemption Reserve Account in respect of Preference Shares of Rs.20 crore redeemed in the FY 2001-02, was complied with in FY 2007-08. However, the Company's application to the Regional Director, Northern Region for compounding is yet to be disposed off by the authorities.
- 7(b) During the current year, Preference Shares of Rs.82.03 crore (Previous Year- Rs.82.03 crore) have been redeemed, as per restructured terms on 01.04.2009 and necessary amount has been transferred to the Capital Redemption Reserve Account from Profit and Loss Account.
- 8(a) GoI has the option of converting the debentures, as shown at 'A' of Schedule III, wholly or partly into fully paid equity shares of IFCI Ltd, at par, at any time during the currency of debentures subject to compliance with provisions of SEBI guidelines, in respect of preferential allotment. IFCI also has the right to redeem the convertible debentures issued to GoI, fully or partly, at par, at any time after expiry of five years from the date of the issue with prior approval of RBI.
- 8(b) During the financial year 2007-08, Zero Coupon Optionally Convertible Debentures (ZCOCDs) amounting to Rs.1,323.99 crore held by Public Sector Banks and Financial Institutions were converted into equity shares of the Company. LIC had, however, stated that they would convert only as much of their ZCOCDs into equity as would maintain their shareholding at 8.39% post conversion of ZCOCDs. Accordingly, the shareholders at the AGM held on September 12, 2008 had approved reduction of share capital for aligning the stake of LIC to 8.39% as requested by LIC. The order of the High Court of Delhi passed on February 26, 2009 for reduction of Equity Share Capital by Rs.24.57 crore and Securities Premium account by Rs.238.39 crore and minutes forming part of the petition were registered by Registrar of Companies on April 15, 2009 and have been duly effected in the books of accounts.
- 8(c) Loan from GoI as shown at 'D(a)(i)' of Schedule III, to be issued in the form of 0.1% Optionally Convertible Debentures and redeemable on 28.03.2023 has a right of recompense on par with other stakeholders.
9. Borrowings from Banks & FIs shown at 'D(a)(ii)' of Schedule III include loans of Rs.300 crore (Previous Year-Rs.300 crore) against security of cash flow/negative lien against certain identified loan assets.
10. MPCON Ltd has continued to act as Nodal Agency for the implementation of Counseling, Retraining & Redeployment (CRR) Scheme of Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India, New Delhi for the Voluntarily Retired optees of Central Public Sector Enterprises (CPSEs). The Government of India has sanctioned grant for 1104 Nos. of VR Optees amounting to Rs.0.99 crore in 2009-10.
11. In respect of Investments in shares, debentures and security receipts in certain cases, scrips are yet to be received.
12. In the case of IFCI Infrastructure Development Ltd:
- (a) Fixed Assets include the cost (Rs.2.41 crore) of Residential Flat at Greater Kailash-I, New Delhi purchased in open tender conducted by IFCI Ltd who acquired the assets under Securitisation Act (SARFA&ESI). The process of execution and registration of title deeds as per applicable state laws is yet to be completed, although possession has been handed over on the basis of Sale Letter issued by IFCI Ltd.
- (b) Inventories include five properties purchased in open tender for an aggregate consideration of Rs.27.83 crore of which the process of execution and registration of title deeds as per applicable state laws is yet to be completed, although the possession of the properties has since been taken over on the basis of sale letters.
- (c) Capital Work-in-Progress includes costs incurred on Construction of Service Apartments at Mayur Vihar, New Delhi. Costs include considerations paid to the contractors on the basis of continuing/completed stage of construction as per work assessment/evaluation, sums paid to Architects and other professionals in connection with the project and all other costs incurred as are directly attributable to the Service Apartments Project.
13. Other Loans and Advances include Rs.0.25 crore (Previous Year - Rs.0.12 crore) due from Directors. Maximum balance during the year Rs.0.25 crore (Previous Year - Rs.0.12 crore).

		(Rs. crore)	
Year ended		31.03.2010	31.03.2009
14.	Expenditure in Foreign Currencies:		
	– Interest on borrowings	5.56	6.88
	– Other matters	1.76	1.00
		<b>7.32</b>	<b>7.88</b>
15.	Earnings in Foreign Currencies:		
	– Interest	–	–
	– Others	0.03	0.31
		<b>0.03</b>	<b>0.31</b>
16.	Auditors' Remuneration:		
	– Fee (including Service Tax)	0.26	0.18
	– Out of pocket expenses	0.01	–
		<b>0.27</b>	<b>0.18</b>
17.	Managerial Remuneration:		
	– Salary and Allowances	3.23	2.95
	– Contribution to retirement funds*	0.25	0.26
	– Perquisites	0.12	0.10
		<b>3.60</b>	<b>3.31</b>

\*excluding contribution to gratuity and leave encashment, as not determinable individually.

Computation of Net Profit and Managerial Remuneration (in respect of IFCI Ltd):

		(Rs. crore)	
Year ended		31.03.2010	31.03.2009
	Profit before Taxation	1,115.26	1,010.23
	Add: Directors' Remuneration	1.36	0.80
	Add: Wealth Tax	0.12	0.04
	Add/(Less): (Profit)/Loss on sale of fixed assets	3.92	(38.40)
	Net Profit as per Section 198 of the Companies Act, 1956	<b>1,120.66</b>	972.67
	Maximum permissible remuneration to CEO & MD/ WTD u/s 198 of the Companies Act, 1956 @ 10% of the profits computed as above	112.07	97.27
	Payable for the year	<b>1.36</b>	0.80

18. Quantitative details of Stock in trade:

		(Rs. crore)			
Particulars	31.03.2010		31.03.2009		
	Nos.	Amount	Nos.	Amount	
Opening Stock	1,84,286	1.54	3,15,189	0.17	
Add: Purchases	37,89,180	142.45	1,93,099	4.15	
Less: Sales	38,38,778	141.55	3,24,003	2.85	
Balance at year end	<b>1,34,688</b>	<b>3.47</b>	1,84,286	1.54	

19. Quantitative Information in respect of Inventories:

		(Rs. crore)			
Particulars	31.03.2010		31.03.2009		
	Nos.	Amount	Nos.	Amount	
<b>Land &amp; Building:</b>					
Opening Stock	11	143.52	–	–	
Add: Purchases	5	24.71	11	143.52	
Less: Sales	1	7.59	–	–	
Balance at year end	15	160.63	11	143.52	
<b>Machinery &amp; Equipment:</b>					
Opening Stock	1	0.50	–	–	
Add: Purchases	2	10.58	1	0.50	
Less: Sales	2	9.73	–	–	
Balance at year end	1	1.35	1	0.50	

**Note:** Land and Buildings include units of different areas having varied description for its types/stage of construction/development, for which it is not practical to make it individually descriptive, for quantitative disclosure.

20. The Gross Block of Fixed Assets includes Rs.1,194.32 crore (Previous Year - Rs.595.50 crore) on account of revaluation of Land & Buildings carried out during the year on the basis of replacement value as certified by Government Approved Valuer. The resulting increase of Rs.637.44 crore (Land - Rs.322.91 crore; Building - Rs.314.53 crore) has been credited to the Revaluation Reserve. The increase in value is in addition to earlier revaluation done in FY 2006-07. The additional charge of depreciation of Rs.9.42 crore (Previous Year - Rs.9.75 crore) on revaluation carried out in earlier years has been withdrawn from Revaluation Reserve and credited to Profit and Loss Account.
21. During the year, the Company has changed the method of depreciation on Mobile Phones by providing 100% depreciation in the year of acquisition itself in place of providing depreciation on WDV method at the rates provided under Schedule XIV of Companies Act, 1956. Profit for the current year is lower by Rs.0.20 crore due to the change. The additions made in the preceding years have also been fully depreciated.

22. In the case of IFCI Venture Capital Funds Ltd, an amount of Rs.0.23 crore has been capitalized under various fixed assets, consequent upon renovation of owned premises for conversion to residential use based on certification of architect, notwithstanding excess claim made by the contractor and disputed by the Company.
23. In case of MPCON Ltd, Provident Fund and other statutory dues of one person, which is subjudiced have been separately kept in FDR earmarked for the purpose. Apart from this, necessary provision for other statutory dues outstanding against the Company, have already been made.
24. Balances appearing under loans and advances, sundry debtors and sundry creditors are subject to confirmation. In the opinion of the management the same are good and recoverable.
25. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
26. Details of investments purchased and sold/redeemed during the year ended March 31, 2010 are enclosed as Annexure with IFCI's standalone Balance Sheet.
27. There are no material prior period items, except to the extent disclosed, included in Profit & Loss A/c required to be disclosed as per Accounting Standard-5 issued by the ICAI read with RBI guidelines.
28. Defined Benefit Plans/Long Term Compensated Absences - As per Actuarial Valuations as on March 31, 2010 and recognized in the financial statements in respect on Employee Benefit Schemes:

	(Rs. crore)			
	31.03.2010		31.03.2009	
	Gratuity Funded	Leave Encashment Un-funded	Gratuity Funded	Leave Encashment Un-funded
<b>I. Components of Employer Expense</b>				
1. Current Service Cost	0.42	0.90	0.33	-
2. Interest Cost	0.51	0.63	0.46	-
3. Expected Return on Plan Asset	0.58	-	0.47	-
4. Curtailment Cost/(Credit)	-	-	-	-
5. Settlement Cost/(Credit)	-	-	-	-
6. Past Service Cost	-	-	-	-
7. Actuarial (gain)/loss recognized	1.11	3.73	0.63	-
8. Expense Recognized in Statement of Profit/Loss	1.47	0.16	0.95	3.69
<b>II. Actual Returns for the year</b>	0.58	-	0.65	-
<b>III. Net (Asset)/Liability recognized in Balance Sheet</b>				
1. Present Value of Defined Benefit Obligation	8.22	-	7.06	-
2. Fair Value on Plan Assets	7.59	-	7.39	-
3. Status (Surplus/Deficit)	(0.43)	-	(0.35)	-
4. Unrecognised Past Service Cost	-	-	-	-
5. Net (Asset)/Liability recognized in Balance Sheet	(0.38)	-	(0.19)	-
<b>IV. Change in Defined Benefit Obligations (DBO) during the year</b>				
1. Present Value of Obligation at the beginning of the year	6.33	7.86	5.82	5.99
2. Current Service Cost	0.42	0.90	0.33	-
3. Interest Cost	0.51	0.63	0.46	-
4. Curtailment cost	-	-	-	-
5. Settlement Cost	-	-	-	-
6. Plan Amendments	-	-	-	-
7. Acquisitions	-	-	-	-
8. Actuarial (gain)/loss on Obligations	1.11	3.73	0.88	-
9. Benefits Paid	0.08	0.11	0.41	-
10. Present Value of Obligation at the end of the Year	8.30	13.01	7.06	8.71
<b>V. Change in Fair Value of Assets during the year</b>				
1. Fair Value of Plan Asset at the beginning of the year	6.57	-	5.73	-
2. Acquisition Adjustment	-	-	-	-
3. Expected Return on Plan Asset	0.58	-	0.47	-
4. Actuarial (gain)/loss on Plan Asset	-	-	0.25	-
5. Contributions	0.53	-	1.36	-
6. Benefits Paid	0.08	-	0.42	-
7. Fair Value of Plan Asset at the end of the year	7.59	-	7.41	-

	(Rs. crore)			
	31.03.2010		31.03.2009	
	Gratuity Funded	Leave Encashment Un-funded	Gratuity Funded	Leave Encashment Un-funded
<b>VI. Actuarial Assumptions</b>				
1. Mortality Table		LIC 1994-96		LIC 1994-96
2. Early Retirement & Disablement		Age Related		Age Related
3. Discount Rate	8.00%	8.00%	8.00%	8.00%
4. Inflation Rate	7.00%	7.00%	7.00%	5.00%
5. Return on Asset	8.00%	-	8.00%	-
<b>VII. Major Category of Plan Assets as a % of the Total Plan Assets</b>				
1. Government Securities	9.10%	-	15.61%	-
2. Special Deposit Scheme	-	-	-	-
3. High Quality Corporate Bonds	-	-	-	-
4. Insurance Companies	90.90%	-	84.39%	-
5. Cash & Cash Equivalents	-	-	-	-
29. The parent company and its subsidiaries operate in India and hence is considered to operate only in domestic segment. Further, contribution of subsidiaries in the consolidated revenue and profits being less than 10% of the consolidated revenue and profit, Segment Reporting as required under Accounting Standard-17, issued by the ICAI is not applicable.				
30. Disclosure of details pertaining to related party transactions in terms of Accounting Standard-18, issued by the ICAI - "Related Party Disclosures" are as under:				

(i) Name of the related party and nature of relationship:

Nature of Relationship	Name of the Related Party
Associates	Assets Care Enterprise Ltd (ACE) Tourism Finance Corporation of India Ltd (TFCI) HIMCON Ltd NITCON Ltd HARDICON Ltd

Key Managerial Personnel: - Mr Atul Kumar Rai (CEO & MD)  
- Mr Sujit K Mandal (Whole Time Director)

(ii) Transaction with the related party during the year:

Type of Transaction (Year ended 31.03.2010)	(Rs. crore)				
	ACE	TFCI	HIM- CON	HARDI- CON	NIT- CON
Infusion of Equity	-	(3.77)	(-)	(-)	0.07 (0.04)
Acquisition from market	-	3.59	(-)	(-)	(-)
Dividend received by IFCI	-	2.54	(-)	(-)	(-)
Preference Dividend paid by IFCI	-	Rs.20,000	(-)	(-)	(-)
Rent & Maintenance received by IFCI	0.12 (0.18)	0.04 (0.57)	(-)	(-)	(-)
Loan (outstanding)	2.75 (-)	-	(-)	(-)	(-)
Interest received/receivable on Loan to ACE	0.02 (-)	-	(-)	(-)	(-)
Salaries/Other Estt. Exp. paid by IFCI for employees deputed by IFCI, recovered/recoverable from them	0.08 (0.19)	-	(-)	(-)	(-)
Professional Fee paid by IFCI	-	-	0.05 (0.07)	0.14 (0.05)	0.01 (0.03)
Employees deputed by IFCI as at 31.03.2010 (No.)	(1)	(-)	(-)	(-)	(-)
Employees posted by IFCI as at 31.03.2010 (No.)	1	-	-	-	-
Employees deputed in IFCI as at 31.03.2010 (No.)	(-)	(-)	(-)	1	(-)
With Key Managerial Personnel					
Type of Transaction (Year ended 31.03.2010)			CEO		WTD
Dividend		Rs.12,000	(-)		(-)

31. In respect of the remuneration paid by IFCI Financial Services Ltd to one of the key managerial personnel, necessary application to the Ministry of Corporate Affairs, New Delhi has been made in compliance to the requirements of the relevant provisions of the Companies Act, 1956 and the approval is awaited. Pending this approval, the amount of Rs.0.28 crore paid to the said key personnel is being held by him in trust.

32. IFCI Financial Services Ltd has paid a sum of Rs.0.35 crore as Consultant Fee for which the Company, in the absence of necessary approval, has made necessary application under Section 621A of the Companies Act, 1956.

33. **Earnings per share** (Rs. crore)  
**For the year ended** **31.03.2010** **31.03.2009**

**I. Computation for Basic Earnings per Share**

(a) Profit Computation for Equity Shareholders		
Net profit as per Profit & Loss Account	<b>693.04</b>	662.84
Less: Preference Dividend	<b>(0.31)</b>	(5.11)
Net profit for Equity Shareholders	<b>692.73</b>	657.73
(b) Weighted Average Number of Equity Shares outstanding during the year	<b>76,24,13,497</b>	76,24,13,497

**II. Computation for Diluted Earnings per Share**

(a) Profit Computation for Equity Shareholders (including Potential Shareholders)		
Net profit as per Profit & Loss Account	<b>693.04</b>	662.84
Less: Preference Dividend	<b>(0.31)</b>	(5.11)
Add: Interest on Convertible Debentures (net of MAT)	<b>32.81</b>	35.05
Net profit for Equity Shareholders (including Potential Shareholders)	<b>725.54</b>	692.78
(b) Weighted Average Number of Equity Shares outstanding during the year including Convertible Debentures held by LIC/GoI assuming conversion price as per SEBI Guidelines	<b>1,23,89,14,001</b>	1,50,19,64,913

**III. Earnings Per Share**

(Weighted Average, not annualised)		
Basic (Rs.)	<b>9.38</b>	8.63
Diluted (Rs.)	<b>5.86</b>	4.61

34(a) Provisions of Accounting Standard-19, issued by the ICAI - "Leases" are not applicable as the Company has not entered into leasing transaction on or after April 01, 2001.

34(b) (i) The Company has entered into lease agreement at three centers. Some of the significant terms and conditions of the arrangements are:

- Agreement may generally be terminated by either party on serving a notice period.
- The lease arrangements are generally renewed on expiry of lease period subject to mutual agreement.
- The Company shall not sublet, assign or part with the possession of the premises without prior written consent of lessor.

(ii) Rent in respect of above is charged to Profit & Loss Account.

(iii) The year wise break up of future minimum lease payments in respect of leased premises are as under:

Particulars	31.03.2010	31.03.2009
Minimum Lease Payments:		
(a) Not later than one year	<b>0.23</b>	0.14
(b) Later than one year but not later than five years	<b>0.14</b>	0.10
(c) Later than five years	-	-

35. Current Tax represents Minimum Alternate Tax (MAT), provided in terms of Section 115JB of the Income Tax Act, 1961, as tax at normal rates is lower than MAT. In view of amendment to Section 115JB of Income Tax Act, 1961 vide Finance Act, 2009 w.r.e.f. 01.04.2001, additional provision of Rs.51.17 crore has been made for Financial Years 2006-07 and 2007-08. Further, MAT Credit Entitlement and income tax provision of Rs.129.17 crore has been reversed for Financial Years 2008-09 and 2009-10.

36. In terms of Accounting Standard-22, issued by the ICAI - "Accounting for Taxes on Income", Deferred Tax Asset (Net) on account of timing differences is as under:

As at	31.03.2010	31.03.2009
Unabsorbed Business Loss*	<b>187.51</b>	251.03
Unabsorbed Depreciation*	<b>56.75</b>	58.07
Provision against Loans/Advances & other Assets	<b>1,196.77</b>	1,463.14
Timing difference in Depreciable Assets	<b>(63.75)</b>	(57.34)
Other Timing Differences	<b>11.18</b>	11.97
Deferred Tax Assets (Net)	<b>1,388.38#</b>	1,726.79#

\*as evidenced from the income tax return filed by the Company

# incl. Rs.0.08 crore on a/c of amalgamation of IFIN with C.R. Finance & Securities Pvt. Ltd. For the current year, Deferred Tax charge of Rs.338.41 crore (Previous Year - Rs.310.55 crore) has been charged in the accounts.

37. Fixed Assets possessed by the Company are treated as 'Corporate Assets' and not 'Cash Generating Units' as defined by Accounting Standard-28 - "Impairment of Assets" issued by the ICAI. As on March 31, 2010, there were no events or changes in circumstances which indicate any impairment in the assets.

38. Movement in Provisions, in terms of Accounting Standard-29, issued by the ICAI - "Provisions, Contingent Liabilities and Contingent Assets" in respect of IFCI is given as under:

	Opening Balance	Addition/ Transfer	Deduction/ Transfer	Closing Balance
Leave Encashment	8.35	4.26	-	12.61
Income Tax	382.33	97.58	129.17	350.74
Fringe Benefit Tax	6.13	0.21	-	6.34
Assets	<b>4,275.69</b>	<b>112.54</b>	<b>829.61</b>	<b>3,558.62</b>

39. The additional information in respect of IFCI in terms of RBI Circulars is given in IFCI's standalone Balance Sheet.

40. Total value of outstanding Currency Swaps was USD 28.70 million against INR and EUR 45.80 million against USD (Previous Year - USD 9.45 million against INR and EUR 40.80 million against USD respectively) equivalent to Rs.423.82 crore (Previous Year - Rs.236.25 crore), whereas total value of outstanding Forex Deals other than Currency Swaps was USD 8.00 million against INR and EUR 19.40 million against USD equivalent to Rs.154.28 crore (Previous Year - USD 10 million and EUR 20 million respectively).

41. Foreign Currency exposure that is not hedged by derivative instrument or otherwise is USD 0.70 million (Previous Year - USD 0.01 million) and EUR 0.16 million (Previous Year - EUR 0.02 million), equivalent to Rs.3.17 crore (Previous Year - Rs.0.16 crore).

42. Previous year figures have been re-grouped/re-arranged wherever necessary, to conform to current year's presentation.

### Signatories to all Schedules I to XX

In terms of our report of even date

For and on behalf of Board

For **CHOKSHI & CHOKSHI**  
Chartered Accountants

**PRAKASH P MALLYA**  
Chairman

**ATUL KUMAR RAI**  
CEO & Managing Director

**K V EAPEN**  
Director

**SANJEEV KUMAR JINDAL**  
Director

**KANU S CHOKSHI**  
Partner  
M. No.17085

**P G MURALIDHARAN**  
Director

**TEJINDER SINGH LASCHAR**  
Director

**USHA SANGWAN**  
Director

**SHOBHIT MAHAJAN**  
Director

**K RAGHURAMAN**  
Director

**S SHABBEER PASHA**  
Director

**SUJIT K MANDAL**  
Whole Time Director

**JAVED YUNUS**  
Executive Director

Place : New Delhi  
Dated : April 30, 2010

**S SETHEE**  
Chief Finance Officer

**N K DUGGAL**  
Chief General Manager

**RUPA SARKAR**  
Company Secretary



### NATIONAL ELECTRONIC CLEARING SERVICES (NECS) MANDATE FORM

To The General Manager MCS Limited, Unit: IFCI F-65, Okhla Industrial Area, Phase-I New Delhi-110 020 <b>(In case of Physical Holding)</b>	To The Depository Participant Concerned  <b>(In case of Electronic Holding)</b>
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Dear Sir

#### FORM FOR NATIONAL ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Master Folio No.

--	--	--	--	--	--	--	--	--	--

For office use only

NECS Ref. No.

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Name of First Holder											
Bank Name											
Branch Name											
Branch Code	<table border="1" style="width: 100%; height: 40px; border-collapse: collapse;"> <tr> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> <td style="width: 25px; height: 40px;"></td> </tr> </table> <p style="font-size: small; margin-top: 5px;">(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank) Please attach a Xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the bank's name, brach name and code number.</p>										

Account Type	→	Savings		Current		Cash Credit
A/c. No. (as appearing in the cheque book)	→					
Effective date of this mandate	→					

I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, IFCI Ltd/MCS Ltd will not be held responsible. I agree to avail the NECS facility provided by RBI, as and when implemented by RBI.

I further undertake to inform the company any change in my Bank/Branch and account number.



Dated:

(Signature of First Holder)







**ATTENDANCE SLIP**

Registered Office: IFCI Tower, 61 Nehru Place, New Delhi - 110019

(Please complete this Attendance Slip and hand it over at the registration counter)

DP. Id. *	
Client Id. *	

Folio No.
-----------

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company being held on Friday, the September 17, 2010 at 10:30 A.M. at Air Force Auditorium, Subroto Park, New Delhi-110010.

**NAME OF THE SHAREHOLDER** .....

**NAME OF PROXY #** .....

# To be filled in case proxy attends instead of Shareholder

**SIGNATURE OF THE SHAREHOLDER/PROXY\***

\* Strike out whichever is not applicable

**NOTE: NO GIFTS OR COUPONS WOULD BE GIVEN TO THE SHAREHOLDERS FOR ATTENDING THE ANNUAL GENERAL MEETING**

\* Applicable for investors holding Shares in electronic (demat) form



**PROXY FORM**

Registered Office: IFCI Tower, 61 Nehru Place, New Delhi - 110019

DP. Id. *	
Client Id.*	

Folio No.
-----------

I/We .....  
of ..... being a member/  
members of IFCI Ltd, hereby appoint, .....  
of .....  
or failing him/her .....  
of.....  
as my/our proxy to vote for me/us and on my/our behalf at the **ANNUAL GENERAL MEETING** of IFCI Ltd to  
be held on Friday, the September 17, 2010 or at any adjournment thereof.

Affix
Revenue
Stamp

Signed this .....day of .....2010

Signature

\* Applicable for investors holding the shares in electronic (demat) form

**NOTE:** The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a shareholder of the Company.





# OFFICES OF IFCI

## Registered Office IFCI LIMITED

IFCI Tower, 61 Nehru Place, New Delhi-110019  
Tel.: 4179 2800, 4173 2000, 2648 7444, 2648 7622  
Fax No.: 91-(011)-2648 8471, 2623 0201  
E-mail : helpdesk@ifcilt.com

## Regional Offices

<b>MUMBAI</b>	Earnest House (8-9th Floors) Backbay Reclamation Nariman Point PIN-400 021 Tel.: 91-(022)-2283 5373/5047/5087 Fax: 91-(022)-2285 1016, 2283 7376	<b>DELHI</b>	IFCI Tower 61 Nehru Place PIN-110 019 Tel.: 91-(011)-4179 2800, 2648 7444 Fax: 91-(011)-2648 8478	<b>BANGALORE</b>	IFCI Bhawan No.7, (1st Floor) II Cross, CSI Compound Mission Road PIN-560 027 Tel.: 91-(080)-2221 0882, 2223 2349 Fax: 91-(080)-2227 1802
<b>KOLKATA</b>	Chatterjee International Center (3rd Floor) 33-A Jawaharlal Nehru Road PIN-700 071 Tel.: 91-(033)-2265 3344/2226 2672/5391 Fax: 91-(033)-2217 1618	<b>HYDERABAD</b>	Taramandal Complex (8th Floor), 5-9-13 Saifabad PIN-500 004 Tel.: 91-(040)-6662 3642-44/46 Fax: 91-(040)-2324 1138	<b>BHOPAL</b>	Paryawan Bhawan Block 2 (3rd Floor) Mother Teresa Road PIN-462 011 Tel.: 91-(0755)-4279113
<b>CHANDIGARH</b>	IFCI Bhawan 1-C, Sector 27-A Madhya Marg PIN-160 019 Tel.: 91-(0172)-265 0743, 265 0878 Fax: 91-(0172)-265 6734	<b>LUCKNOW</b>	Regency Plaza 5 Park Road PIN-226 001 Tel.: 91-(0522)-223 9610 Fax: 91-(0522)-223 9057	<b>JAIPUR</b>	Anand Bhawan (1st Floor) Sansar Chandra Road PIN-302 001 Tel.: 91-(0141)-236 9186, 236 4684/9276 Fax: 91-(0141)-237 8387
<b>CHENNAI</b>	Continental Chambers 142 (2-3rd Floor) M.G. Road, Nungambakkam PIN-600 034 Tel.: 91-(044)-2833 4110-12 Fax: 91-(044)-2833 4109	<b>AHMEDABAD</b>	701 Satkar Complex Near Lal Bunglow CG Road, Navrangpura PIN-380 009 Tel.: 91-(079)-2640 5984, 2644 5376 Fax: 91-(079)-2640 4980		

## Other Offices

<b>GUWAHATI</b>	Christian Basti Guwahati Shillong Road PIN-781 005 Tel.: 91-(0361)-234 3757 Fax: 91-(0361)-234 0846	<b>PANAJI</b>	EDC House (Mezzanine Floor) Block B, 22-23, Dada Vaidya Road PIN-403 001	<b>PUNE</b>	1146, B-C, Surashree Coop. Housing Society Ltd. Flat No. 3/3A (1st Floor) Lakaki Road, Model Colony Shivaji Nagar PIN-411 016
<b>KOCHI</b>	IFCI Bhawan Panampilly Nagar PIN-682 036 Tel.: 91-(0484)-231 1450/1176 Fax: 91-(0484)-231 1173	<b>PATNA</b>	Maurya Lok Commercial Complex, Block 'C' (3rd Floor) Dak Bungalow Road PIN-800 001		

Visit us at: [www.ifcilt.com](http://www.ifcilt.com)

**REGISTRAR & TRANSFER AGENT**  
MCS LIMITED

F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020  
Tel.: 91-(011)-4140 6149/51-52 Fax: 91-(011)-4170 9881  
E-mail: [admin@mcsdel.com](mailto:admin@mcsdel.com)

## BOOK-POST

If undelivered, please return to:

**MCS LIMITED**

F-65, 1st Floor

Okhla Industrial Area, Phase-I

New Delhi - 110 020