

46TH ANNUAL REPORT

2013 - 14



AFC INDIA LIMITED

Formerly Agricultural Finance Corporation Ltd.

(Technical Support Institution Committed to Rural Prosperity)

ISO-9001:2008 Certified Company

Company Information

Forty Sixth Annual Report 2013 - 14

Authorised Capital : ₹ 100,00,00,000

Issued, Subscribed &

Paid-up Capital : ₹ 15,00,00,000

Directors

Dr. C. D. Mayee

*Former Chairman, Agricultural Scientists
Recruitment Board, New Delhi*

Shri T. C. Venkat Subramanian

*Ex-Chairman & Managing Director,
EXIM Bank of India*

Prof. M. C. Varshneya

*Ex Vice Chancellor, AAU, Anand & Director
Savy Software Pvt. Ltd.*

Shri B. P. Sharma

Executive Director, Bank of India

Shri R. K. Goyal

Executive Director, Central Bank of India

Shri A. K. Garg

Managing Director, AFC India Ltd.

Auditors

M/s. Sadashiv & Co.
(Chartered Accountants)

*11/14, Bansilal Building, 1st Floor,
Homi Modi Street, Fort, Mumbai - 400 023.*

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AFC INDIA LIMITED, MUMBAI

Registered Office:

Dhanraj Mahal, 1st Floor, C.S.M. Marg, Mumbai - 400 001.

Phone : 022-2202 8924 Fax : 022-2202 8966

E-mail: afcl@vsnl.com, afcl@afcindia.org.in

Website: www.afcindia.org.in

Member Banks & Institutions

PUBLIC SECTOR BANKS

- Central Bank of India
- Bank of Baroda
- Bank of India
- Punjab National Bank
- United Commercial Bank
- Union Bank of India
- State Bank of India
- Allahabad Bank
- Dena Bank
- Canara Bank
- United Bank of India
- Bank of Maharashtra
- Indian Bank
- Syndicate Bank
- State Bank of Hyderabad
- Oriental Bank of Commerce
- Indian Overseas Bank
- Andhra Bank
- Vijaya Bank
- Punjab and Sind Bank

DEVELOPMENT FINANCE INSTITUTIONS

- National Bank for Agriculture and Rural Development (NABARD)
- Export Import Bank of India (Exim Bank)

PRIVATE SECTOR BANKS

- J&K Bank Ltd.
- The Bank of Rajasthan Ltd
- The South Indian Bank Ltd
- Centurion Bank Ltd
- The Catholic Syrian Bank Ltd
- The United Western Bank Ltd
- HDFC Bank Ltd
- The Vysya Bank Ltd
- The Karur Vyasya Bank Ltd
- The ICICI Bank Ltd
- The Karnataka Bank Ltd
- IDBI Bank Ltd

FOREIGN BANKS

- Standard Chartered Bank
- Hongkong Shanghai Banking Corporation (HSBC)
- Bank of America NT and SA
- First National City Bank (Citibank NA)
- American Express International Banking Corporation
- Banque Nationale De Paris

STATE CO-OPERATIVE BANK

- The Gujarat State Co-operative Bank

DIRECTORS' REPORT 2013-14

To:

The Members AFC India Ltd

Dear Shareholders,

Your Directors have pleasure in presenting you the Forty Sixth Annual Report together with the audited statement of financial accounts of your Company for the year ended March 31, 2014.

As you are aware, your Company changed its name to AFC India Ltd from its original name of 'Agricultural Finance Corporation Ltd' in the previous financial year. The company settled down nicely under its new name which gained quick acceptance among its clients, business associates and other vendors without any confusion.

I. Business Performance (2013-14)

The total number of assignments bagged during the reporting period was 42 with consultancy fees to the tune of Rs. 31.50 cr. The volume of business that was carried forward from the previous year (2012-13) was 94 assignments with a fee amount of Rs.62.01 cr. Your Company was able to successfully complete 51 assignments during the year with a PCM income of Rs. 24.29 cr. As on 31st March 2014, the on-going business that was carried forward to 2014-15 was Rs.63.07 cr. arising from 85 assignments.

II. Review of Financial Results

Your Company has achieved a top line of Rs.26.85 crore during the year 2013-14 which is an increase in gross income over the previous year. It may be reiterated again that the years 2011-12 and 2010-11 may be considered as exceptional years on account of the project "Customized Farmers Trainings & Extension and Online Agriculture Monitoring through Application of ICT at block level under RKVY assignment in Uttar Pradesh". It may be difficult to get such large assignments on repetitive basis each year. However, due to an increase in Gross Expenditure, the profit before taxes and after taxes have declined when compared to the previous year. This is on account of the fact that the salaries of the staff were revised during the year and also because most of the assignments have been canvassed by business associates rather than in-house entailing more payouts.

A snap shot summary of the balance sheet for last five years is furnished below:

(Rs.in lakhs)

Item	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013	Year ended 31 st March, 2012	Year ended 31 st March, 2011	Year ended 31 st March, 2010
Gross Income	2684.51	2269.97	5806.21	5195.70	3207.60
Gross Expenditure	2483.58	2016.63	5337.98	5024.95	3040.43
Profit Before Taxes	200.93	266.07	468.22	170.74	158.29
Current Tax	70.17	86.21	172.18	56.72	48.91

For earlier years	-	9.31	11.52	(26.81)	0.00
Deferred Taxes	(5.01)	2.61	10.63	8.27	2.75
Profit after Tax	135.77	167.93	274.78	132.56	106.62

III. Business Outlook for the year 2014-15

Due to the country being in election mode and central budget also being delayed, there was some delays in decision making especially at the Central Government. The new Government at the Centre is keen on reviving the economy and setting it on an accelerated growth path. There will be greater emphasis on rural infrastructure development, skill development, organic agriculture, job creation etc. It is, therefore, expected that total business would exceed that of the year under review. The XIIIth Plan document speaks of increased allocations for Natural Resources Management, Rural Transformation, Farm Sector, Health, Skill Development, Social and Regional Equity and Governance. These cover a wide canvass of sub-sectors. Similarly the various state plans also have their own programmes. With many development agencies being involved, there are, therefore, good prospects of increasing business in the coming years. However, the only constraints in business expansion would be skill and leadership of in-house staff. To tap business associated with skill development, which the new government would be giving top priority, two experts in skill development has been appointed in our Delhi Office. With infusion of new talent in the organization which would be able to play leadership role in giving direction to the existing verticals and forming strategic alliances with business associates, the future as far as traditional consulting business and grassroots project implementation looks bright.

IV. Corporate Governance

Corporate Governance is the set of process, customs, policies, rules, regulations, and laws by which the companies are directed, controlled and administered by the management in the best interest of stakeholders. It ensures fairness, transparency, accountability and independent monitoring. Your Company, since its inception, recognized the importance of Corporate Governance and is proactive in following the principles and practices of good corporate governance. Your company believes in transparency in all facets of its operations and in its interaction with shareholders, stakeholders, clients, employees & Government agencies. It places emphasis on integrity, accountability and regular & prompt compliance with all statutory and regulatory requirements. Your Company's Articles and Memorandum of Association fully reflect, in letter and spirit, the key elements of good Corporate Governance. The Board of Directors of your Company consists of fifty percent of Co-opted Directors and

balance are Shareholder Directors, besides the Managing Director. The Board meets regularly and the senior executives of your Company are invited to attend the Board Meetings.

V. Organizational Restructuring

The Restructuring exercise that was commenced about three years back was continued with non-performing offices being closed down and their staff relocated. This has resulted not only in savings of administrative overheads but also in the company becoming a leaner and meaner outfit with the same volume of work being done by fewer staff contributing greatly to productivity and efficiency. For making productive use of the remaining staff, it is proposed to identify the skill levels of each staff and assign work specifically suited to the skill which would also be sought to be upgraded by suitable training.

VI. Business Associates

The organizational restructuring was made possible with the adoption of the Business Associates model by the company in the last four to five years. Although there are many institutions which are interested in becoming our associates, the company has based on its experience in the last few years have been selective in their empanelment choosing only such organizations which are capable of adding value to business in terms of their ability to bring business on their own and execute the same or having expertise which are not possessed in-house and to whom assignments could be gainfully outsourced for execution with suitable supervision and monitoring from our end. Based on the experience and lessons learnt, the process for association of old/ new Business Associates for new business leads is under refinement. Business Associates are now participating in business risks mitigation. They also have their financial stake in the new business venture out of their own resources.

VII. Directors' Responsibility Statement

Your Directors subscribe to the "Directors' Responsibility Statement" as stipulated in Section 217(2AA) of the Companies Act, 1956, and confirm that:

- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs at the end of the financial year and of the

profit or loss of the Company for the financial year ended 31st March 2014;

- Proper and sufficient care has been taken 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; and
- The annual accounts have been prepared on a going concern basis.

VIII. Board of Directors

During the year, your Board underwent a major change in composition. Representatives of Government of India from Ministry of Finance, Ministry of Agriculture and Planning Commission ceased to be appointed on the Board because of conflict of interest since AFC was bidding for many GOI assignments. The composition of the Board of Directors as on 31st March, 2014 is as follows:

Sl. No.	Name	Particulars
1.	Dr. C. D. Mayee	Former Chairman, Agricultural Scientists Recruitment Board, New Delhi
2.	Shri T. C. Venkat Subramanian	Ex-Chairman & Managing Director, EXIM Bank of India
3.	Prof. M. C. Varshneya	Ex Vice Chancellor, AAU, Anand & Director, Savy Software Pvt. Ltd.
4.	Shri B P Sharma	Executive Director, Bank of India
5.	Shri R K Goyal	Executive Director, Central Bank of India
6.	Shri A K Garg	Managing Director, AFC India Ltd.

IX. Audit Committee

Pursuant to the requirements of Section 292A of the Companies Act, 1956, an independent Audit Committee deals with accounting matters, financial reporting and internal controls. The composition of the Audit Committee during the year under review has been as under:

Sl. No.	Name	Category	Committee Designation
1.	Dr.C.D.Mayee	Co-opted Director	Member
2.	Shri T C Venkat Subramanian	Co-opted Director	Member
3.	Shri R K Goyal	Shareholder Director	Member

Audit committee held four meetings during 2013-14 on quarterly basis. An independent external agency has been associated for internal audit.

X. Particulars under Section 217 of the Companies Act, 1956

As required under Section 217 (1) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rule 1988, pertaining to conservation of energy and technology absorption are not applicable to the Company. During the year under review, no employee was in receipt of remuneration exceeding the limits specified under Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of Employees) Rule, 1975.

During the year the company has neither received any foreign exchange earnings nor incurred any expenditure.

XI. (a) Appointment of Directors

The Directors appointed on the Board during the year under review has been as under:

Sl. No.	Directors	Date of Appointment
1	Prof. M C Varshneya	26.09.2013

(b) Cessation of Directors

The Cessation of Directors from the Board during the year under review has been as under:

Sl. No.	Director	Date of Cessation
1	Shri T C A Ranganathan, CMD, Exim Bank	30.12.2013
2	Dr. Prakash Bakshi	30.12.2013

XII. Appointment of Company Secretary

During the Board Meeting held on 28th December 2011, M/s V.K.M. Associate, practicing Company Secretary was appointed as Company Secretary and continued to provide Professional Services during the year under review.

XIII. Auditors

The Comptroller and Auditor General, Government of India, had appointed M/s. S. Sadashiv & Co., Chartered Accountants, Mumbai as Statutory Auditors of your Company for the financial year 2013-14 to hold office until the conclusion of the ensuing Annual General Meeting.

XIV. Acknowledgements

The Directors would like to place on record their appreciation of the cooperation and support provided by the clientele and takes this opportunity to gratefully thank them. The Directors extend their grateful thanks to the Ministries of the Government of India, in particular, Ministries of Agriculture, Rural Development, Environment and Forests and to the Ministries of Panchayati Raj, Health and Family Welfare etc., as also to the various State Government departments, other institutions for their continued patronage to your Company. The Directors would also like to place on record their appreciation of Member Banks and NABARD for their continued support and guidance. The Directors also thank the Statutory Auditors as well as the Audit Board (Commercial Audit), Government of India for their guidance and support.

The Directors further express their thanks to the Business Associates and experts engaged in various assignments for completing the same in time and for submitting quality reports. Needless to mention, thanks are also due to the officers and staff of the Company for their very cordial relations and excellent cooperation in increasing productivity and achieving higher volume of business and income for the company.

**For and on behalf of the Board of Directors of
AFC India Limited**

Place: Mumbai
Dated: 27th June 2014

CHAIRMAN

Details of Assignments Canvassed During 2013-14

Project Title		Client	Fees (Rs. in Lakh) Including Service tax
1	Project Management Agency (PMA) for "Publicity and Awareness Building Plan to Support Venture Capital Assistance (VCA) Scheme during XII Five Year Plan (2012-2017) 1st Quarter during 2013-14 (April,2013 to June,2013)	Small Farmers' Agri-Business Consortium, New Delhi	47.19
2	National Agricultural Innovation Project (NAIP), Jharkhand (Action Plan for 2013-14)	National Agricultural Innovation Project (NAIP), Indian Council of Agriculture Research (ICAR), New Delhi	79.38
3	Evaluation of Fisheries Development Programmes of Fish Productivity and Others Benefits in Selected 6 Districts (Saraikera, Bokaro, Ranchi, Kodarma, Ramgarh and East Singhbhum) of Jharkhand	Director of Fisheries, Department of Animal Husbandry & Fisheries, Government of Jharkhand, Ranchi	11.24
4	Proposal for Adoption and Certification of Organic Fruits and Vegetables with Web Managed Traceability Records for the Facilitation of Export and Domestic Retail Chain of Horticultural crops in Chhattisgarh under NHM for 900 HA for the Year 2012-13	State Horticulture Mission, Government of Chhattisgarh, Raipur	180.00
5	Monitoring & Evaluation of Projects Sanctioned by NMPB during 2011-12 & 2012-13	National Medicinal Plants Board, Ministry of Health & Family Welfare, Department of AYUSH New Delhi	281.01
6	Valuation of Structures Other than Residential Houses in Respect of Dr B R Ambedkar Pranahitha Chevalla Sujala Sravanathi Major Irrigation Project	Government of Andhra Pradesh, Revenue Department, Land Acquisition Unit, S.C. Co. Ltd.,	3.99
7	1) Evaluation of the Preparatory Phase of IWMP Batch-III Projects (Mon – V & VI and Tuensang – V & VI) in Nagaland 2) Evaluation of Work Phase of IWMP Batch - I Projects (Mon - I & II and Tuensang - I & II) in Nagaland	Department of Land Resources, Government of Nagaland, Kohima	4.00
8	Adoption of Organic Farming and its Certification for Horticultural Crops in Odisha for the Year 2013-14 under NHM III in 1500 Ha and	Office of the Director of Horticulture & Secretary, Odisha Horticulture Development Society, Udyan Bhawan, IRC Village, Nayapalli,	430.00

	under RKVY 650 Ha in 8 Districts (For 3 Years)	Bhubaneswar	
9	RC-NAEB New Delhi for 2013-14	Ministry of Environment & Forest, National Afforestation & Eco- Development Board (RCNAEB), Government of India	65.56
10	RC-NAEB HO Mumbai for 2013-14	Ministry of Environment & Forest, National Afforestation & Eco- Development Board (RCNAEB), Government of India	61.88
11	Concurrent Monitoring and Evaluation of the Micro Irrigation System Implemented by GGRC for 2009-10, 2010-11 & 2011-12	Gujarat Green Revolution Company Ltd, Fertilizernagar Township, Opp GSFC Training Institute, Po : Fertilizernagar, Vadodara -391750, Gujarat	45.71
12	Evaluation of MMA Scheme of Agriculture Department of Tripura	Department of Agriculture.Government of Tripura	9.00
13	Monitoring, Evaluation, Learning & Documentation (MELD) under Integrated Watershed Management Programme (IWMP) Vasundhara Watershed Development Agency "VWDA" Pune (5 Years)	Vasundhara Watershed Development Agency "VWDA" Pune	541.40
14	M & E Consultant for Carrying Out Monitoring of activities with the CAMPA fund in Haryana	Principal Chief Conservator of Forests, Haryana Van Bhawan, C- 18, Sector -6, Panchakula, Haryana	12.13
15	Project Management Agency (PMA) for "Publicity and Awareness Building Plan to Support Venture Capital Assistance (VCA) Scheme during XII Five Year Plan (2012- 2017) 5th Quarter during 2013-14 (July, 2013 to September,2013) SFAC	Small Farmers' Agri-Business Consortium (SFAC),New Delhi	41.57
16	Preparation of Feasibility Study Report (FSR) of five Watershed Projects in Bhwanipatna of Kalahandi	NABARD, Regional Office, Bhubaneswar	6.38
17	Capacity Building and training of frontline staff in Bihar-JICA supported project.	Chief Conservator of Forest (Admin & HRD), Patna	41.35

18	Environmental Impact Assessment (EIA) Study. Ken Betwa Link Project (Phase - II)	National Water Development Agency, Gwalior	21.00
19	Evaluation of Farm Ponds in Maharashtra, Govt of Maharashtra (Nashik,Pune,Aurangabad and Kolhapur Total 12 Districts)	Soil Conservation & Watershed Management, Commissionerate of Agriculture, Maharashtra, Pune	20.21
20	The State of Environment and Bio-diversity Study in Meghalaya	Meghalaya Basin Development Authority (MBDA), Shillong	19.94
21	The Land Tenure and Livelihood Study in Meghalaya	Meghalaya Basin Development Authority (MBDA), Shillong	5.96
22	Project Management Agency (PMA) for "Publicity and Awareness Building Plan to Support Venture Capital Assistance (VCA) Scheme during XII five Year Plan (2012-2017) 6th Quarter during 2013-14 (October, 2013 to December,2013)	Small Farmers' Agri-Business Consortium (SFAC),New Delhi	47.19
23	Concurrent Evaluation of Macro Management Programme during 2011-12 & 2012-13 in the State of Arunachal Pradesh	Directorate of Agriculture, Govt of Arunachal Pradesh ,Naharlagun	8.00
24	Accreditation of Ware House Across the Country	M/s Sohan Lal Commodity Management Pvt.Ltd.New Delhi	1.05
25	Impact Assessment Study of National Food Security Mission from 2007-08 to 2011-12	Department of Agriculture & Cooperation (Crops Division) Ministry of Agriculture,Govt of India,New Delhi	47.49
26	Evaluation of NHM Programme Implemented by NHRDF for the Year 2011-12 and 2012-13	National Horticultural Research and Development Foundation. Nashik,Maharashtra	7.86
27	Conducting Exposure visit to beacon Panchayats of Kerala under BRGF (Capacity Building)	Office of the District Magistrate & Collector,Govt of Tripura, Dhalai Dist, Jawharnagar	7.85
28	Organization of One Day Workshop in Kolkata and Ranchi	Ministry of Minority Affairs, Govt of India, New Delhi	2.00
29	M & E of 21 FDA's State Haryana Forest Department.	State Forest Development Agency,Haryana Forest Department, Panchkula	6.50
30	Contract for third party physical monitoring of Member of Parliament Local Area Development (MPLAD) works.	Department of Planning, Economic & Statistical Organisation (MPLADS Section), Govt of Punjab.	8.36

31	District Level Awareness Camp for Capital Venture Scheme of SFAC during 7th Quarter in for the period from Jan.2014	Small Farmers' Agri-Business Consortium (SFAC),New Delhi	50.56
32	Skill Development of Dhalai & Khowai Districts for 10 trades(1st Year-400 trainees)	Office of the Magistrate & Collector,Govt of Tripura, Dhalai District : Jawaharnagar	30.00
33	Physical Verification of PMEGP units Financed during 2011-2012 by KVIC in Tripura State.	Khadi and Village Industries Commission.Govt of India,State Office, Assam	16.10
34	Adoption and Certification of Organic Farming for 2013-14 under SHM and NVIPUA in Chhattisgarh.	State Horticulture Mission,Chhatisgarh Raipur	220.00
35	3rd Party Monitoring and Evaluation of ATMA Programme of 16 Districts for the Year 2011-12 and 2012-13 in Arunachal Pradesh.	Directorate of Agriculture, Govt of Arunachal Pradesh, Naharlagun	10.00
36	Evaluation of IWMP Projects of 2010-11(Preparatory Phase) in Assam for 4 districts.	Office of the State Level Nodal Agency (IWMP) Assam, Guwahati	6.13
37	Aajeevika Skills for Skilling Rural Youtha in the State of Haryana through NIRD, Hyderabad	Ministry of Rural Development,(Department of Rural Development) (Aajeevika Skill Division),Govt of India, New Delhi	587.00
38	Monitoring & Evaluation under NABARD funded RIDF - XVI Scheme.	Soil Conservation & Watershed Management, Commissionerate of Agriculture, Maharashtra, Pune	13.08
39	Exposure visit cum training programmes for village watershed committee members (NABARD)	NABARD, Bhawanipatna	0.66
40	Survey Agencies for Survey work in applicant Gram Panchayats for NGP 2013	Ministry of Drinking Water and Sanitation, Govt of India, New Delhi	10.25
41	Implementation of Integrated tribal development Wadi Programme in Bhawanipatna block of Kalahandi District,Odisha	NABARD, Bhubaneswar	71.14
42	Full Implementation of 5 Watershed Projects in Bhawanipatna	NABARD, Bhubaneswar	70.15
		Total	3150.27

Major Assignments

I. **Monitoring, Evaluation, Learning & Documentation (MELD) under Integrated Watershed Management Programme (IWMP), Vasundhara Watershed Development Agency "VWDA" Pune (5 Years)**

This assignment involves providing consultancy services for undertaking MELD of 99 IWMP projects sanctioned in the four batches (Batch I, II, III & IV) in Nagpur Agriculture Division comprising six districts namely Chandrapur, Gadchiroli, Wardha, Bhandara, Gondia and Nagpur covering an area of 4.33 lakh hectares. The assignment is for five years commencing from July 2013.

Major responsibilities and activities of MELD agencies are as follows;

- 1) Establish a functional MELD system at Agriculture Division headquarters and in the field
- 2) Concurrent monitoring and reporting
 - a. Monthly Process and quarterly progress monitoring
 - b. Facilitation for community based monitoring
- 3) Periodic Evaluation
 - a. Phase-wise evaluations
 - b. Impact assessment
- 4) Learning & Documentation
 - a. Thematic studies
 - b. Case studies on significant change

Accordingly, outputs as specified in the Terms of Reference have to be generated periodically and submitted to VDWA, the client agency.

II. **Aajeevika Skills for Skilling Rural Youth in the State of Haryana through NIRD, Hyderabad – Ministry of Rural Development, Government of India**

This assignment involves skill development of rural youths in five districts of Haryana namely Bhiwani, Gurgaon, Faridabad, Panchkula and Jhajjar covering 1845 candidates of which 1181 would belong to Scheduled Castes, 277 to Minority communities and 387 under Others category. The trades in which skills would be imparted would be medical and nursing, electrical, security and business & commerce. The project duration is two years. NIRD, Hyderabad has been designated as the Technical and Support Agency for coordinating and monitoring the project on behalf of Government of India.

III. Monitoring & Evaluation of Projects Sanctioned by National Medicinal Plants Board during 2011-12 and 2012-13

This assignment has been awarded to AFC by Department of AYUSH, Ministry of Health & Family Welfare, Government of India. This is an all India assignment covering several states. It involves the Monitoring and Evaluation of 72 projects sanctioned under the Centrally Sponsored Scheme of National Mission on Medicinal Plants for Conservation, Development & Sustainable Management of Medicinal Plants sanctioned during 2011-12 and 2012-13. Under the assignment, each project site is required to be visited at least twice during its project life. The monitoring report covers all contractual farming, Conservation, Resource Augmentation, MPCA and R&D projects indicating the area covered, baseline survey undertaken, details of plantation, species covered, employment generated, market linkage established, manures/fertilizers used, source of elite seedlings, quantity of produce traded and income generated. The reports have to be site specific for Conservation, Cultivation, Network and other projects of the Forest Department. A minimum of 150 monitoring reports are to be submitted each month. In addition a consolidated report is to be submitted every three months on the field work carried out separately for each project. For Network projects, it is required to visit all farmer institutions, deliverables/objectives achieved by project partners vis-s-vis targets, financial expenditure etc. For Database projects it is necessary to comment critically on the data developed regarding its utility and suggestions for its optimum utilization and shortcomings if any.

IV. Proposal for Adoption and Certification of Organic Fruits and Vegetables with Web Managed Traceability Records for the Facilitation of Export and Domestic Retail Chain of Horticultural crops in Chhatisgarh, Under NHM for 900 HA for the Year 2012-13

Under this assignment, AFC has been awarded the task of bringing 300 ha each of land under organic cultivation in the districts of Balodabazaar, Bemetera and Gariyaband I Chattigarh. The horticulture crops to be covered are mango, K. lime, guava, tomato, cauliflower, beans and lobia. The assignment is spread over a period of three years. In the first year there will be cluster formation, farmer selection and registration, farmer's training, trainers' training, issuance of C1 certificates. In the second year, there will be distribution of inputs, demonstrations, input management processes, data recording, online traceability and issuance of C2 certificates. The third will consist of issuance of C3 certificates and facilitation of marketing of organic produce

V. Adoption and Certification of Organic Farming for 2013-14 under SHM and NVIPUA in Chhattisgarh – State Horticulture Mission, Raipur

This project is to be implemented in Dhamtari District of Chattisgarh covering an area of 400 ha. The vegetable crops to be brought under organic farming would be tomato, chilly, brinjal, cauliflower, okra and cabbage. The various processes are mentioned in the previous assignment.

VI. Implementation of Integrated tribal development Wadi Programme in Bhawanipatna block of Kalahandi District, Odisha – NABARD, Bhubaneswar

This assignment spread over seven years is to cover 967 tribal families. The project has several components such as horticulture plantation, soil conservation, water resources development, training and capacity building, women development as well as income generation programmes for the landless groups. AFC would be the Project Implementing Agency.

VII. Full Implementation of 5 Watershed Projects in Bhawanipatna, NABARD, Bhubaneswar

Under this assignment, AFC as Project Facilitating Agency would be responsible to ensure that Village Watershed Development Committees are formed and registered. At least 16% of the project cost would be met by VWCs as *shramdan*. The VWCs should give an undertaking to ban tree felling, free grazing within the watershed area and take such other measures as are necessary for maintaining and protecting the treatments undertaken for watershed development. The livestock population shall also be maintained according to the carrying capacity of watershed. The VWC may be nominated by the Gram Sabha or democratically elected. It should have at least 9 members and 30% of the members shall be women with atleast 2 landless labour members. Details of various works to be executed have been specified by NABARD.

VIII. Adoption of Organic Farming and its Certification for Horticultural Crops in Odisha for the Year 2013-14 NHM III 1500Ha and RKVY 650 Ha (For 3 Years) 8 Districts – Odisha Horticultural Development Society

This project is to be implemented in the districts of Kandhmal, Mayubhanj, Boudh, Keonjhar, Sambalpur, Khurda, Nayagarh and Puri of Odisha covering an area of 2150 ha on cluster basis for organic cultivation of cashew nuts, vegetables and mango crops. This project is spread over three years on the same lines as the other organic farming projects mentioned above.

IX. Regional Centres of National Afforestation And Eco Devt. Board

AFC is operating two Regional Centres for National Afforestation and Eco Development Board (NAEB), MoEF, GOI one each at New Delhi (established in 1988) and Mumbai (established in 1996). Through these centres, a wide range of services are provided to different stakeholders under forestry schemes in a number of Northern (Haryana, Uttar Pradesh, Rajasthan, Uttarakhand and NCT of Delhi) and Western (Maharashtra, Goa, Gujarat, Daman and Diu, and Dadra and Nagar Haveli) States. The Regional Centres have the following objectives:

- i. Extension and technical assistance to the concerned State Forest Departments/ Forest Development Corporations in the formulation of projects, micro planning exercise for the development of degraded forests, adjoining lands, non-forest lands, agro-forestry, control of desertification and areas falling within the mandate of NAEB
- ii. Assist NAEB in project implementation and evaluation of programmes implemented through State/Union Territory Forest Departments and suggest measures for improvement
- iii. To provide a forum for cross fertilization of ideas and experiences especially amongst Forest Officers of State/Union territories, voluntary organizations, representatives of Panchayati Raj institutions, Forest Development Agencies/JFMCs by organizing workshops/experience sharing sessions
- iv. To conduct problem specific studies relevant to afforestation, regeneration of degraded forests, eco-development and people's participation in forest management and protection
- v. To organize training programmes for project formulation, micro-planning and GIS
- vi. To conduct research and extension of research findings to disseminate new technologies for the regeneration and development of degraded forest areas, adjoining lands, non-forest lands and areas falling in the mandate of NAEB
- vii. To monitor survival rate studies and district-wise afforestation and tree planting activities and evaluate the performance of concerned agencies
- viii. Documentation of successful efforts in the areas mentioned above for wider dissemination



Shri V K Malleshwar, Office Incharge, AFC, Bangalore presenting revised guidelines of the VCA Scheme



District level VCA awareness camp under the chairmanship of District Magistrate in Namakkal



DAO & Director ATMA of Godda visited NAIP project area to link interventions with other government schemes



SHGs were provided with pump sets for water lifting that they preferred



Beekeeping expert engaged to guide and motivate SHG members



Team of M&E from NAIP, ICAR, New Delhi interacting with SHG members



Seedling distribution to SHG members



Farmers training in the field on plantations



Pump sets provided to the farmers/SHG members



Pickle production of Aonla - Under Hygienic Conditions



Hanging systems in the house of a SHG member



Paddy threshers provided to the SHGs



Training to SHGs on mushroom



Paddy thresher in use by women SHG members



Yogini Brand Pickle under NAIP, Godda



Bee boxes monitoring in the field by AFC team members



Craft making in progress by SHG members



Improved four sections plate die



Dr. D. Rama Rao, National Director and Dr. A.P. Srivastva, National Coordinator (C-3) of NAIP, ICAR, New Delhi releasing documentary of NAIP, Godda titled "Ajeevika Ek Nayi Pahal"



Finished NAIP products

SISTER CONCERNS

1. AFC Foundation

AFC Foundation (AFCF), as a sister concern of parent organization Agricultural Finance corporation Ltd. (AFCL), was set up in 2007 under the Indian Trust Act, 1882 as an institution for microfinance, education and livelihood promotion with its registered as well as head office at New Delhi. Its head office was shifted to Mumbai from New Delhi for its better and effective operations during the year 2010-11.

i) **Microfinance:** AFCF ventured into retail microfinance operations on larger scale and initiated its operations through AFCF, Kolkata branch during the year 2009 in West Bengal with support from a local NGO partner Bengal Women Welfare Association (BWWA) following AFC Foundation-NGO Partners-SHGs/JLGs model. Subsequently, as part of the geographical expansion programme, the existing operations were also extended to Jalgaon district in Maharashtra with support from a local NGO partner Bhagini Nivedita Gramin Vigyan Niketan (BNGVN), which has been discontinued after settlement.

However, retail micro finance operations are being wound up due to strategic reason and no new investments are being made. As on March 31, 2014, AFC foundation has to pay Rs.61.15 lakhs to the company. AFC Foundation recycling the funds regularly, paying the interest and repaying the loan.

ii) **Distance Education.** The Foundation is continuing to run four short term courses in English: (1) Diploma in Microfinance (2) Diploma in Foreign Trade Management. (3) Diploma in Clean Development Mechanism (CDM); (4) Diploma in Banking and Finance. Besides, a certificate course in Panchayati Raj Governance in Hindi is being operated from our Lucknow office.

2. AFCL Finance Services Pvt. Ltd.

Your Company has incorporated a wholly owned subsidiary 'AFCL Finance Services Pvt. Ltd.' on 11th March, 2010 with the objectives of carrying out (i) the business of financing, corporate lending as well as micro financing in all its aspects and by all possible ways and means on short term, medium term and long term basis; (ii) the business of hire purchase, leasing, installment financing, refinancing and letting on hire all description, agriculture implements, machineries and all other goods and articles which can be financed by hire purchase leasing or otherwise and (iii) to promote and organize research and development

or to act as consultant, advisor, manager, representative, retainer or in other capacity for the purpose of accomplishment of the objects under these present capacity in the field of micro finance, small & medium enterprise finance, agri finance, and any other related activities. Business operations of this subsidiary are likely to commence shortly after drawing a sound road map based on a vision document.



कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा
एवं पदेन सदस्य, लेखा परीक्षा बोर्ड-IV, नई दिल्ली.
Office of the Principal Director of Commercial
Audit & Ex-officio Member, Audit Board-IV, New Delhi.

Confidential

No. 292 - PDCA/MAB-IV/HS/A/cs/AFCL/14-15 / 480
Dated 4.09.2014

To

**The Managing Director,
AFC India Ltd, Dhanraj Mahal,
1st Floor, C.S.M. Marg,
Mumbai-400001**

Sub: Comments of the Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of AFC India Limited for the year ended 31 March 2014.

Sir,

I am to enclose a Non-Review Certificate under Section 619(4) of the Companies Act, 1956 on the accounts of **AFC India Limited** for the year ended 31st March 2014.

The receipt of the letter may kindly be acknowledged.

Yours faithfully,

(Suparna Deb)

Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board-IV

Encl: As above

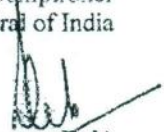
आठवाँ व नवाँ तल, संकाय भवन, 10, बहादुर शाह जफर मार्ग, नई दिल्ली-110002
8th & 9th Floor, Annexe Building, 10, Bahadur Shah Zafar Marg, New Delhi-110002
Tel./दूरभाष : 23239413, 23239415, 23239419, 23239420, फ़ैक्स / Fax : 23239416,
ईमेल / Email : mabNewdelhi4@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF AFC INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2014.

The preparation of financial statements of **AFC India Limited** for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act 1956 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **27.06.2014**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of **AFC India Limited** for the year ended 31st March 2014 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

For and on behalf of the Comptroller
and Auditor General of India


(Suparna Deb)

Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board-IV

Place: New Delhi.
Date: 24.09.2014



S. SADASHIV & CO.
CHARTERED ACCOUNTANTS



Sadashiv S. Shetty B.Com., F.C.A.
Ganesh A. Shetty B.Com., F.C.A.
Suraj S. Shetty M.Com., F.C.A., O.C.P., DISA (ICAI)
Asha S. Amin M.Com., A.C.A.
Chandan Choudhary B.Com., A.C.A.

AUDITORS REPORT.

To,
The Members,
AFC INDIA LTD.

We have audited the attached Balance Sheet of **AFC INDIA LTD.** as at 31st March, 2014 and the attached Profit and Loss Account of the Company for the year ended on that date. 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 issued by the Central Government 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 purpose of our audit;
- ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
- iv. In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, except AS-15 as regards accounting for retirement benefits in the Financial Statement of employers.
- v. As per the information and explanations given to us, none of the directors of the company are disqualified as on 31st March, 2013, from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



...2...

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, subject to

(i) The Company has not provided for accrued liability on account of Gratuity of Rs. 59,75,725/- (Previous Year Rs. 22,17,176/-). If the provision would have been made, the profits would have been reduced by Rs. 59,75,725/-.

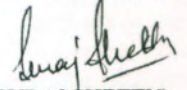
Subject to the above, the said accounts are in conformity with the accounting principles generally accepted in India;

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014.
- b. In the case of the Profit and Loss account, of the profit for the year ended on that date.

PLACE: MUMBAI
DATE : 27.06.2014



FOR S. SADASHIV & CO.,
CHARTERED ACCOUNTANTS,
REGISTRATION NO.108951W


(SURAJ SHETTY)
PARTNER
MEMBERSHIP NO. 113477



ANNEXURE TO AUDITOR'S REPORT ON THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2014.

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. As explained to us, all fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verifications.
3. The Company's nature of operations does not require it to hold inventories. Consequently, clause 4 (ii) of the Companies (Auditor's Report) (Amendment) Order, 2003 ('the Order') is not applicable.
4. The Company has not obtained any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under section 370 (1B) of the said Act.
5. The Company has granted unsecured loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under section 370 (1B) of the said Act amounting to Rs. 73,43,705/- (P.Y. Rs. 73,41,205/-).
6. 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 nature of its business. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not noted any major weakness in the internal control system during the course of the audit.
7. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of the sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. The Company has not accepted deposits from the public within the meaning of Section 58A and Section 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed there under.
10. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



...2...

11. In respect of Statutory Dues :

- a. According to the records of the Company, the Company is regular in depositing with appropriate authorities, undisputed statutory dues including Income Tax, other taxes, cess and statutory dues applicable to it as explained to us by the management. According to the information and explanations given to us, no undisputed amounts payable in respect of Income - Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Cess were outstanding as at 31st March, 2014 for a period of more than six months from the date those became payable.
- b. According to the records of the company, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, cess which have not been deposited on account of any dispute except the following:

Name of the Statute	Nature of Dues.	Amount (Rs in lakhs)	Year to which amount relates	Forum where dispute is pending
Income Tax	Income Tax Demand	27.05	A.Y. 2004-05	ITAT, Mumbai

12. The company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediate preceding year.
13. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues payable to Financial Institutions, Banks or Debenture holders.
14. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
15. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
16. The Company has maintained proper records of transactions and contracts in respect of dealing in or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
17. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions during the year.



...3...

18. The Company has not raised any term loan during the year. Therefore, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
19. According to the information and explanations given to us and on an overall examinations of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
20. 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.
21. The Company has not raised any monies by way of issue of debentures during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
22. The Company has not raised any money by public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable to the Company.
23. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

PLACE: MUMBAI
DATE : 27.06.2014



FOR S. SADASHIV & CO.,
CHARTERED ACCOUNTANTS,
REGISTRATION NO.108951W


(SURAJ SHETTY)
PARTNER

MEMBERSHIP NO. 113477

(Amount in Rupees)

Particulars	Note	As at 31st March, 2014	As at 31st March, 2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	3	150,000,000	150,000,000
(b) Reserves & Surplus	4	106,237,366	92,660,176
(2) Non current Liabilities			
(a) Long term provisions	5	8,413,040	6,834,282
(3) Current Liabilities			
(a) Short Term Borrowings	6	10,493,599	19,216,399
(b) Trade Payables	7	507,190,925	564,711,678
(c) Other current liabilities	8	558,120	698,397
(d) Short term provisions	9	101,802,760	74,901,602
TOTAL		884,695,810	909,022,534
II. Assets			
(1) Non current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	6,814,410	7,449,434
(ii) Intangible Assets	10	57,526	95,874
(b) Non Current Investments	11	67,612,750	91,591,589
(c) Deferred Tax Assets (Net)	12	4,119,517	3,618,443
(d) Long-term loans & advances	13	17,922,555	13,198,427
(2) Current Assets			
(a) Other current assets	14	637,851,803	628,090,968
(b) Trade Receivables	15	41,609,350	39,178,189
(c) Cash and Cash Equivalents	16	98,264,782	116,225,733
(d) Short-term loans & advances	17	10,443,117	9,573,877
TOTAL		884,695,810	909,022,534

Notes to accounts

Significant Accounting Policies

1 to 27

As per our report of even date attached

For and on behalf of the Board of Directors

For S. Sadashiv & Co.
Chartered Accountants(Suraj Shetty)
Partner

Membership No: 113477

Place : Mumbai

Date : 27/06/2014

Dr C D Mayea
ChairmanMamta Sahal
Head (Finance & Accounts)A. K. Garg
Managing Director

Statement of Profit And Loss for the year ended 31st March 2014

(Amount.In Rupees)

Particulars	Note	31st March 2014	31st March 2013
INCOME			
Revenue from Operations	18	253,475,614	208,208,433
Other Income	19	14,975,773	18,788,204
Total Revenue		268,451,387	226,996,637
EXPENDITURE			
Project Expenses	20	189,564,096	136,883,335
Employees Benefits Expense	21	40,710,348	45,698,177
Finance Costs	22	2,296,577	1,642,727
Depreciation and Amotisation Expense	10	1,674,427	1,655,405
Other Expenses	23	14,112,651	15,783,820
Total Expenses		248,358,099	201,663,464
Profit Before Extraordinary Items		20,093,288	25,333,173
Extraordinary Items	24	-	1,273,948
Profit before Tax		20,093,288	26,607,121
Tax Expense :			
Current Tax Expense		7,017,172	8,621,094
Tax Expense for earlier years		-	931,487
Deferred Tax		(501,074)	261,623
Profit for the year		13,577,190	16,792,917

Earning per equity share of face value of Rs.10000/- each

Basic & Diluted (in Rupees)	25	905	1120
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Notes on Financial Statements
Significant Accounting Policies

1 to 27

For and on behalf of the Board of Directors

As per our report of even date

For S.Sadashiv & Co
Chartered Accountants

Suraj Shetty
(Suraj Shetty)
Partner

Membership No:113477
Place : Mumbai
Date :27/06/2014



Dr C D Mayee
Dr C D Mayee
Chairman

Mamta Sahal
Mamta Sahal
Head(Finance & Accounts)

A. K. Garg
A. K. Garg
Managing Director



Notes on Financial Statements for the Year Ended 31st March, 2014.

1. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped/reclassified, wherever necessary to conform to the current year's classification / disclosure.

2. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost basis of accounting in accordance with the generally accepted accounting principles, the applicable mandatory Accounting Standards and the relevant provisions of the Companies Act, 1956.

b. USE OF ESTIMATES:

The preparation of financial statements in conformity with the generally accepted accounting policies requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between actual and estimates are recognized in the period in which the results are known.

c. REVENUE RECOGNITION:

- I. The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- II. Consultancy fees are recognized as per proportionate completion method (PCM) as prescribed in AS-9 "Revenue Recognition" as certified by the management. Incomplete assignments at the Balance Sheet date are shown as "Jobs in Progress".

d. FIXED ASSETS:

Fixed assets are carried at cost of acquisition or construction/installation less accumulated depreciation and amortization.



e. DEPRECIATION:

- i) The company provides for depreciation on its fixed assets on the written down method at the rate specified in Schedule XIV to the Companies Act, 1956.
- ii) Depreciation on additions to assets or on sale / disposal of assets is calculated pro-rata from the month of such addition, or upto the month of such sale/disposal, as the case may be.

f. INVESTMENTS:

Investments are classified into Current and Long Term Investments. Long Term Investments are stated at cost. A Provision for diminution is made to recognize a decline other than temporary, in value of Long Term Investments.

g. EMPLOYEE BENEFITS:

- A. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.
- B. Post employments benefits:
 - I. Defined contribution plans:
 - i) For all employees, provident fund monthly contributions are made to trust administered by the company. The interest rate payable by the Trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rates. Company's contribution towards the provident fund scheme are recognized during the year in which the related service is rendered.
 - ii) The company has taken a policy of Group Gratuity cum Life Assurance Scheme with Life Insurance Corporation of India (LIC) and the premium determined by the LIC is paid and accounted as gratuity.
 - II. The retirement benefits for encashment of leave salary are fully provided for on actuarial valuation.

h. TAXATION:

Income tax expense comprises Current tax and Deferred tax charge or credit. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Asset and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the



Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized, only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of Deferred Tax Assets is reviewed to reassure realization.

i. EVENTS OCCURRING AFTER BALANCE SHEET DATE:

No significant events which could affect the financial position as on 31.03.2014 to a material extent have been reported by the company, after the balance sheet date till the signing of report.

j. TRANSACTIONS IN FOREIGN CURRENCY:

The transactions in foreign currencies are accounted at the equivalent rupee value on the date of the transaction.

Foreign currency assets and liabilities not covered by forward contracts at the year end are realigned at the prevailing exchange rate and difference on realignment and realization is charged to profit and loss account.

k. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the financial statements. Contingent Assets are neither recognized nor disclosed in the financial statements.

l. OPERATING LEASES:

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lesser are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.



m. PROVISION FOR BAD AND DOUBTFUL DEBTS:

The policy being followed by the company for providing for doubtful debts and writing off bad debts is as follows:

Sl. No.	Period of Outstanding Debts	Provision to be made
1.	Six month – One Year	5 % of o/s amount
2.	One – Two Years	10% of o/s amount
3.	Two – Three Years	20% of o/s amount
4.	Three – Five Years	30% of o/s amount
5.	More than Five Years	Write off as Bad Debt



3. SHARE CAPITAL

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
Authorised Share Capital 100,000 equity shares of Rs.10,000/- each	1,000,000,000	1,000,000,000
Issued,Subscribed and Paid up 15,000 equity shares of Rs 10,000/- each fully paid up	150,000,000	150,000,000
Total	150,000,000	150,000,000

3.1 The details of Shareholder's holding more than 5% shares :

Name of Shareholders	No. of Shares As At 31/03/2014	No. of Shares As At 31/03/2013
NABARD	1000	1000
Export Import Bank of India	750	750
Central Bank of India	1608	1608
Bank of Baroda	1603	1603
Bank of India	1261	1261
Punjab National Bank	1089	1089
UCO Bank	803	803
Standard Chartered Bank	950	950

3.2 The reconciliation of the number of shares outstanding is set out below :

Particulars	As at 31st March, 2014 No. of shares	As at 31st March, 2013 No. of Shares
Equity Shares at the beginning of the year	15,000	15,000
Issued during the year	--	--
Equity Shares at the end of the year	15,000	15,000

4. RESERVES AND SURPLUS

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
Profit And Loss Account As per last Balance Sheet	92,660,176	75,867,259
Add : Profit for the year	13,577,190	16,792,917
Total	106,237,366	92,660,176

5. Long term provisions

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
Provision for Employees Leave Encashment	8,413,040	6,834,282
TOTAL	8,413,040	6,834,282

6.Short term Borrowings

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
From Central Bank of India	10,493,599	-
From State Bank of Patiala	-	19,216,399
Total	10,493,599	19,216,399

6.1 The overdraft of Rs.10,493,599/- has been secured against Fixed Deposits of the company.



7. TRADE PAYABLES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Micro, Small and Medium Enterprises @	-	-
Creditors For Project Expenses	5,284,857	8,799,604
Advances from Customers	501,906,068	555,912,075
TOTAL	507,190,925	564,711,679

@ The Company has not received the required information from Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been made.

7.1 Advances from customers include an amount of Rs. 147.57 lakhs (Previous Year Rs. 148 lakhs) received by the Company by way of Grants in Aid from the Government of India, Ministry of Environment & Forests National Afforestation & Eco-Development Board towards expenditure under Support to Regional Centre Scheme for F.Y. 2013-14.

8. OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2014	As at 31st March, 2013
Others	558,120	698,397
TOTAL	558,120	698,397

9. SHORT TERM PROVISIONS

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
Provision for Project Expenses	92,371,000	59,035,593
Provision for Employee Benefits		
For Employees' Leave Encashment	3,533,113	2,748,206
For Employees Gratuity	-	8,100,000
Provision for Other Expenses	5,898,647	5,017,803
TOTAL	101,802,760	74,901,602

9.1 The Retirement benefit scheme of the company is funded by Life Insurance corporation(LIC) of India. As per the actuarial valuation certificate received from LIC, provision of Rs. 59,75,725/- is to be made for Gratuity as per present value of past service benefit. However, no provision has been made during the year for gratuity.



AFC INDIA LTD

10. FIXED ASSETS

(In Rupees)

Fixed Assets	Rate of Dep.	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK		
		As at 01.04.2013	Additions during the year	Deductions / Adjustments	As at 31.03.2014	For the Year	Deductions / Adjustments	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
(A) TANGIBLE										
Building	5%	246,597	0	0	246,597	2,212		204,577	42,021	44,233
Furniture & Fixtures	18.10%	10,799,791	864,023	16,282	11,647,552	771,791	14,110	7,935,031	3,712,521	3,622,441
Office Equipment	13.91%	6,787,588	51,985	9,100	6,830,473	227,363	8,278	5,391,900	1,438,572	1,614,772
Air Conditioners	13.91%	1,324,690	0	0	1,324,690	68,676	0	899,634	425,055	493,731
Vehicles	25.89%	1,322,818	0	0	1,322,818	210,084		721,455	601,363	811,447
Computers	40%	10,607,102	91,100	66,000	10,632,202	355,953	62,921	10,037,324	594,878	862,810
Total (A)		31,088,586	1,007,108	91,362	32,004,332	1,636,079	85,309	25,189,921	6,814,410	7,449,434
(B) INTANGIBLE										
Software	40%	1,480,481	0	0	1,480,481	38,348	0	1,422,955	57,526	95,874
Total (B)		1,480,481	0	0	1,480,481	38,348	0	1,422,955	57,526	95,874
Total (A+B)		32,569,067	1,007,108	91,362	33,484,813	1,674,427	85,309	26,612,876	6,871,936	7,545,308

10.1 Building includes Rs 500/- being cost of fully paid-up shares in a Co-Operative Housing Society

10.2 The execution of the Deed of Conveyance in favour of the Housing Society in which the Company owns a flat since 1972 is yet to be completed.



11. NON-CURRENT INVESTMENTS

Particulars	As at 31st March, 2014 (Rupees)	As at 31st March, 2013 (Rupees)
Other than Trade :		
i) Equity Instruments - Quoted		
Investment in Other Companies		
250 (250) Equity shares of Rs. 10/- each fully paid up of Gujarat State Petronet Ltd.	6,750	6,750
ii) Equity Instruments, Unquoted		
Investment in Subsidiaries		
50000 Equity Shares of AFC Finance Services Pvt Ltd of Rs.10/-each fully paid up	500,000	500,000
Investment in Other Companies		
30,000 (30,000) Equity Shares of Rs. 10/- each fully paid up of Global Procurement Consultants Ltd	300,000	300,000
iii) Bonds, Unquoted		
Investment in Other Companies		
20 (20) 13.5% MSRDC (2015) Bonds (Series III) of Rs. 1,00,000/- each fully paid up	2,024,000	2,024,000
40 (40) 13.5% MSRDC (2015) Bonds (Series V) of Rs. 1,00,000/- each fully paid up	4,048,000	4,048,000
25(25)7.5% IDBI Omni (2013) Bonds of Rs 1,00,000/- each fully paid up	-	2,478,839
2(2) 7.25% IDBI Bonds 2015 of Rs 10,00,000/- each fully paid up	1,982,000	1,982,000
10(10) 7.10% Bank of India 2014 of Rs 10,00,000/- each fully paid up	9,795,000	9,795,000
5(5) 7.40% Syndicate Bank 2015 of Rs 10,00,000/-each fully paid up	5,000,000	5,000,000
4(4) 7.40% Syndicate Bank 2015 of Rs 10,00,000/- each fully paid up	3,974,000	3,974,000
11(11) 7.45% Bank of Baroda 2015 of Rs 11,00,000/- each fully paid	10,989,000	10,989,000
10(10) 7.50% Bank of India 2015 of Rs 10,00,000/- each fully paid	9,994,000	9,994,000
Fixed Deposits with Banks:		
Maturity More than 12 Months	19,000,000	40,500,000
Total	67,612,750	91,591,589

Long term investment are stated at cost
 Aggregate amount of quoted investments
 Market value of quoted investments
 Aggregate amount of unquoted investments

6,750
 17287.5
 67,606,000

The following Bonds are pledged with Central Bank of India:

Name of the Company	Face Value for each Bond (Rs.)	Nos.	Total
Maharashtra State Road Development Corporation Ltd.	1,00,000/-	20 bonds	20,00,000/-
Syndicate Bank	10,00,000/-	8 bonds	80,00,000/-
Bank of India	10,00,000/-	10 bonds	1,00,00,000/-
Total			2,00,00,000/-



12. Deferred Tax Assets

Particulars	As at 31st March , 2014 Rupees	As at 31st March , 2013 Rupees
Deferred Tax Assets	3,618,443	3,880,066
Add: Addition/ (Deletion) for the year	501,074	(261,623)
Total	4,119,517	3,618,443

12.1 The component of Deferred Tax balances as on 31st March,2014 accounted in accordance with AS-22 " Accounting for taxes on Income" issued by ICAI are as under:

Deferred Tax Assets arising on account of timing difference on

Particulars	As at 31st March , 2014 Rupees	As at 31st March , 2013 Rupees
Brought forward losses	108,768	394,268
Expenses allowable on payment basis	4,060,497	3,109,517
Depreciation	(49,748)	114,658
Total	4,119,517	3,618,443

	As at 31st March , 2014	As at 31st March , 2013
Net Deferred Tax Assets	4,119,517	3,618,443



AGRICULTURAL FINANCE CORPORATION LIMITED

13. LONG-TERM LOANS & ADVANCES

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
(Unsecured Considered Good)		
Advance Tax (2004-05) (net of provision)	456,530	456,530
Advance Tax (2006-07) (net of provision)	477,462	477,462
Advance Tax (2008-09) (net of provision)	2,049,118	2,049,118
Advance Tax (2010-11) (net of provision)	1,823,786	1,823,785
Advance Tax (2011-12) (net of provision)	2,712,798	2,712,798
Advance Tax (2012-13) (net of provision)	74,568	
Advance Tax (2013-14) (net of provision)	851,508	(51,189)
Advance Tax (2014-15) (net of provision)	2,344,622	-
Others		
- Deposits	6,903,513	5,492,273
Festival Advance	228,650	237,650
Total	17,922,555	13,198,427

14. Other Current Assets

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
Jobs in Progress	630,662,000	620,180,000
Accrued interest on investment	7,189,803	7,910,968
Total	637,851,803	628,090,968

15. TRADE RECEIVABLES

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
(Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	26,174,459	25,381,199
Considered Doubtful	5,512,870	4,409,265
	31,687,329	29,790,464
Less: Provision for Doubtful Debts	5,512,870	4,409,265
	26,174,459	25,381,199
Others, considered good	15,434,891	13,796,990
Total	41,609,350	39,178,189



16. CASH & CASH EQUIVALENTS

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
Cash on Hand	10,225	22,600
Balances with Banks		
In Current Account	9,198,218	3,222,204
In Overdraft Account	14,657	23,206,912
Fixed Deposits with Banks:		
Maturity Less than 12 Months	89,041,682	89,774,017
Total	98,264,782	116,225,733

16.1 Fixed Deposits figure includes Fixed Deposits pledged with bank for facilities granted to the Company, cost aggregating to Rs. 2,50,00,000/- (P.Y. Rs. 7,85,00,000/-)

16.2 The following Bank Balances are subject to confirmation:

- i) HDFC Bank Kolkatta A/c No 0226 having balance Rs.11362.62.
- ii) HDFC Bank Lucknow A/c No.0070 having balance Rs.985.28.

17. SHORT-TERM LOANS & ADVANCES

Particulars	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
(Unsecured Considered Good)		
Others #	10,443,117	9,573,877
Total	10,443,117	9,573,877

Includes loans and advances given to Companies under the same management as mentioned below:

Particulars	As at 31st March, 2014	As at 31st March, 2013
AFC Foundation	6,870,405	6,867,905
AFCL Finance Services Pvt. Ltd.	473,300	473,300
Total	7,343,705	7,341,205



20. PROJECT EXPENSE

Particulars	31st March 2014	31st March 2013
Project Expenses	158,507,158	111,160,130
Consultancy Charges	16,264,114	14,907,877
Other Expenses	14,792,824	10,815,328
Total	189,564,096	136,883,335

21. EMPLOYEE BENEFITS EXPENSE

Particulars	31st March 2014	31st March 2013
Salaries, Allowances, Bonus	34,851,449	30,166,874
Contribution to Provident and other funds	3,184,349	10,835,923
Staff Welfare Expenses	2,674,550	2,146,870
Early Surverance Scheme -IV	-	1,748,510
Compassionate Package to Deceased	-	800,000
Total	40,710,348	45,698,177

21.1 Managerial Remuneration paid under Section 198 of the Companies Act, 1956 to the Managing Director of the Company is as under :

Particulars	Current year(Amount in Rs)	Previous Year(Rs)
Remuneration A/c	2,070,000	1,936,000
Contribution to PF	246,400	232,320
Medical Expenses	146,046	123,312
Perquisites as per Income Tax Rules	680,450	245,514
Total	3,144,896	2,537,146

22. FINANCE COSTS

Particulars	31st March 2014	31st March 2014
Interest On Overdraft	1,984,351	1,321,533
Bank Charges	312,226	321,194
Total	2,296,577	1,642,727



23. OTHER EXPENSES

Particulars	31st March 2014	31st March 2013
Travelling Expenses	974,102	1,168,097
Communication Charges	798,911	895,990
Professional Fees	643,618	543,396
Electricity Charges	829,310	968,624
Insurance Charges	203,384	299,276
Rent, Rates and Taxes	2,164,662	2,853,332
Repair & Office Maintenance	863,570	1,469,117
Vehicle Hiring Expenses	358,489	693,394
Bad debts	1,184,715	537,135
Payment to Auditors:		
Statutory Audit	30,000	30,000
Tax Audit	20,000	20,000
Provision for doubtful debts	1,103,605	195,175
Printing and Stationery	2,307,414	2,438,937
Miscellaneous Expenses	2,630,871	3,671,347
TOTAL	14,112,651	15,783,820

24. EXTRAORDINARY ITEMS

Particulars	31st March 2014 Rupees	31st March 2013 Rupees
Income from interest	-	1,293,698
Income from Journal Advertisement	-	14,700
Expenses for Journal Subscription	-	(34,450)
Total	-	1,273,948

25. EARNINGS PER SHARE (EPS)

	2013-14	2012-13
(i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	13,577,190	16,792,917
(ii) Weighted Average of number of equity shares used as denominator for calculating EPS	15,000	16,000
(iii) Basic and Diluted Earnings per share (Rs.)	905	1,120
(iv) Face value per equity share	10,000	10,000

26. Contingent Liabilities :

a) Bank Guarantees issued to obtain various project works on behalf of the Company outstanding as on 31.03.2014 aggregate to Rs.111.76 lakhs (Previous Year Rs. 443.84 Lakhs).

b) Company received an income tax demand amounting to Rs. 27,05,446/- (P.Y. Rs. 27,05,446/-), in connection with A.Y. 2004-2005 and company filed appeal against that order with CIT (Appeals), however, the appeal was dismissed by the CIT (Appeals). Now, the case is filed with ITAT (Income Tax Appellate Tribunal).

27. Balance of Sundry Creditors, Advances from Customers, Sundry Debtors and Loans and Advances are subject to confirmation and reconciliation.

As per our Report of even date

For S. Sadashiv & Co.
Chartered Accountants

Suraj Shetty
(Suraj Shetty)
Partner
M. No : 113477
Place : Mumbai
Date : 27/06/2014



Dr. C D Mayee
Dr.C D Mayee
Chairman

Mamta Sahal
Mamta Sahal
Head(Finance & Accounts)

A K Garg
A K Garg
Managing Director

