

R.G.N.PRICE & CO.
CHARTERED ACCOUNTANTS

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Post Box No.335
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Independent Auditor's Report

**To the Members of
IFIN Commodities Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of IFIN Commodities Limited which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates



made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the 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:

- a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- b) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter:

We draw attention to Note No.VI to the Financial Statements according to which there were unreconciled items appearing in the Bank Reconciliation Statement for more than 3 months for Rs. 2.24 lakhs representing unidentified credit (direct bank deposits) and Rs. 7.72 lakhs representing unidentified debits (cheques deposited but not cleared) in the Bank Reconciliation Statement. We were informed that the company is in the process of reconciling the same. Our opinion is not qualified in respect of this matter.

Report on other legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by 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.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;




- c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report were in agreement with the books of account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and 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 except non-disclosure of plan assets related details as required for Gratuity fund under Accounting Standard -15(Revised) Employee Benefits.
- e. On the basis of the written representations received from the Directors, as on 31st March 2014 and taken on record by the Board of Directors, we report that none of the Director is disqualified from being appointed as a Director of the company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place: Chennai

Date: 11th April 2014

For R.G.N. PRICE & CO.
Chartered Accountants


K. Venkatakrishnan
Partner
M. No. 208591
FR No. 002785S

IFIN Commodities Limited

Annexure referred to in paragraph 1 of our report of even date

- I a. The Company has maintained details of Fixed Assets register showing particulars of location and quantity of those Assets.
b. The physical verification of Fixed Assets is being done by the Company once in a year which in our opinion is reasonable having regard to the size of the company and nature of its business. During the year the assets have been physically verified by the management and no major variation noticed on comparing with book quantities.
c. During the year, there was no sale / disposal of Fixed Assets.
- II The Company is in the business of providing Broking Services for Commodity trading and does not deal with Inventories. Hence, reporting requirement relating to Inventory are not applicable.
- III There are no parties covered under section 301, therefore clauses (a) to (g) 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 with regard to Purchase of fixed Assets and rendering of Services. During the course of our audit, we have not observed any major weaknesses in internal controls system.
- V There are no parties covered under section 301, therefore clauses (a) and (b) are not applicable.
- VI The Company has not accepted any deposit from the public.
- VII The Company has an internal audit system which in our opinion commensurate with the size and nature of its business.
- VIII The Central Government of India has not prescribed the maintenance of cost records under section 209(1)(d) of the Act for any of the services rendered by the Company.
- IX a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Cess and other statutory dues applicable to it. There are no arrears of undisputed amount outstanding statutory dues as at 31st March 2014 for a period of more than six months from the date they became payable.
b. According to the information and explanations given to us, there are no disputed amounts that remain unpaid that were in arrears as on 31st March 2014 for period of six months from the date they become payable in respect of Income Tax, Cess and Service tax and other statutory dues.
- X The company has no accumulated loss. The company has also not incurred cash loss during this financial year and in the immediately preceding financial year.
- XI The company has not availed loans from banks.
- XII According to the information and explanation provided to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII The provisions of special statute applicable to chit funds / nidhi / mutual benefit funds / society do not apply to this company.




- XIV According to the information and explanation given to us and based on our examination, we are of the opinion that the company has maintained proper records in respect of its business of broking. We further noticed that the company had accounted such above transaction on the date of transaction .Further the company does not hold any investments. There is no trading of debentures during the year.
- XV The company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI The company has not availed term loans from banks and financial institutions and hence reporting in this regard does not arise.
- XVII According to the information and explanation given to us and on an overall review of utilization of funds, we observed that no short term funds have been used for long term investments.
- XVIII During the year, 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.
- XIX During the year, the company has not issued debentures.
- XX During the year the company has not raised any money by way of public issue and hence this clause is not applicable.
- XXI According to the information and explanations given to us and based on our audit procedures performed, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Chennai

Date: 11th April 2014

For R.G.N. PRICE & CO.
Chartered Accountants


K. Venkatakrishnan
Partner
M. No. 208591
FR No. 002785S

IFIN Commodities Limited
Balance Sheet as at 31st March 2014


(Amount in Rs.)

Particulars	Note No.	As at 31 March 2014	As at 31 March 2014
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	50,000,000	50,000,000
(b) Reserves and surplus	3	2,728,430	2,211,546
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Deferred tax liabilities (Net)		159,103	-
4 Current liabilities			
(a) Trade payables		33,150,573	38,001,390
(b) Other current liabilities	4	21,447,485	29,768,256
(c) Short - term provisions	5	216,339	-
TOTAL		107,701,930	119,981,192
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	6		
(i) Tangible assets		359,332	551,924
(ii) Intangible assets		348,093	580,155
(b) Long-term loans and advances	7	39,330,889	49,330,889
2 Current assets			
(a) Trade receivables	8	27,496	169,049
(b) Cash and Bank balances	9	61,691,076	63,120,265
(c) Short-term loans and advances	10	1,937,313	4,712,875
(d) Other current assets	11	4,007,731	1,516,035
TOTAL		107,701,930	119,981,192

The Notes 1 to 11 form an integral part of Balance Sheet


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

For R.G.N. PRICE & CO.
Chartered Accountants


K. Venkatakrisnan
Partner
M. No. 208591
FR No. 002785S



FOR AND ON BEHALF OF THE BOARD OF
IFIN COMMODITIES LIMITED


RAMKUMAR SRINIVASAN
WHOLE TIME DIRECTOR


S USHA
DIRECTOR

Place : Chennai

Date : 11th April 2014

IFIN Commodities Limited
Statement of Profit and Loss for the year ended 31st March 2014

(Amount in Rs.)

Particulars	Note No.	For the year ended 31 March 2014	For the year ended 31 March 2013
I. Revenue from operations	12	27,168,059	62,929,548
II. Other income	13	4,366,072	4,208,622
III. Total Revenue (I + II)		31,534,131	67,138,170
IV. Expenses:			
Employee benefits expense	14	12,616,296	19,996,447
Finance costs	15	258,129	222,950
Depreciation and amortization expense		424,655	700,333
Other expenses	16	16,024,074	36,410,271
Total expenses		29,323,154	57,330,001
V. Profit before Provisions and extraordinary items and tax (III-IV)		2,210,977	9,808,169
VI. Provision for Doubtful debts and advances		764,991	1,365,511
VII. Profit before extraordinary items and tax (V - VI)		1,445,986	8,442,658
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		1,445,986	8,442,658
X Tax expense:			
Provision for Taxation		770,000	1,488,688
- Current Tax		-	-
- Deferred Tax Charge (Net)		159,103	-
- Current Tax - MAT provided		-	-
- Current Tax - MAT Credit Entitlement		-	-
XI Profit (Loss) for the period (IX - X)		516,883	6,953,969
XII Earnings per share			
Basic		0.10	2.53
Diluted		0.10	2.53

The Notes 1 & 12 to 16 form an integral part of Statement of Profit and Loss
This is the Statement of Profit and Loss referred to in our Report of even date.

For R.G.N. PRICE & CO.
Chartered Accountants

K. Venkatakrishnan
Partner
M. No. 208591
FR No. 0027855



FOR AND ON BEHALF OF THE BOARD OF
IFIN COMMODITIES LIMITED

RAMKUMAR SRINIVASAN
WHOLE TIME DIRECTOR

S USHA
DIRECTOR

Place : Chennai
Date : 11th April 2014

IFIN COMMODITIES LIMITED
CASH FLOW STATEMENT AS ON 31ST MARCH 2014

(Amount in Rs.)

Particulars		Year ended 31.03.2014	Year ended 31.03.2013
A	CASH FLOW FROM OPERATING ACTIVITES		
	Net Profit befor tax as per P&L a/c	1,445,986	8,442,658
	Adjustments for:		
	Depreciation / Amortisation on Fixed Assets	424,655	700,333
	Provision for Doubtful Debts	764,991	1,365,511
	Peliminary Expenses w/off	-	-
	Interest income	(4,359,144)	(4,163,276)
	Interest Expenses	258,129	222,950
	Operation Profit before Working Capital Changes	(1,465,383)	6,568,176
	Adjustments for:		
	(Increase) / Decrease in Trade Receivables	(123,439)	(152,633)
	(Increase) / Decrease in Loans & Advances	10,000,000	(6,910,132)
	(Increase) / Decrease in Short term loans & Advances	2,362,218	
	Increase / (Decrease) in Trade Payable	(4,850,817)	
	Increase / (Decrease) in Current Liabilites	(8,320,770)	(45,993,333)
	Increase / (Decrease) in Provisions	(216,339)	(217,436)
	Increase / (Decrease) in other Current Asséts	(2,491,696)	1,807,586
		(3,640,843)	(51,465,948)
	Cash Generated from Operation before tax	(5,106,225)	(44,897,772)
	Direct taxes paid	(423,978)	(1,756,819)
	Net cash from Operating Activities	(5,530,203)	(46,654,591)
B	CASH FLOW FROM INVESTING ACTIVITIES		
	(Increase) / Decrease in Fixed Deposits	(1,236,679)	(4,242,700)
	Interest Received	4,359,144	4,163,276
	Repayment of Long Term.Liabilities		
	Net Cash used in / raised from Investing Activities	3,122,465	(79,424)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Interest Paid	(258,129)	(222,950)
	Capital by the Holding company		30,000,000
		(258,129)	29,777,050
	Net Changes in Cash & Cash Equivalent (a+b+c)	(2,665,867)	(16,956,965)
	Opening Cash and Cash Equivalent	18,633,790	35,590,757
	Closing Cash and Cash Equivalent	15,967,923	18,633,790
	Increase / Decrease in Cash & Cash Equivalent	(2,665,867)	(16,956,967)

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

For **R.G.N. PRICE & CO.**
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD OF
IFIN COMMODITIES LIMITED

K. Venkatakrishnan
Partner

M. No. 208591

FR No. 002785S

Place : Chennai
Date : 11th April 2014



RAMKUMAR SRINIVASAN
WHOLE TIME DIRECTOR

S USHA
DIRECTOR

IFIN Commodities Limited
Note 2 Share Capital

(Amount in Rs.)

Particulars	As at 31 March 2014		As at 31 March 2013	
	Number	Rs.	Number	Rs.
Authorised				
Equity Shares of Rs.10/- each	5,000,000	50,000,000	5,000,000	50,00,00,000
Issued				
Equity Shares of Rs.10/- each	5,000,000	50,000,000	5,000,000	50,000,000
Subscribed & Paid up				
Equity Shares of Rs.10/- each	5,000,000	50,000,000	5,000,000	50,000,000
Total	5,000,000	50,000,000	5,000,000	50,000,000

Particulars	Equity Shares		Equity Shares	
	Number	Rs	Number	Rs
Shares outstanding at the beginning of the year	5,000,000	50,000,000	2,000,000	20,000,000
Shares Issued during the year			3,000,000	30,000,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,000	50,000,000	5,000,000	50,000,000

5000000 Equity Shares (Previous year - 5000000 equity shares) are held by IFCI Financial Services Limited, the holding company and its nominees.

Name of Shareholder	As at 31 March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IFCI Financial Services Limited and nominees	5,000,000	100	5,000,000	100

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IFIN Commodities Limited

Note 3 Reserves and Surplus

(Amount in Rs.)

Particulars	As at 31 March 2014	As at 31 March 2013
a. Surplus:		
Opening balance	2,211,546	(4,742,423)
(+) Net Profit/(Net Loss) For the current year	516,883	6,953,969
Closing Balance	2,728,430	2,211,546
Total	2,728,430	2,211,546



IFIN Commodities Limited
Note 4 Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31 March 2014	As at 31 March 2013
Sundry Deposits	729,498	742,248
Creditors for expenses	2,234,087	-
Other Payables - Statutory Payment to Government Authorities	246,048	-
Payable to Exchanges	18,237,852	29,026,007
Total	21,447,485	29,768,256

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IFIN Commodities Limited
Note 5 Long-term Provisions

(Amount in Rs.)

Particulars	As at 31 March 2014	As at 31 March 2013
(a) Provision for employee benefits		
Gratuity	21,222	-
Leave Encashment	78,228	-
(b) Others		
Provision for Bonus	116,889	-
Total	216,339	-

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IFIN COMMODITIES LIMITED

Note 6 Fixed Assets

Description	Gross Assets			Depreciation			Net Block			
	Opening as on 01.04.2013 (Rs.)	Addition (Rs.)	Deletion (Rs.)	Closing as on 31.03.2014 (Rs.)	Op Dep as on 01.04.2013 (Rs.)	Dep during the year (Rs.)	Accumulated Dep 31.03.2014 (Rs.)	Upto to 31.03.2014 (Rs.)	As on 31.03.2014 (Rs.)	As on 31.03.2013 (Rs.)
Office Equipments	138,400	-	-	138,400	30,400	15,023	-	45,423	92,977	108,000
Computer Hardware	1,214,273	-	-	1,214,273	770,349	177,570	-	947,919	266,354	443,924
Total	1,352,673	-	-	1,352,673	800,749	192,592	-	993,341	359,332	551,924
Computer Software	1,553,728	-	-	1,553,728	973,573	232,062	-	1,205,635	348,093	580,155
Intangible-Membership Card	3,200,000	-	-	3,200,000	3,200,000	-	-	3,200,000	-	-
Total	4,753,728	-	-	4,753,728	4,173,573	232,062	-	4,405,635	348,093	580,155
Grand Total	6,106,401	-	-	6,106,401	4,974,322	424,654	-	5,398,977	707,425	1,132,079
Previous Year	6,106,401	-	-	6,106,401	4,273,990	700,333	-	4,974,322	1,132,079	1,832,412

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IFIN Commodities Limited
Note 7. Long Term Loans and Advances

(Amount in Rs.)

Particulars	As at 31 March 2014		As at 31 March 2013	
a. Capital Advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
Less: Provision for doubtful advances	-	-	-	-
	-	-	-	-
b. Security Deposits				
Secured, considered good		-		-
Unsecured, considered good		39,330,889		49,330,889
Doubtful				
Less: Provision for doubtful deposits				
		39,330,889		49,330,889
c. Loans and advances to related parties (refer Note 2)				
Secured, considered good		-		-
Unsecured, considered good		-		-
Doubtful		-		-
Less: Provision for doubtful loans and advances		-		-
		-		-
TOTAL		39,330,889		49,330,889

IFIN Commodities Limited
Note 8 Trade receivable

(Amount in Rs.)

Particulars	As at 31 March 2014	As at 31 March 2013
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	27,496	169,049
Unsecured, considered doubtful	146,564	121,605
Less: Provision for doubtful debts	146,564	121,605
	27,496	169,049
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	-	-
Unsecured, considered doubtful	2,617,313	2,377,280
	2,617,313	2,377,280
Less: Provision for doubtful debts	2,617,313	2,377,280
	-	-
	-	-
Total	27,496	169,049

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IFIN Commodities Limited
Note 9 Cash and Bank balances

(Amount in Rs.)

Particulars	As at 31 March 2014		As at 31 March 2013	
a. Balances with banks				
This includes:				
Earmarked Balances (eg/- unpaid dividend accounts)	-		-	
In Current Accounts with Schedule Banks	15,966,294		18,633,191	
Bank deposits	45,723,153	61,689,447	44,486,474	63,119,666
b. Cheques, drafts on hand		1,629		599.00
c. Cash on hand				
		61,691,076		63,120,265

Note 10 Short term loans and advances

(Amount in Rs.)

Particulars	As at 31 March 2014		As at 31 March 2013	
a. Loans and advances to related parties				
Secured, considered good	-		-	
Unsecured, considered good	-		-	
Doubtful	-		-	
Less: Provision for doubtful loans and advances	-		-	
b. Others				
c. Other loans and advances				
Advance tax and Tax deducted at Source	3,538,846		3,459,782	
Less Provision for Tax	2,483,863	1,054,983	225,175	3,234,607
Other Loans and Advances		716,965		1,364,550
Prepaid Expenses		165,365		113,718
		1,937,313		4,712,875
		1,937,313		4,712,875

Note 11 Other current assets

(Amount in Rs.)

Particulars	As at 31	As at 31
	March 2014	March 2013
Interest accrued on Deposits	4,007,731	1,516,035
Total	4,007,731	1,516,035

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IFIN Commodities Limited
Note 12 Revenue from Operations

(Amount in Rs.)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Operating revenues:		
Brokerage	26,777,309	62,218,148
Profit on Trading	-	-
Other Operating income	390,750	711,400
Total	27,168,059	62,929,548

Note 13 Other Income

(Amount in Rs.)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest	4,359,144	4,163,276
Miscellaneous Income	6,928	45,346
Total	4,366,072	4,208,622

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IFIN Commodities Limited**Note 14 Employee Benefits expense****(Amount in Rs.)**

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries and incentives	10,504,580	16,767,396
Contributions to -		
(i) Provident fund	715,751	1,711,232
(ii) Employee State Insurance	168,455	298,902
Gratuity fund contributions	175,000	-
Staff welfare expenses	1,052,510	1,218,917
Total	12,616,296	19,996,447

Note 15 Finance Cost**(Amount in Rs.)**

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Bank Charges	258,129	222,950
Total	258,129	222,950

Note 16 Other Expenses**(Amount in Rs.)**

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Insurance	27,155	598,767
Audit Fees	251,584	132,000
Professional And Consultancy Charges	6,100,830	15,260,623
Commission Paid	2,403,702	4,980,580
Rent	5,306,628	3,304,420
Rates And Taxes	96,927	35,406
Repairs and maintenance	-	556,733
Other Expenses	1,837,248	11,541,742
Total	16,024,074	36,410,271

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IFIN COMMODITIES LIMITED

Note: 1

A. Significant Accounting Policies:

I. Method of Accounting:

The financial accounts have been prepared on accrual basis in accordance with Generally Accepted Accounting Principles in compliance in all material aspects, in accordance with applicable Accounting Standards notified under section 211(3C) of the Companies Act, 1956.

II. Use of Estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known/materialized.

III. Revenue Recognition:

Broking Income

Brokerage Income is recognized on the trade date of the transaction upon confirmation of the transactions by the exchanges.

Interest Income

Interest earned on fixed income bearing securities is accounted on a time proportion basis taking into account the amount outstanding and the rate applicable.

Commodity Futures – derivatives

- 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 Commodity Index Futures till the Balance sheet date.
- As at the Balance sheet date, the profit or loss on open positions are accounted for as follows:

The unrealized profit is ignored and no credit is taken in the profit and loss account.

The unrealized loss determined being anticipated loss, is recognized in the profit and loss account.

On final settlement or squaring-up of contracts for 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 in the profit and loss account upon expiry/squaring-up of the contracts.

IV. Fixed Assets and Depreciation:

- Fixed assets are stated at historical cost less accumulated depreciation.
- Intangible Assets:

Intangible assets are recognized if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account.

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

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

V. Impairment of Assets:

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the period/year in which the said asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

VI. Provisioning/Write-off of assets:

Sundry debtors are written off/provided for, as per management estimates, after review.

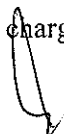


VII. Employee benefits:

(a) Defined contribution plan:

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

(b) Defined benefit plan:

The Company's liability towards Gratuity is a Defined Benefit Plan. The liability towards Gratuity is determined using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of Employee benefit entitlement. The gratuity Scheme is operated through Group gratuity Scheme of LIC. The gratuity liabilities are provided based on Actuarial Valuation certified by LIC. Actuarial gains and losses are charged to Profit and Loss Account.

Liability on account of encashment of leave to employees is paid within one year from the end of the financial year. The expenses on account thus arising are recognized in the profit and loss account.

(c) Short Term Compensated Absences:

Short Term Compensation relating to leave accumulation is encashable as per policy. The leave encashment paid / payable is recognized as expense in Profit and Loss account during the period in which the employee renders the related services.

VIII. Taxation:

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

IX. Provision , Contingent Liabilities and Contingent Assets:

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

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

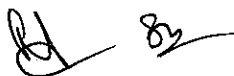
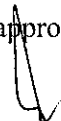
Contingent assets are not recognized/ disclosed financial statements.

B. Notes forming part of the Accounts

I. Nature of Business:

The Company, a registered member of the Multi Commodity Exchange Ltd (MCX), National Commodity and Derivatives Exchange (NCDEX) and National Spot Exchange Limited (NSE), is primarily engaged in the business of providing Commodity market related transaction services.

- II. The holding company, IFCI Financial Services Ltd in its Board meeting held on 8th Nov 2013 have passed resolution for merging its another subsidiary IFIN Credit Ltd with this company towards business consolidation, Accordingly, the company in its Board Meeting held on 18th Jan 2014 has passed a resolution approving the proposal for merger of IFIN Credit, a wholly owned subsidiary of IFCI Financial Services Ltd with this company. The above proposal is subject to approval of shareholders and applicable authorities.



III. Contingent Liabilities not provided for:

- (a) The Company has provided bank guarantees aggregating to Rs.2,00,00,000/- (Previous Year – Rs.5, 00, 00,000 /-) to the Multi Commodity Exchange Limited as on 31 March 2014 for meeting margin requirements.
- (b) The Company has pledged fixed deposits with banks aggregating of Rs.4,57,23,153/- (Previous Year – Rs.4,43,66,474/-) for obtaining the above bank guarantee.
- (c) Counter guarantee given by the parent company (IFCI Limited) to a bank for issue of bank guarantee to the subsidiary company IFIN Commodities Limited Rs.5,00,00,000/- (Previous Year – Rs.5,00,00,000/-)
- (d) Other Contingent liabilities – The Clients has lodged nine cases against the company which is pending as follows.

(Rs. in Lakhs)

Forum before which the cases are pending	No. of cases	Amount (Rs.)
Civil court – Multi Commodity Exchange of India Limited	8	465.33
Consumer court	1	10.25

IV. Estimated amount of Contracts remaining to be executed

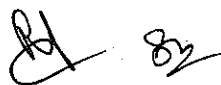

Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) is Nil (Previous Year – NIL)

V. Managerial Remuneration: NIL (Previous Year – Nil)

VI. Bank Reconciliation status as of 31st March 2014 includes unreconciled items for more than 3 months which includes for Rs. 2.24 lakhs representing unidentified credit (direct bank deposits) and Rs. 7.72 lakhs representing unidentified debits (cheques deposited but not cleared). The company is in the process of reconciling these items.

VII. Earnings Per Share:

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



(Amount in Rs.)

Particulars	As on 31-03-2014	As on 31-03-2013
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	5,16,883	69,53,969
Nominal value per equity share	Rs.10	Rs.10
Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	50,00,000	27,50,000
Basic & Diluted Earnings Per Share (Before & After extra-ordinary Item)	0.10	2.53

VIII. Current and Deferred Taxation:


- (a) The company has provided Rs. 7,70,000/- (Previous Year – Rs.14,88,688) as per the provisions of Income Tax Act,1961.
- (b) During the year the tax effect on timing difference has resulted in Deferred Tax Liability and the same has been duly accounted as under

Deferred Tax Asset / Liability	As on 31-03-2014	As on 31-03-2013
Deferred Tax Liability – Fixed Assets (accumulated depreciation)	1,59,103	NIL

IX. Employee Benefits

Provisions for employee benefits under revised AS 15:

- (a) Defined Contribution plan: Provident and other statutory funds. The amount recognized as an expense during the year is Rs.884,200/- (Previous Year – Rs. 20,10,134/-).
- (b) Defined Benefit plan-Liability on account of encashment of leave to employees is paid within one year from the end of the financial year. The expenses recognized in the profit and loss account is Rs.310,869/- (previous year Rs.2,33,488)
- (c) Defined Benefit plan-The Company operates Gratuity plan under the Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India. The scheme provides for Lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each year of completed service or part thereof in excess of 6 months

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subject to a maximum of Rs. 10, 00, 000. Vesting occurs on completion of 5 years of service.

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

(Amount in Rs.)

Particulars	Year 2013.14	Year 2012-13
Reconciliation of Present value of obligation and fair value of Planned Assets		
Fair Value of Plan Assets at the end of the Year	Not available	2,10,242
Present value of the Defined benefit obligations at the end of the Year	Not available	2,25,295
Liability Recognized in the Balance Sheet	21,222	15,053
Cost for the year ended of the Period		
Service cost	Not available	1,56,475
Interest cost	Not available	12,365
Expected return on plan assets	Not available	(15,053)
Actuarial (gains)/ losses	Not available	(1,13,155)
Total net cost recognized in statement of Profit and loss	1,75,000	40,632
Assumptions:		
Discount rate	8.00%	8.00%
Salary escalation rate	5.00%	5.00%
Attrition rate	1-3%	1-3%

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

Nature of Service	2013-14	2012-13
Statutory Audit Fee	1,55,000	1,00,000
For quarterly reporting and Consolidating financial statements	57,500	-
Tax Audit	25,000	20,000
Other services	14,000	12,000
Total	251,500	1,32,000

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XI. Related Party Disclosure as per AS 18:

- a) Ultimate Holding Company : IFCI Limited
- b) Holding Company : IFCI Financial Services Limited
- c) Fellow Subsidiary : IFIN Credit Limited
IFIN Securities Finance Limited (Formerly known as Narayan Sriram Investments Private Limited)

d) Transaction with Related Parties:

(Amount in Rs.)

Sr.No	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2013-14	2012-13	2013-14	2012-13
1.	Loan Received from IFIN Credit Ltd	-	-	-	-
2.	Loan repaid to IFIN Credit Ltd	-	1,90,00,000	-	-
3.	Expense reimbursed to IFCI Financial Services Ltd	-	6,562,307	-	-
4.	Consultancy Fee paid to IFCI Financial Services Ltd	-	-	-	-
5.	Interest paid to IFIN Credit Ltd	-	2,22,951	-	-
6.	Rent to IFCI Financial Services Ltd	53,06,628	33,04,420	-	-
7.	Corporate Guarantee Issued by IFCI Financial Services Ltd	5,00,00,000	5,00,00,000	-	-
8.	Insurance paid by the IFCI Financial Services Ltd	155,947	-	-	-
9.	Amount Payable to IFCI Financial Services Ltd	1,55,947	19,41,152	-	-

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- XII. Balances of Sundry Debtors are confirmed on a regular basis. In the opinion of the management ` same are good and recoverable except debtors for an amount of Rs.27,63,877 (previous year Rs.24,98,885/-), provision for which has been made in the books.
- XIII. Company had initiated the process of identifying the vendor under Micro, Small & Medium Enterprises Development Act, 2006. The Company is yet to receive intimation from the vendors stating their status under Micro, Small & Medium Enterprises Development Act, 2006. In view of this, the company has not made any provision and disclosure required by this Act.
- XIV. Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.
- XV. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.
