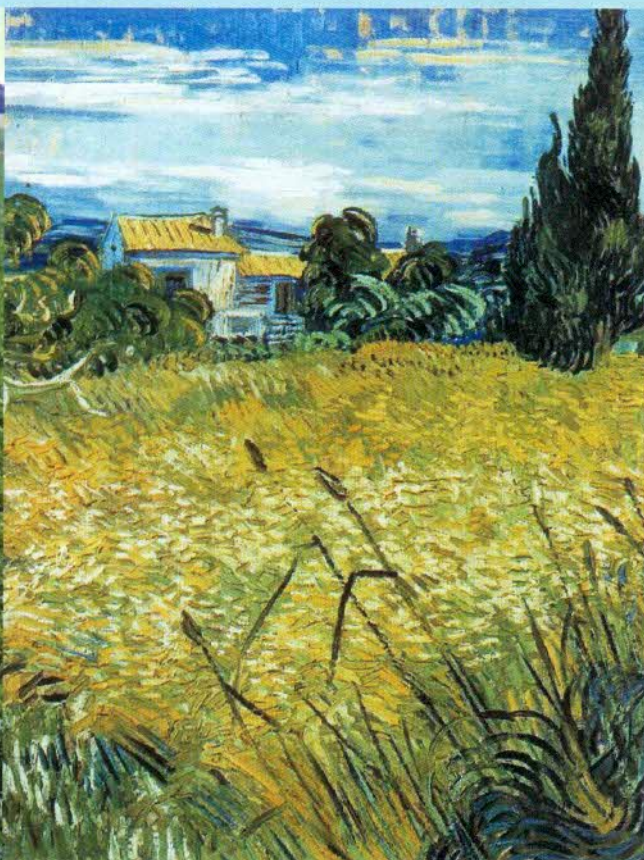




## **41st Annual Report 2008 - 2009**



**Agricultural Finance Corporation Limited**  
(Wholly owned by Commercial Banks, NABARD and EXIM Bank)  
*A Technical Support Institution Committed to Rural Prosperity*

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# Company Information

FORTY FIRST ANNUAL REPORT 2008-2009

Authorised Capital : Rs.100,00,00,000

Issued, Subscribed & Paid-Up Capital : Rs. 15,00,00,000

## Directors

<b>Shri Y C Nanda</b>	Chairman, Agricultural Finance Corporation Ltd. (Ex-Chairman, NABARD)
<b>Dr Jayant Patil</b>	Former Member, Planning Commission, Government of India
<b>Shri Umesh Chandra Sarangi, IAS</b>	Chairman, National Bank for Agriculture & Rural Development
<b>Shri T C Venkat Subramanian</b>	Chairman & Managing Director, EXIM Bank
<b>Ms H A Daruwalla</b>	Chairperson & Managing Director, Central Bank of India (up to 31.12.08)
<b>Shri S Sridhar</b>	Chairman & Managing Director, Central Bank of India (from 25.03.2009)
<b>Shri M V Nair</b>	Chairman & Managing Director, Union Bank of India
<b>Shri S K Goel, IAS</b>	Principal Secretary, Cooperation, Marketing & Textile Department, Government of Maharashtra
<b>Shri M B N Rao</b>	Chairman & Managing Director, Canara Bank
<b>Shri P L Gairola</b>	Chairman & Managing Director, Dena Bank
<b>Shri M D Mallya</b>	Chairman & Managing Director, Bank of Baroda
<b>Shri Samir K Sinha</b>	Director, Ministry of Finance, Government of India
<b>Shri Rajendra Kumar Tiwari</b>	Joint Secretary (Credit), Ministry of Agriculture, Government of India
<b>Dr V V Sadamate</b>	Adviser (Agriculture) Planning Commission, Government of India
<b>Shri A K Garg</b>	Managing Director, Agricultural Finance Corporation Ltd.

### Auditors

**M/s CHARUWALA & ASSOCIATES**  
Chartered Accountants

### Bankers

**CENTRAL BANK OF INDIA**  
M. G. Road, Mumbai -400 023

**HDFC BANK LTD.**  
Fort, Mumbai -400 001

**Incorporated : 10<sup>th</sup> April, 1968**

### REGISTERED OFFICE

Dhanraj Mahal, 1<sup>st</sup> Floor, Chhatrapati Shivaji Maharaj Marg, Mumbai – 400 001

Tel : 91-22-22-28924 / 2202 8987 . Fax : 91-22-2202 8966

e-mail : [afcl@vsnl.com](mailto:afcl@vsnl.com) . Website : [www.afcindia.org.in](http://www.afcindia.org.in)

# The Board of Directors



**Shri Y C Nanda**  
Chairman, AFC Ltd.  
(Ex-Chairman, NABARD)



**Dr Jayant Patil**  
Ex-Member Planning  
Commission  
Government of India



**Shri Umeshchandra Sarangi**  
Chairman  
National Bank for Agriculture  
and Rural Development (NABARD)



**Shri T C Venkat Subramanian**  
Chairman & Managing Director  
Export - Import Bank of India



**Ms H A Daruwalla**  
Chairperson & Managing Director  
Central Bank of India  
(upto 31-12-08)



**Shri M V Nair**  
Chairman & Managing Director  
Union Bank of India

# The Board of Directors



**Shri S K Goel, IAS**  
Principal Secretary,  
Cooperation,  
Marketing & Textile Department,  
Govt. of Maharashtra



**Shri M B N Rao**  
Chairman & Managing  
Director  
Canara Bank



**Shri P L Gairola**  
Chairman & Managing  
Director



**Shri M D Mallya**  
Chairman & Managing Director  
Bank of Baroda



**Shri Samir K Sinha**  
Director, Ministry of Finance  
Govt. of India



**Shri Rajendra Kumar Tiwari**  
Jt Sec. (Credit), Ministry of Agriculture  
Govt. of India



**Dr V V Sadamate**  
Adviser (Agriculture) Planning  
Commission  
Government of India



**Shri A K Garg**  
Managing Director  
AFC Ltd

## Member Banks and Institutions

----- FORTY FIRST ANNUAL REPORT – 2008-2009

### 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

### 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

### DEVELOPMENT FINANCE INSTITUTIONS

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

### STATE CO-OPERATIVE BANK

- The Gujarat State Co-operative Bank

# DIRECTORS' REPORT 2008- 2009

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To

The Members  
Agricultural Finance Corporation Limited

**Dear Members,**

Your Directors have pleasure in presenting to you the Forty first Annual Report together with the audited statement of accounts of your Corporation for the year ended 31 March 2009.

Keeping in view the national priorities on acceleration of agricultural growth and poverty alleviation, your Corporation continued to focus attention on its core business of providing consulting services in the fields of agriculture and allied sectors, rural development, social sectors like education, training, micro finance, livelihood support etc. The operations for the year just concluded showed good improvement, as compared to the past years, and the financial results have indeed been gratifying. During the year the Corporation could earn a profit of Rs.5.68 million as compared to Rs.1.40 million during the previous year. This has been possible by bagging business not only in traditional areas but also by entering into business in innovative areas by involving business associates for sourcing business and executing them. A detailed review of the Corporation's activities follows in the latter part of this Report.

## **Overview of the Indian Economy**

The Indian economy has been witnessing a phenomenal growth in the last decade. But during the year 2008-09, the Economy had to face several challenges. The global economic meltdown which turned worse in mid September 2008, following the collapse of several large financial institutions affected most of the emerging market economies significantly. India also felt the impact of the global crisis. This was evident from the loss of growth momentum in key sectors. Manufacturing sector growth turned negative at 1.4 percent in the fourth quarter of the fiscal year due to slackening demand pulling down the GDP growth. In fact sharp decline in demand overseas led to shrinking exports since

October 2008. For the entire fiscal, manufacturing sector grew by just 2.4 percent against 8.2 per cent in 2007- 08. The electricity sector registered a growth of 2.4 percent for the period April 2008 to February 2009 as compared with 6.6 percent during the above period last year. The infrastructure growth recorded 3.0 percent growth as compared to 5.8 percent reflecting a deceleration in all sectors except coal. The country's export sector has been badly hit by the global recession. It managed to grow at only 3.4% in 2008-09 as against a growth of around 20% last year. The share of agriculture sector in GDP has also not been sizable in recent times. In fact, the secular decline in its share continued with a decline from 24 per cent in 2001-02 to 17.5 per cent in 2007-08. The growth of agriculture sector dipped to 1.6 percent during 2008-09 as compared to 4.9 percent last year. Only mining and quarrying, community, social and personal services showed improved performance in 2008-09 over the previous fiscal year. Despite the slowing down of growth in most of the sectors, the country's GDP growth was 6.7 percent in the year 2008-09. The GDP growth of 6.7 percent in these difficult times, though lower than the previous year's GDP growth of 9 percent, has made India the second fastest growing economy in the World.

In order to counter the fallout of global slowdown on the Indian economy, the Government provided two fiscal stimulus packages and liberalized exchange control policies to attract flow of foreign funds aiming to boost demand and increased expenditure on public projects to create employment and public assets. The Government has also encouraged private investment in infrastructure through public private partnership (PPP). India Infrastructure Finance Company (IIFC) has been mandated to refinance up to 60 percent of commercial bank loans for public private partnership (PPP) infrastructure projects involving total investment of Rs. 1,00,000 crore over the next eighteen months by raising funds from the market. Interest subvention of 2 percent on pre and post shipment credit for certain employment oriented sectors such as textiles, gems, jewellery and SMEs etc., has been extended. The Reserve Bank of India has also taken a number of monetary easing and liquidity enhancing measures including reduction in cash reserve ratio, statutory liquidity ratio and key policy rates to facilitate flow of funds to productive sectors.

The measures taken by the Government after the global recession is expected to accelerate domestic investment. Domestic investment and domestic demand will revive the growth of economy to a certain extent. The country's foreign exchange reserves stood around US\$ 248.72 in March 2009 showing a decline of US\$ 61 billion over the level in March 2008. Foreign Direct investment (FDI) continued to remain buoyant with 45% growth and inflow of US \$ 23.3 billion between April-December 2008 over the same period last year indicating that India continues to be an attractive destination for foreign investment.

Though there has been a drop in GDP growth rate during the current fiscal year to 6.7% from last year's 9%, the per capita income crossed Rs.3000 on current price levels taking the average income of an Indian to Rs.37490/- per annum for the first time; an increase of 12.2% for the year 2008-09.

The Government's priority is to upgrade the economy to a higher growth trajectory. This would depend upon what kind of reforms the Government would like to introduce to create an investment climate conducive for higher growth in the fiscal 2009-10. The World Bank has projected the Indian Economy to grow at 8% in the next fiscal.

### **Agricultural Production**

The total food grain production of the country during 2008-09 is estimated to be around 227.88 million tonnes as compared to 230.7 million tonnes last year; comprising 98.89 million tonnes of rice, 77.78 million tonnes of wheat, 36.96 million tonnes of coarse cereals and 14.25 million tonnes of pulses as per the advance estimate given by the Ministry of Agriculture. Oilseeds production during 2008-09 is estimated at 25.96 million tonnes with groundnut estimated at 6.62 million tonnes, soyabean at 9.05 million tonnes and rapeseed and mustard at 6.98 million tonnes. Production of cotton is estimated at 22.17 million bales of 170 kg each. Production of sugarcane is estimated at 290.45 million tonnes during 2008-09.

There has been a loss of dynamism in the agriculture and allied sectors in recent years. A gradual degradation of natural resources through overuse and inappropriate use of chemical fertilizers has affected the soil quality resulting in stagnation in the yield levels. Public investment in agriculture has also declined

and this sector has not been able to attract private investment because of lower/unattractive returns. New initiatives for extending irrigation potential have had a limited success during the Tenth Five Year Plan and only a little over 8 million ha could be brought under irrigation, of which, only three-fourths could be utilized. The agricultural extension system has generally not succeeded in reducing the gap between crop yields that could have been obtained through improved practices.

Natural resource base of agriculture which provides for sustainable production, has been shrinking and degrading, and is adversely affecting production capacity of the ecosystem. However, demand for agriculture products is rising rapidly with increase in population and per capita income and the growing demand from industry sector. There is, thus, an urgent need to identify the severity of problem confronting agriculture sector to restore its vitality and put it on a higher growth trajectory. A second green revolution is necessary to meet the rising demand of food crops and reduce wide spread poverty in India.

### **Agricultural Exports**

The country's growth rate of exports of agricultural and processed food products has declined to 15% during 2008-09 as compared to 38 percent in 2007-08. This decline has been mainly due to fall in demand from the west due to global crisis, ban on non basmati rice & pulses and recurring incidence of bird flu which affected the poultry sector. The major decline in exports has been in floriculture, fruits, vegetables and pulses.

The year 2008-09 has been declared as "the Food Safety and Quality Year" by the Government of India. With coordinated efforts of various Ministries of the Government including ministries of food processing, agriculture, commerce and health, the government proposes to implement the Food Safety & Standard Act 2006 and focus on the quality of food to sustain and increase India's food exports.

### **Challenges to the Agricultural Sector**

The average growth of agriculture and allied activities during the period 2000-01 to 2007-08 was 2.9 per cent. It reached a high of 5.9 per cent in 2005-06 and

declined to 3.8 per cent in the subsequent year, went up to 4.5 per cent in 2007-08 and has again dipped to 1.6% in 2008-09

A sustained 4% growth of this sector would make the growth more inclusive and equitable. Further, with uncertainties in global markets and hardening of the international prices of food, fuels and edible oils, domestic price stability and food security critically depend on growth of this sector. This necessitates balanced allocation and better utilization of available resources. The issue of productivity and resource use assumes importance as agriculture continues to support more than half of the total population.

A significant measure was taken in the Union Budget for the year 2008-09 when the Finance Minister announced agriculture loan waiver to the tune of Rs.60,000 crore for debt-ridden farmers. Initially, it was expected to benefit 30 million small and marginal farmers and 10 million 'other farmers'. According to revised estimates, the number of small and marginal farmers would be around 36.90 million while that of "other farmers" would be lower at around 5.97 million. The cost of the scheme is however likely to exceed Rs.70,000 crore. The loan waiver would lead to fresh flow of institutional credit to the agricultural sector. However, more permanent measures are required to protect the interest of farmers from the vagaries of weather, and market failure in order to ensure that the farmers do not get into the debt-trap again.

### **New Initiatives in Agriculture**

The Department of Agriculture and Cooperation Government of India has launched a Centrally-sponsored National Food Security Mission (NFSM) to increase production of rice, wheat and pulses by 10, .8 and 2 million tonnes, respectively, over the benchmark levels of production, by the end of the Eleventh Five Year Plan period. NFSM allocates specific funds for purchasing farm equipments, better quality seeds, fertilizers and chemicals. The Mission aims at increasing food grains production of the above crops through area expansion and productivity; creating employment opportunities; and enhancing farm level economy to restore confidence of farmers of targeted districts. The performance of NFSM districts of the states during 2008-09 compared to 2007-08 has been very encouraging.

The National Development Council approved a programme to incentivise the States to increase the share of investment in agriculture in their State plans. Accordingly, in

August 2007, the Government approved the Rashtriya Krishi Vikas Yojana (RKVY) with an allocation of Rs. 25,000 crore for the Eleventh Five Year Plan. The RKVY aims at achieving a 4 percent annual growth in the agriculture sector during the Eleventh Five Year Plan period by ensuring a holistic development of agriculture and allied sectors. The RKVY will be a State Plan Scheme and the eligibility for assistance under the scheme would depend upon the agriculture and allied sectors, over and above the baseline percentage expenditure incurred on agriculture and allied sectors. The funds under the RKVY would be provided to the States as 100 percent grant by the Central Government. An outlay of Rs. 1,500 crore was approved for 2007-08. The allocation of Funds for the year 2008-09 was Rs.3165.67 crore. In addition to the above, the Government of India has approved the National Policy for Farmers, 2007 based on the recommendations of the National Commission on Farmers.

It can be seen that the emerging scenario in agriculture and the policies and strategies framed for the development of the sector give considerable emphasis on investment in agriculture, propagation of technology, extension services, credit and insurance and efficient delivery of inputs. This is a situation where organizations like AFC can play significant roles in providing consultancy and advisory services at different levels. The evolving situation in the country demands higher levels of technical and managerial skills also.

### **Review of Performance of AFC**

During the year, the company handled 215 assignments as compared to 113 during the previous year. Of these assignments, 94 were booked during the year and the remaining 121 have been carried forward from the previous year. Of the 215 assignments, 81 were completed during the year and remaining 134 assignments have been carried forward to the ensuing year. The total fee of assignments confirmed during 2008-09 was Rs.329 million which has been highest ever.

The increase in business is due to major assignments confirmed from various State Governments /agencies. Special mention must be made of major assignments, from (i) Government of Uttar Pradesh, entitled *"Preparation of District Agricultural Plan under Rashtriya Krishi Vikas Yojana in 66 districts of Uttar Pradesh"*, which is being executed through ITS, New Delhi, a business associate of AFC, worth Rs.66.00 million & *"Customised Farmer Training and Extension Activities and online Agriculture Monitoring through Ground truthing, video Phone calling and application of ICT under National Agriculture Development Programme"* worth Rs.120.00 million. (ii) Sarva Shiksha Abhiyan

Samithi, Bangalore for “Consultancy Services for Third Party Quality Assurance & Technical Audit of Civil Works for the year 2007-08 in Bangalore division” worth Rs.8.47 million (iii) Government of West Bengal for “Implementation of Central Sector Scheme-Marketing Research and Information Network in West Bengal” worth Rs.4.52 million and iv) Kerala State Electricity Board for “Environmental Impact Assessment Study for Achancovil Hydro Electric Project” worth Rs.4.76 million.

## Financial Results

(Amount in Rupees)

Item	Year Ended 31 <sup>st</sup> March, 2009 (unaudited)	*Year Ended 31 <sup>st</sup> March, 2008
Gross Income	212206844	94938108
Gross Expenditure	203471169	90116995
Profit Before		
Depreciation & Taxes	8735675	4821113
Profit /(Loss) Before Taxes	7742179	3600497
Provision for Taxes		
Current Year	2350000	1759104
For earlier years	26697	-
Deferred Taxes	(845181)	-
Fringe Benefit Tax	534686	440,000
Profit /(loss) After Tax (PAT)	5675977	1401393
Less: Prior Period Adjustment/Extraordinary item	- 2238908	935764 439264
Net Profit /(loss) for the year	7914885	904893

\* Figures regrouped/recasted

With a view to expand its business, your company has taken up number of new initiatives in 2008-09 like, (i) Involvement of business associates in business sourcing and execution, (ii) Collaboration with reputed institutions/agencies; (iii) Identification of business opportunities by subscribing to important website portals of various national and international service providers like – dgmarket.com, developmentex.com, All-tenders.com, etc. These initiatives are being continued & are expected to result in significant breakthrough in business building for the ensuing year.

## **External Consultancy**

**Business association with Ministry of Social Development (MOSD), Kingdom of Bahrain:** Your Corporation and the Ministry of Social Development, Kingdom of Bahrain signed a Memorandum of Understanding (MOU) during visit of Her Excellency Dr Fatima AL Balooshi, Hon'ble Minister, Ministry of Social Development, Kingdom of Bahrain to India on 19th August 2008. AFCL will act as technical support institution for MOSD.

AFCL has also provided technical support to MOSD for establishing Microfinance Bank which will be known as "**Family Bank**". This is our first endeavour of its kind in Middle East.

## **Training Programme on Integrated Water Resources Management for Ethiopian Professionals**

Your Company organised a twenty-day **training programme** on Integrated Water Resources Management in association with National Water Academy, Pune for **twelve Ethiopian professionals** commencing from February 16, 2009. The Participants were highly appreciative of the Training Programme and said the exposure would be of immense use in their activities in their country.

## **Agricultural Farm Development Project in Angola**

Your Company conducted a Pre-Feasibility Study- Involving development of 10000 hectares of fallow agricultural land using modern practices and farm mechanisation for growing crops like cotton, maize, paddy, beans and vegetables for an Agricultural Farm Development Project in Angola for an agribusiness company based at Delhi.

## **Business Collaboration**

With a view to expand and diversify its activities, the company has decided to go for business collaboration with reputed consultancy firms, NGOs and other professional institutions in the country and abroad. For streamlining the process of selection of the agencies for collaboration and to decide on the detailed operational modalities, a Business Committee was constituted during the year comprising two representatives from member banks and three senior executives

of the company. The initial results of such collaborations have been promising and your company would like to have more such associations for expanding and diversifying its business in the coming years.

### Business Outlook for the Year 2009-10

Your Corporation has already been awarded the following important assignments by various clients:

SI No.	Name of client	Title of the Assignment	Consultancy fee (Rs in lakh)
1	Joint Director, Ministry of women and Child Development, Government of India	"Quick Study on Impact of Micro Finance on Reduction of Domestic Violence in different parts of the country	20.07
2	NAIP, ICAR, New Delhi	Upscaling of Joint Forest Management Committees to Small and Medium Forest Enterprises (SMFEs) for Sustainable Livelihood for Godda district of Jharkhand	210.84
3	Land Use Board, Planning Department, Lucknow	Preparation of Perspective Land Use Plan for different regions in Uttar Pradesh	17.43
4	Ministry of Rural Development, Government of India	Evaluation of training programmes conducted by State Institutes of RDs (SIRDs)	15.07
5	Nuclear Power Corporation of India Ltd	Preparation of Comprehensive Environmental Impact Assessment & Environment management Plan for proposed Malshej Ghat Hydro Electric Project in Maharashtra State	24.90
6.	Neyveli Lignite Corporation Ltd., Tamil Nadu	Preparation of Social Impact Assessment Report for Jayamkondam Lignite Mine cum Power Project	45.96

A number of proposals for high value assignments have been submitted to the Ministry of Rural Development, Ministry of Agriculture and various State Governments/Agencies, especially, Government of Andhra Pradesh and Government of Uttar Pradesh, Government of Bihar which are under active consideration of the respective clients.

With the above activities, there are good chances to increase the business of your company for the year 2009-10.

### **Refinement of AFC's Organisation Structure**

With a view to promote business in a focused manner and to improve operational efficiency of the company in both domestic and international market segments, your company has refined its Organisation Structure by setting up functional departments in the organization viz; Business Development Division, Business Monitoring Division, Agri Business Division, Monitoring & Evaluation Division and Human Resources Division. These divisions will be headed by professionals who will be either recruited on contract or by suitable posting of in house officers.

### **Staff Matters**

During the year, one officer has superannuated and two officers have voluntarily resigned from the company. As a result, the present staff strength of the company stands at 111, including 22 sub staff, 29 workmen staff and 60 officers.

Three officers have been promoted from Assistant Project Officer to Project Officer during the year, following internal promotion process.

### **Journal - "Financing Agriculture"**

Your company has continued publishing the journal "Financing Agriculture". Last year, the periodicity of the journal has been increased from quarterly to bi-monthly. It has been consistently receiving good response from all over the country .

### **AFC Foundation**

The AFC Foundation, registered as a Trust under the Indian Trust Act, 1882, on 23<sup>rd</sup> January 2007, at New Delhi, continued its operations with the activities of conducting "training and capacity building, grass-root level project implementation and also diploma course in foreign trade management under distance education mode in English and Hindi languages.

The trust has signed a MOU with 3M Solutions, India for marketing of the course. The first seminar, in collaboration with 3M Solutions along with other three institutes, viz., (i) Annie Besant college; (2) Indian Institute of Professional Studies,

and (iii) Bitech Institute of Management & Technology, has been organized on "diploma in microfinance" at IISE Lucknow. It was attended by approximately 150 MBA & BBA students. The foundation has also made a foray in the field of Microfinance by supporting few SHGs on pilot basis. The experience so far has been satisfactory with 100% recovery.

### **Corporate Governance**

Your Company, since its inception, recognized the importance of Corporate Governance and is proactive in following the principles and practices of good corporate governance and, towards this end has, over the years, set in place systems for sound 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 and Government agencies. It places emphasis on integrity, accountability and regular and 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 fully of non-executive and independent directors except the Managing Director. The Board meets regularly and the senior executives of your Corporation are invited to attend the Board Meetings.

### **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 Corporation for the financial year ended 31 March 2009;
- ❖ 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 Corporation and for preventing and detecting fraud and other irregularities; and

- ❖ The annual accounts have been prepared on a going concern basis.

### **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 Committee held three meetings during the year under review. The minutes of the meetings of the Committee were placed before the Board along with its recommendations. The General Manager (Finance & Accounts), other senior executives, internal auditors and statutory auditors are invitees at the meeting. The composition of the Audit Committee during the year under review is as follows:

Sl. No.	Name	Category	Committee Designation
1	Dr.Jayant Patil	Non-Executive	Independent Chairman
2	Shri T C Venkat Subramanian	Non-Executive	Independent Chairman
3	Ms.H A Daruwala	Non-Executive	Independent Chairman
4	Shri M V Nair	Non-Executive	Independent Chairman
5	Shri A K Garg	Managing Director	Ex-Officio Member

Regular audits of your Company's systems and procedures are carried out by the Internal Audit Cell.

### **Election of Trustees to AFC Ltd. Provident Fund & AFC Gratuity Fund**

The Five year term of the three representative members of the AFC Ltd Provident Fund was completed on 31<sup>st</sup> October 2008. Election to choose new members was held on 22<sup>nd</sup> October 2008 and S/Shri Sunil Sawant, A K Kalia and T T Krishnan were elected as new trustees of the AFC Ltd. Provident Fund for a period of five years commencing from 1<sup>st</sup> November 2008.

As per practice, the elected trustees were nominated as the trustees of the AFC Ltd. Employees' Gratuity Fund.

### **Selection of Chairman of the AFC Provident Fund & AFC Gratuity Fund**

Shri. M V Nair, Chairman & Managing Director of Union Bank of India and present chairman of the AFC's PF & Gratuity Funds expressed his inability to

continue as the chairman of the AFC provident Fund and Gratuity Fund on account of his increased pre occupations.

The Board, during the year under review, has selected Shri. TC Venkat Subramanian, Chairman & Managing Director of EXIM Bank as Chairman of the AFC provident Fund and Gratuity Fund.

### **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.

The particulars in respect of foreign exchange earnings and expenditure are as follows:

Earnings in Foreign Exchange      Rs. 5.45 million  
Expenditure in Foreign Exchange      Rs. 4.19 million

### **Directors**

#### **Cessation of Directors**

Shri P L Gairola, Chairman & Managing Director, Dena Bank and Ms. H A Daruwalla, Chairperson and Managing Director, Central Bank of India resigned from the directorship of the Corporation after attaining superannuation. The Board recorded its sincere appreciation of the valuable contributions made by Shri P L Gairola and Ms H A Daruwalla during the deliberations at the Board Meetings.

#### **Appointment of Directors**

The following new directors joined AFC's Board:

The company received the consent from Shri Samir K Sinha, Director, Department of Financial Services, Ministry of Finance, Government of India, Shri Rajendra Kumar Tiwari, Joint Director (Credit), Government of India and Shri M D Mallya, Chairman & Managing Director, Bank of Baroda to join the Board and notification of the Ministry of Finance for their appointment has been received from the Government.

The Company has also received consent from Shri S K Goel, IAS, Principal Secretary, Cooperation, Marketing & Textile Department, Government of Maharashtra to join the Board.

### **Appointment of Chairman**

The term of Shri. Y C Nanda as Chairman, AFCL Board expired on 31<sup>st</sup> March 2009. He was reappointed as Chairman of the Board with effect from 01.04.2009 in its meeting held on 31.03.2009.

### **Auditors**

The Comptroller and Auditor General, Government of India, had appointed M/s. Charuwala & Associates, Chartered Accountants, as Statutory Auditors of your Company for the financial year 2008-09 to hold office until the conclusion of the ensuing Annual General Meeting and, therefore, do not call for any further comments.

M/s Vyankatesh V Joshi & Co, Chartered Accountants has been appointed as auditor for conducting Tax Audit of the company for the financial year 2008-09.

### **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 for the assignments given to your Company. The Directors extend their grateful thanks to the Ministries of the Central Government, in particular, Ministries of Agriculture, Rural Development, Environment and Forests and to the Department of Women and Child Development in the Ministry of Human Resources Development, Ministry of Social Justice and Empowerment etc., as also to the various State Government departments, other institutions and parasatal bodies for their continued patronage to your Company. The Directors would like to thank many private entrepreneurs/companies, cooperatives etc. who have availed the services of your Company. The Directors would also like to place on record their appreciation of the Reserve Bank of India, NABARD and Member Banks for their continued support and guidance as also for the assignments given to your Company during the year.

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 experts and consultants 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  
**Agricultural Finance Corporation Limited**

**Chairman**

**Place: Mumbai**

**Date**

## **MANAGEMENT NOTE 2008- 2009**

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### **Important Clients and Areas of Business**

#### **Assignments Handled**

During the year, the company handled 215 assignments as compared to 113 in the previous year. Of these assignments, 94 were booked during the year and the remaining 121 were carried forward from the previous year. Of the 215 assignments, 81 were completed during the year and remaining 134 assignments have been carried forward to the ensuing year.

The total fee of assignments confirmed during 2008-09 aggregated about Rs.330 million which has been highest ever in the annals of AFC.

#### **Central Ministries**

During the year under review, among the Central Ministries, the Ministry of Agriculture, Ministry of Rural Development, Ministry of Environment & Forestry, continued to avail the services of the Corporation as in the past. Other Ministries, such as Panchayati Raj, Women & Child Development, Chemicals & Fertilizers, also assigned some important assignments to the Corporation.

#### **Ministry of Agriculture**

##### **Impact Evaluation of Mini Mission-I (MM-I) and Mini Mission-II (MM-II) under Centrally Sponsored Scheme –Technology Mission on Cotton (TMC):**

Technology Mission on Cotton is a centrally sponsored scheme providing assistance for extension and development activities, viz., technology demonstrations, training, supply of critical inputs like seeds, sprayers, pheromone traps, bio-agents, sprinkler/drip irrigation equipment etc. The scheme was implemented for three years ending 2002-03. The Government of India commissioned AFC for impact evaluation of the scheme implemented. This entails both technical analysis of research undertaken and technologies developed under the mission as well as socio economic survey and analysis to be undertaken in 13 cotton growing States to assess the impact.

### **Evaluation of National Horticulture Mission (NHM) Programmes undertaken by National Horticulture Research & Development Foundation (NHRDF), Nashik:**

The NHRDF, Nashik has implemented various programmes on vegetable development with emphasis on vegetable seed production and transfer of technology under NHM through their centers located in different parts of the country during 2005-06, 2006-07 and 2007-08 and on going 2008-09. During the year under review, AFC has been assigned the evaluation of NHM programmes undertaken by NHRDF.

### **Ministry of Rural Development**

#### **National Rural Employment Guarantee Scheme (NREGA)**

The Ministry of Rural Development, Government of India, has been implementing the National Rural Employment Guarantee Scheme (NREGA) in 200 districts in different States since 2005. The scheme is now being extended to another 130 districts. During the year, the Corporation was assigned preparation of Perspective Plans by various State Governments under the scheme.

**Evaluation of Training Programmes conducted by SIRDs:** The Ministry of Rural Development (MoRD), Government of India has also assigned AFC, the task of Evaluation of Training Programmes conducted by SIRDs of Orissa, West Bengal, Bihar and Sikkim for Government officials. The objective of the evaluation study is to assess the impact of the training programme on improvements in achieving the outcome of the rural development programme ( Wage employment, Self employment, Area development and providing basic amenities like drinking water, sanitation and rural housing).

### **Ministry of Human Resource Development**

**Quick Study on Impact of Micro-finance to Women on Reduction of Domestic Violence in 12 States:** At the instance of the Department of Women and Child Development, Ministry of Human Resource Development, Government of India, New Delhi, the Corporation is conducting "Quick Study on impact of micro finance to women on reduction of domestic violence" in 12 States. The study would cover a sample size of 1440 women in Punjab, Jharkhand, HP, Uttranchal, Delhi, Sikkim, Gujarat, Karnataka, Chhattisgarh, Kerala, Arunachal Pradesh and West Bengal States.

## **Planning Commission - Ministry of Panchayati Raj**

The Planning Commission has initiated the task of preparing Comprehensive District Agriculture Plan (CDAP). The Corporation has been nominated as one of the Technical Support Institutions (TSI) by Ministry of Panchayati Raj, Government of India for assisting the districts in preparation of the District Plans.

## **Ministry of Chemicals & Fertilizers:**

**Assessment Study of Supply and Use of Fertilizers in Madhya Pradesh, Karnataka, Bihar and Punjab :** At the instance of Ministry of Chemicals & Fertilizers, Government of India, AFC undertook a study on assessing the impact of use of fertilizers on the production and productivity of selected crops (wheat, paddy), accessibility of dealers/retailers/ societies to farmers, availability of fertilizers to farmers at MRP, timely availability of quality fertilizers actually desired by farmers and extent of awareness of farmers on use of recommended doses of fertilizers. The study was conducted in eight districts of four States viz. Karnataka, Madhya Pradesh, Punjab and Bihar and was spread over in 96 villages (12 villages per district) from 24 blocks (3 blocks from each district) and covering 2112 farmers.

## **Ministry of Environment and Forests**

The Corporation continued its operations as Regional Centres of National Afforestation and Eco Development Board (RC-NAEB) in its Head Office at Mumbai and in Northern Regional Office at New Delhi. These Regional Centres facilitate implementation of the afforestation and eco development programmes in their respective areas of operation viz., the northern and the western regions by providing technical support to NAEB through conduct of afforestation studies, organising interactive workshops, training programmes documentation of success stories and publication of extension material to promote eco-restoration, for creating an enabling environment for the involvement of grass root level workers for joint forest management.

**First Concurrent Evaluation of Projects under National Afforestation Programme (NAP) Scheme being implemented through Forest Development Agencies (FDAs) –Marwahi and Dantewada in Chattisgarh:** National Afforestation & Eco-Development Board, Ministry of Environment & Forests, Government of India has assigned to AFC's RC NAEB Mumbai Centre, the first concurrent Evaluation of projects

under NAP scheme implemented by two FDAs Marwahi and Dantewada in Chattisgarh. The objective of the programme is to develop forest resources with people's participation with focus on improvement in livelihoods of forest fringe communities especially the poor.

Similarly, AFC also conducted first concurrent evaluation of projects under NAP implemented through FDAs in Sanguja, Durg and Rajnandgaon in Chattisgarh for NAEB, Ministry of Environment & Forests, Government of India.

**Evaluation of Nominee for Indira Priyadarshini Vriksha Mitra (IPVM) Awards for 2006 and 2007:** The National Afforestation & Eco-Development Board, Government of India has assigned the task of Evaluation of Nominee for IPVM awards 2006 & 2007 to the Corporation. The Evaluation work has been completed by the corporation during the year and report submitted.

**Organising of Inter-state Regional meetings of the Stakeholder Departments of the State Governments on Combating Desertification/Reversing Land Degradation:** The NAEB, Government of India assigned the Corporation the task of organizing six interstate regional meetings of the stake holder departments of the State Governments for sensitizing them on status of desertification/land degradation and prioritize action as per severity of the problem. The main objective of these meets is to operationalise the ten year (2008-2018) strategies plan of the United Nations Conventions to Combat Desertification (UNCCD). The first one day Regional workshop in the series was organized by the Corporation at Chandigarh on 17<sup>th</sup> June 2008 on the theme "Combating Land Degradation for Sustainable Agriculture", commemorating the "World Day to combat Desertification".

### **Government of India Institutions**

**Rashtriya Mahila Kosh (RMK):** RMK has been providing funding support to the NGOs to meet the consumption and investment needs of rural women, particularly in the informal sector. As in the past, during this year also, the Corporation's services were availed of by RMK for pre-sanction credit appraisal and post-sanction monitoring of proposals submitted by the NGOs to the RMK for credit support.

**Concept Note for Vision Statement and Expansion Plan of Rashtriya Mahila Kosh, New Delhi:** During the year under review, Rashtriya Mahila Kosh, New Delhi assigned AFC the task of preparing Concept Note for Vision Statement and Expansion Plan. AFC has prepared the report conceptualizing its vision and restructuring to better fulfill its mandate, and to make concomitant enabling suggestions which could be detailed subsequently.

**The National Handicapped Finance and Development Corporation (NHFDC):** The Government of India established National Handicapped Finance and Development Corporation (NHFDC) in 1997. The main objective of the Apex Body is to promote economic development, rehabilitation, extend loaning assistance for undertaking income generation activities as well as pursuing education. The Corporation has undertaken verification of number of proposals and pre sanction appraisal of NGOs for NHFDC.

**Council for Advancement of People's Action and Rural Technology (CAPART):** During the year, the Corporation conducted 28 evaluation/appraisal studies of various projects such as vermin culture technology, watershed development, bee development, Dairy, women empowerment, training etc. for CAPART in different districts in Maharashtra.

## **State Governments**

During the year under review, the State Governments of Andhra Pradesh, Jharkhand, Karnataka, Kerala, Maharashtra, Orissa, Uttar Pradesh, Uttarakhand, West Bengal and North Eastern States mainly availed of the services of the Corporation. Highlights of some major tasks assigned to the Corporation by various States/State Government Agencies are given as follows:

### **Andhra Pradesh**

**Monitoring the implementation of Pulichintala Project in Guntur district of Andhra Pradesh:** The Government of Andhra Pradesh (GOAP) has assigned AFC, the external monitoring and evaluation of Pulichintala major irrigation project in the State. The main focus of the project monitoring system was on results based management (timely monitoring and feed back on project activities) and planning and defining future course of action. The Corporation has completed the Monitoring work and submitted the report.

**The Andhra Pradesh Community Based Tank Management Project (APCBTMP):** The Command Area Development Agency (CADA), Government of Andhra Pradesh, assigned to the Corporation "External Monitoring and Evaluation of Andhra Pradesh Community Based Tank Management Project". The project is being implemented by the CADA to rehabilitate about 4 lakh hectares of command area under minor irrigation tank systems in a project mode in 21 districts of the State. The Project Monitoring, Learning and Evaluation (MLE) framework had been designed to facilitate results – based management, learning for process enhancement and impact evaluation. The total duration of the project is five years. The second year Monitoring and Evaluation Study is under progress.

**Preparation of Environment Impact Assessment (EIA) and Environment Management Plan (EMP):** At the instance of Irrigation & Command Area Development Department, Government of Andhra Pradesh, the Corporation took up evaluation of river valley projects in Andhra Pradesh viz., (i) Modernization of Krishna Delta (ii) Polavaram Multipurpose project-River Embankment and (iii) Vattivagu Medium Irrigation Project. The studies aimed to obtain environment clearance from the Ministry of Environment and Forests (MoEF), Government of India.

During the year, the Corporation is also carrying out the EIA, EMP Evaluation of Singur River Valley Project in Andhra Pradesh for Central Water Commission, New Delhi.

**EIA and EMP of Poultry Litter based Power Generation project:** M/S Lalitha Aditya Power Projects Pvt. Ltd., Hyderabad has assigned the corporation to conduct an Environment Impact assessment study of Poultry litter based power generation project, which has been successfully completed. Based on the same, the project has already received Environmental Clearance from Ministry of Environment & Forests.

**Preparation of Detailed Estimation for Valuation of Houses/Structures under Irrigation Projects:** The Secretary, Irrigation & Command Area Development, Government of Andhra Pradesh awarded the Corporation the task of valuation of houses under R & R programme in villages affected by irrigation projects in various districts of

Andhra Pradesh. Accordingly, valuation of houses under major and medium irrigation projects, namely Yellampally (Sripadasagar), Vamsadhara, Nilwai, Gaddanavagu Rallivagu in Adilabad district, and PP Rao projects in Salegaon village was undertaken by the Corporation. In all 8500 houses to be submerged were measured, estimated as per standard schedule of rates. The payments were also made to the concerned project affected families on the basis of the valuations.

## **Arunachal Pradesh**

**Preparation of Five Year Perspective Plan for Upper Subansiri District of Arunachal Pradesh under National Food for Work Programme (NFFWP) :** AFC, at the instance of the Directorate of Rural Development, Government of Arunachal Pradesh prepared the Five Year Perspective Plan for Upper Subansiri district of Arunachal Pradesh during 2008-09. A comprehensive perspective plan for five years has been prepared to enable the Panchayat of the Upper Subansiri to bring about overall development of the area.

**Preparation of Five Year Perspective Plan under National Rural Employment Guarantee Act (NREGA) for Six districts of Arunachal Pradesh:** The Directorate of Rural Development, Government of Arunachal Pradesh, through the concerned Project Directors & DPO, DRDA assigned the Corporation Preparation of Five Year Perspective Plan for six districts (West Kameng, Tawang, Kurung Kumey, East Kameng, Papum Pare and West Siang) under National Rural Employment Guarantee Act (NREGA).

**Monitoring and Evaluation of Agriculture Technology Management Agency (ATMA):** A Study for Monitoring & Evaluation of the ATMA Programme in seven districts of Arunachal Pradesh was assigned to the Corporation by the Department of Agriculture, Government of Arunachal Pradesh. The objective of the programme is to make extension system farmer-driven and farmer accountable by way of new arrangements for technology dissemination.

**Concurrent Evaluation of the Central Sector Scheme - Macro Management of Agriculture in Arunachal Pradesh:** The Department of Agriculture, Govt. of Arunachal Pradesh has assigned to the Corporation concurrent evaluation of the Central Sector Scheme - Macro Management of Agriculture in Arunachal Pradesh.

## **Chattisgarh**

**Preparation of Environment Impact Assessment (EIA) & Environment Management Plan (EMP) for Kelo Irrigation Project in Chattisgarh:** At the instance of M/S Southern Engineering Work Constructions Ltd., Hyderabad, the Corporation prepared the EIA and EMP for the proposed Kelo Irrigation Project in Chattisgarh. Based on the same, the project has received Environmental Clearance from the Ministry of Environment and Forests, Government of India.

## **Gujarat**

**Concurrent Monitoring and Evaluation of Micro Irrigation Scheme:** The Gujarat Green Revolution Company Ltd. (GGRC), Gujarat has assigned to AFC the Concurrent Monitoring and Evaluation of Micro Irrigation Monitoring System (MIS) implemented by GGRC in the State of Gujarat for a period of three years. The Corporation completed the Concurrent Monitoring and Evaluation of MIS for two years and the field survey for the third year has been taken up.

## **Haryana**

**Impact Assessment of the scheme Support to Extension for Extension Reforms (ATMA) in 6 districts of Haryana:** Your Corporation has been assigned by Government of Haryana with the task to assess the project impact on the target beneficiaries and reforming the extension system in respect of various processes envisaged under the scheme. The study was spread out in Sonapat, Karnal, Rohtak, Hissar, Sirsa and Rewari districts. A sample of 2880 farmers representing different social groups was covered in 144 villages from 24 blocks.

**Evaluation and Impact Assessment of Centrally Sponsored Scheme - Support to Extension for Extension Reforms (ATMA) in 2 districts of Haryana:** The Ministry of Agriculture, Government of India has assigned the Corporation a study to assess the impact of the scheme in two districts of Haryana. The main objective is to make extension system farmer-driven and farmer accountable by way of new arrangements for technology dissemination. The study covers 2 districts, 4 blocks, 70 villages and 3150 beneficiary farmers. In addition, 2 control blocks in Haryana would be covered in the study.

## **Jharkhand**

**Up-scaling Livelihood of Forest Communities through enhanced farm productivity and efficient support systems in Godda District of Jharkhand State” under Component-3 (Sustainable Rural Livelihood Security) of NAIP:** During the year under review, as part of the Diversification Programme, the Corporation has bagged an Action Research Assignment viz. Up-scaling Livelihood of Forest Communities through enhanced farm productivity and efficient support systems in Godda District of Jharkhand from Indian Council of Agricultural Research (ICAR). AFC has been awarded with a sub-project under Component-3 of NAIP. The project will be implemented over a period of three years starting from June, 2009 with AFC as the Consortium Leader and Institute of Forest Productivity, Ranchi, Krishi Vigyan Kendra, Godda and Kasturba Mahila Vikas Kalyan Samiti, Godda as three other Consortium Partners.

**IFAD Funded Jharkhand Tribal Development Programmes (JTDP):** At the instance of Jharkhand Tribal Development Society, Ranchi your Corporation has been carrying out the M & E of JTDP since 2005. During 2008-09, AFC completed 3<sup>rd</sup> and 4<sup>th</sup> round of M & E in project blocks and villages.

**Detailed Project Report for Development of Fisheries in Selected Reservoirs:** The Department of Animal Husbandry and Fisheries, Government of Jharkhand assigned the Corporation preparation of a detailed project report for development of fisheries in selected reservoirs (big water bodies) in the State for funding by National Fisheries Development Board and other financial institutions. Detailed Project Report has been submitted to the client which was well accepted.

## **Karnataka**

**Mid-Term Evaluation Studies:** The Watershed Development Department, Government of Karnataka has assigned to the Corporation Mid-Term Evaluation Studies of (i) IWDP IV in Shimoga district, (ii) Hariyali-4 & 2 in Davangere District (iii) DDP Hariyali - 4 in Bagalkot district, (iv) IWDP IV in Mysore district (v) Hariyali-3 in Bijapur district. The Corporation has completed the first four studies and the remaining two are ongoing.

**Impact Evaluation Studies:** The Corporation completed two Impact Evaluation Studies assigned by the Watershed Development Department, Government of Karnataka (i) DPAP-5 in Kolar district and (ii) Haryali DDP-8 in Bagalkot district (Batch-8). The studies envisage physical verification of different works undertaken in arable and non-arable lands and impact assessment of the programme .

**Sarva Shiksha Abhiyan Samithi, Karnataka – A Govt of India Programme :** As part of the Diversification Programme, the Corporation has bagged an assignment on competitive tender basis for carrying out the task of Third Party Technical Audit and Quality Assurance of SSA Civil Works of the year 2007-08 in Bangalore Division consisting of the districts of Bangalore Rural, Kolar, Chikkaballapur, Chitradurga, Davanagere, Shimoga and Tumkur for Sarva Shiksha Abhiyan (Total Literacy Programme – launched by Government of India), Karnataka. AFC submits periodical progress reports, appraising the client on the progress and quality of works as per the given technical specifications.

**Watershed Development Department (Sujala) :** With the assistance of the World Bank, Watershed Development Department (WDD) is implementing a Comprehensive Watershed Development Project (*Sujala*) in Karnataka. AFC has been providing professional specialist services on entrepreneurial development sector in Kushavathi River Sub-watershed Area in Gudibande taluk, Chikkaballapur district, Karnataka. As part of the implementation of EDP at the grassroot level, AFC conducted (i) Facilitators' Training Programme for Sujala Partners, (ii) Entrepreneur Awareness Programme for about 800 SHG members and (iii) On completion of EAP, Skill Training and Entrepreneur Development

Programme were organised for about 30 percent of the EAP beneficiaries. The assignment has been completed during the year under review.

## **Kerala**

### **Environmental Impact Assessment Study for Achankovil Hydro Electric**

**Project:** The Kerala State Electricity Board, Thiruvananthapuram proposes to set up a plant with installed capacity of 30MW for generation of power by utilizing the yield of Achankovil-Kallar river. Since it is mandatory to obtain environment clearance from the Ministry of Environment and Forests (MoEF), Government of India, the Kerala State Electricity Board, Thiruvananthapuram has requested AFC to conduct an Environmental Impact Assessment Study of the project. The study envisages assessment of positive impact with its economic evaluation, socio economic impact, preparation of Environment Management Plan (EMP) to mitigate the adverse effects, dam analysis and disaster Management plan.

**Resource Based Perspective Plan:** At the instance of Government of India, Ministry of Agriculture (NLUCB) and Planning Commission, the Kerala State Land Use Board has been implementing a Resource-based Perspective Plan for the State with emphasis on agriculture. The KSLUB has assigned AFC to carry out an evaluation study to assess the impact of the Perspective Plan in terms of agricultural development, land use planning, identifying the problems and potentials of land resources and suggesting suitable strategies for the utilisation of land resources to increase the economic growth of the State.

**Panchayat Resource Mapping Programme (PRM):** The PRM provides the basic details in spatial format for the development activities of the Panchayat. The mapping programme was done by the KSLUB in 1:5000 cadastral scale. The land use, all infrastructure and assets, all water resources and areas of specific interest in the Panchayat are spatially mapped under this programme. The Corporation was entrusted the task of evaluating the programme to ascertain to what extent the data generated under the PRM was useful in land use and sectoral planning at local level for scientific agricultural development. The Corporation has carried out the evaluation study covering use of PRM data in identification of problems and potentials of land resources for planning and suggesting suitable modifications in the mode

of PRM digital database for effective use at Panchayat level and submitted the report to the KSLUB.

## **Maharashtra**

**World Bank Assisted Monitoring and Evaluation of Maharashtra Water Sector Improvement Project:** As reported in the previous year, the Department of Water Resources, Government of Maharashtra, assigned AFC, in association with M/s. Sheladia Associates, Inc, USA, the World Bank Assisted Monitoring and Evaluation of Maharashtra Water Sector Improvement Project. During the year, Inception report as well as the first, second and third Monitoring reports were submitted which have been approved by the Government. The first Evaluation report has also been completed.

## **Madhya Pradesh**

**Base Line Survey of Tejaswini Programme in 6 districts of Madhya Pradesh:** With the assistance of the IFAD, Tejaswini Rural Women's Empowerment Project is being implemented by Madhya Pradesh Women Development and Finance Corporation Ltd, Bhopal. AFC has been awarded the task of conducting Base-Line Survey of the target groups. The baseline survey work would be undertaken in selected 230 villages with the support of NGO partners in project districts namely Chhatarpur, Tikamgarh, Panna, Dindori, Mandla and Balaghat.

**Verification of Gram Panchayats for Nirmal Gram Puraskar (NGP) in Madhya Pradesh :** The Corporation was entrusted the task of Verification of 520 Gram Panchayats in 10 districts of Madhya Pradesh for recommending the Gram Panchayats for Nirmal Gram Puraskar (NGP) Awards on completion and achievement of Total Sanitation at all Gram Panchayat level of the selected districts by the Ministry of Rural Development, Department of Water and Sanitation, Govt. of India.

**Verification of Block of Panchayats for Nirmal Gram Puraskar (NGP) in Madhya Pradesh:** AFC has been engaged as the verification agency by the Ministry of Rural Development, Department of Water and Sanitation, Govt. of India, for verifying Block Gram Panchayats of three districts for recommending for Nirmal Gram Puraskar Awards on completion and achievement of total sanitation at all gram panchayat level of the districts.

## **Meghalaya**

**Preparation of Environment Impact Assessment, Environment Management Plan & R/R for Umangot Hydro Electric Project:** The Meghalaya State Electricity Board has requested AFC to prepare a report on Environment Impact Assessment & Environment Management Plan including R & R for Umangot Hydro Electric Project in Meghalaya. The study is under progress.

## **Nagaland**

**Integrated Watershed Development Project (IWDP):** The Department of Land Resources, Government of Nagaland assigned the Corporation a study of Integrated Watershed Development Project (IWDP) in 5 districts of Nagaland, namely, Wokha, Tuesang, Mon, Mokokchung and Zunheboto.

The Corporation also conducted the post-project evaluation study in four districts viz, Wokha, Mon, Mokokchung and Zunheboto of Nagaland to assess the outcome and to identify constraints / loopholes in their implementation and suggest measures for the long term sustenance of the project.

**Five Year Perspective Plan under National Rural Employment Guarantee Scheme (NREGA):** The Directorate of Rural Development, Government of Nagaland, through the concerned Project Directors & DPO, DRDA assigned the Corporation Preparation of Five Year Perspective Plan for 4 Districts of Nagaland under NREGA scheme. The plan would explore potential linkages between different types of skills, long term employment generation and sustained development of the district as a whole.

## **New Delhi**

**Monitoring and Evaluation of Projects funded by NMBP during 2005-06 and 2006-07:** The National Medicinal Plant Board (NMBP) has assigned the Corporation an assignment entitled "Monitoring and Evaluation of Projects funded by NMBP during 2005-06 and 2006-07". The total number of projects to be monitored include 375 promotional schemes and 3401 contractual farmers.

By the end of 2008-09, evaluation of 257 promotional schemes and 1532 contractual schemes spread across 31 States/UTs were completed.

### **Role of Producer Companies in Sustainable Agriculture and Rural Development**

**- One Day Round-Table on 31-01-2009 at New Delhi:** The Corporation organized a one day workshop at New Delhi on 31<sup>st</sup> January 2009 on "Role of Producer Companies in Sustainable Agriculture and Rural Development". The objective of the workshop was to deliberate on the relevance and importance of the concept of "Farmer owned companies" with stakeholders namely practitioners and policy makers on its prospects to workout a national strategy to boost promotion of such companies.

### **Orissa**

**Preparation of District Plans of Boudh and Malkangiri Districts of Orissa:** The Planning & Coordination Department, Government of Orissa engaged AFC as Technical Support Institution for preparation of district plans of Boudh and Malkangiri districts of Orissa. The district plan would include District Agriculture Plan, Plan for Backward Regions Grant Fund (BRGF) and sectoral plans of development departments including area specific development activities. The major work of the assignment has been completed during the year.

**Watershed Development Mission (WDM):** Government of Orissa continued to avail the services of the Corporation relating to mid-term evaluation of DPAP projects. Studies on Mid Term Evaluation of DPAP 8<sup>th</sup> Haryali-1 (9<sup>th</sup> Batch), Haryali II and Gajapati -II (10<sup>th</sup> batch) of Naupada and Haryali - I and Haryali - III batch of Bargarh district, Haryali \_ I (9<sup>th</sup> batch) of Naupada and Bargarh district and Haryali- III (11<sup>th</sup> batch) of kalahandi district have been completed and submitted. The Corporation also completed Mid Term Evaluation study of DPAP 12<sup>th</sup> Batch of Kalahandi and Sonepur districts.

**Western Orissa Rural Livelihoods Project (WORLP)** funded by DFID through OWDM, Government of Orissa aims at improving and sustaining the productivity of natural resources of the region along with interventions targeted towards enhancing livelihoods of the poor communities. As a Project Implementing Agency (PIA), the Corporation continued implementing the Western Orissa Rural Livelihoods Project (WORLP) in Kalahandi and

Bargarh districts implementing the project in Bhawanipatna block of Kalahandi district in 5000 ha of untreated land spread over in 26 villages.

## **Uttar Pradesh**

**Preparation of District Agriculture Plans (DAP) under Rashtriya Krishi Vikas Yojana in 66 Districts of Uttar Pradesh:** The Government of India approved the Rashtriya Krishi Vikas Yojana (RKVY) in 2007. The major objective of the scheme is to incentivise the States to increase public investment in agriculture and allied sectors. It is mandatory to prepare District Agriculture Plans & State Agriculture Plan to avail the assistance. Accordingly, the Department of Agriculture, Government of Uttar Pradesh assigned AFC, the preparation of 66 comprehensive District Agriculture Plans taking into account agro-climatic conditions, natural resource issues & technology and integrating livestock, poultry and fisheries. The task has been successfully completed in association with M/S ITS Ltd, a business associate of AFC.

**Implementation of Customised Farmer Training and Extension Activities and Online Agriculture Monitoring through Ground Truthing, Video Phone Calling , Online SMS System and Application of Information and Communication Technology (ICT) under RKVY :** AFC has received a prestigious project on “Customised Farmer Training and Extension Activities and Online Agriculture Monitoring through Ground Truthing, Video Phone Calling , Online SMS System and Application of ICT” for 45 blocks in the first phase and 230 blocks in the second phase from the Department of Agriculture, Government of Uttar Pradesh. The main objective of the project is to make farming a profitable venture by increasing farm productivity, lowering the cost of production and intelligent marketing. The project entails i) Location specific customized farmer training & extension activities and ii) Information & Communication Technology activities, i.e. to provide in-season online information on cropped area, crop growth, soil, weather and agronomic practices, monitoring agricultural and project operations through ICT and providing market information. The project is also being executed in association with M/S ITS Ltd.

**Evaluation and Impact Assessment of Centrally Sponsored Scheme - Support to Extension for Extension Reforms (ATMA) in 7 districts of Uttar Pradesh:** A Study for Monitoring & Evaluation of the Scheme entitled “Support to State Extension for

Extension Reforms “ in seven districts of Uttar Pradesh has been assigned to the Corporation by the Joint Director, Ministry of Agriculture, Government of India. . The study covers 7 districts, 14 blocks, 25 villages and 145 sample farmers in Uttar Pradesh. In addition, 7 control blocks in Uttar Pradesh would also be covered in the study.

**Preparation of Environment Impact Assessment and Environment Management Plan Evaluation of Ramganga Dam River Valley project in Uttar Pradesh:** The Central Water Commission, New Delhi has assigned this study to AFC . The basic objective of the study is to assess the impact of the project that have occurred during construction and post-construction phases of implementation & detailed review of the Environmental Management Plan (EMP) and suggest necessary modifications.

**Preparation of District Annual Plan for the year 2007-08 under Backward Regions Grant Fund (BRGF):** AFC as one of the Technical Support Institutions (TSI) was assigned the task of facilitating preparation of Annual Plan for 2007-08 and 2008-09 for all allotted 14 districts under BRGF in Uttar Pradesh by the Ministry of Panchayati Raj, Government of India. AFC was also assigned the task of preparation of Perspective Plan for the remaining period of 11<sup>th</sup> five year plan for 14 districts of UP under BRGF. Preliminary visits to the districts have been completed.

**Preparation of Perspective Plan under NREGS:** The Corporation has been assigned the task of Preparation of Perspective plan for Basti, Bahraich and Etawah districts in UP under NREGS by the respective Chief Development Officers of the districts. The perspective plan is being prepared as per the guideline issued by the Ministry of Rural Development Government of India.

**One Day Orientation and Training Programme for Watershed Level Participants under IWDP and DPAP:** The Principal Secretary, Department of Land Development & Water Resources, Government of Uttar Pradesh has assigned to the Corporation the task of Organising training programmes in the State. The request for organizing 36 training programmes have been received so far, out of which 26 training programmes have been conducted by us in Agra, Mathura, Etawah, Moradabad and Gorakhpur and 8 training programmes are presently being conducted in Allahabad district.

**Preparation of Long Term Land Use Perspective Plan for Different Regions of Uttar Pradesh:** The State Land Use Board, Yojna Bhawan, Lucknow has awarded this assignment to AFC. The main objective of the study is to enable understanding the present status of land, water, plant and animal resources and the problems and constraints, prioritize long term strategies and management of natural resources with available limited financial resources and formulation of perspective plan for the four economic regions in the State based on assessment of problem areas including economic infrastructure needs for bringing gainful employment and prosperity to the people of area.

## **Uttarakhand**

**Preparation of Perspective Plan for Rudraprayag District under NREGA:** The Government of Uttarkhand, Dehradun assigned AFC the preparation of a Comprehensive Perspective Plan for Rudraprayag district under NREGA. The study involves identification of Missing Infrastructure through Participatory Rural Appraisal (PRA) technique and their prioritization over a span of five years (2008-09-2012-13); and Preparation of Plan to provide 100 days employment to each family and creation of assets for sustainable economic growth. The final Perspective Plan of the district has been submitted to the client.

**Impact Assessment Study on Primary Handloom Weavers Cooperative Societies:** The Government of Uttarakhand, assigned the Corporation an Impact Assessment Study on Primary Handloom Weavers Cooperative Societies in six selected (five beneficiary and one non- beneficiary) districts of Uttarakhand to assess the problems and future prospects of Handloom sector.

**Monitoring And Impact Evaluation of ATMA:** The Corporation was assigned the task of conducting Impact Evaluation Study of ATMA programme in selected five districts of the State. The report has been duly submitted to the Government.

## **West Bengal**

**Implementation of Central Sector Scheme- Marketing Research and Information Network in West Bengal during 2008-09 (MRIN-III):** The Directorate of Marketing and Inspection (DMI) has assigned to the Corporation organizing and conducting training and awareness campaign under Central Sector Scheme - Market Research and

Information Network (MRIN) covering seven districts of West Bengal. The task involved training and orientation of the officials of Agricultural Marketing Department and Regulated Market Committee and also farmers, farm women, traders, retailers, NGOs, SHGs, PRI functionaries, including members of Community Based Organizations (CBO) and Farmers' Club. The MRIN training was conducted in North 24 Paraganas, Nadia, Murshidabad, Malda, Uttar and Dakshin Dinajpur and Darjeeling districts of West Bengal.

**Concurrent Evaluation of Macro Management Mode of Agriculture in West Bengal for the year 2008-09:** The Department of Agriculture, Govt. of West Bengal has assigned to the Corporation Concurrent Evaluation of the Central Sector Scheme - Macro Management of Agriculture in West Bengal. Similarly, the Corporation also undertook the Concurrent Evaluation of Macro Management Mode of Agriculture for the year 2008-09 for the State of Sikkim.

**Evaluation of ATMA Programme in 5 Districts of West Bengal:** A Study for Monitoring & Evaluation of the Scheme entitled "Support to State Extension for Extension Reforms " in five districts of West Bengal was assigned to the Corporation by the Department of Agriculture, Government of West Bengal. The Study involved evaluating the progress of activities undertaken in the fields of agriculture and allied sectors as a component of Extension Reform Scheme, impact on the target group, project impact in reforming the extension system in the State in respect of certain identified dimensions and suitable recommendation for better impact.

**Organisation of District Level Workshop under "Agriculture Extension Programme under Macro Management during 2007-08 in West Bengal:**

The corporation was assigned to organize the District Level Workshop in twelve districts of West Bengal under Agriculture Extension Programme under Macro Management of Agriculture - The major focus of the workshop was to orient the district officials on Revised Guidelines of Macro Management of Agriculture Scheme 2008 so that they would not face problems in implementation of NFSM and RKVY in the districts to ensure increase in production and productivity of agricultural crops by adoption of various technological interventions.

**Preparation of Comprehensive District Agriculture Plan for seven Districts of West Bengal:** The Department of Agriculture, Government of West Bengal selected the Corporation for preparation of Comprehensive District Agriculture Plan (C-DAP) for seven districts of West Bengal under Central Sector Scheme Rastriya Krishi Vikas Yojna as part of National Agriculture Development Programme (NADP).



## **Auditor's Report**

To the Members of **Agricultural Finance Corporation Limited**

1. We have audited the attached Balance Sheet of **Agricultural Finance Corporation Limited** as at 31<sup>st</sup> March 2009, and also the profit and loss account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 from 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper Books of Accounts as required by Law have been kept by the company, so far as appears from our examination of books.
  - (iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
  - (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 sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) As stated in Schedule-19, "Significant accounting policies- Retirement benefits" the company is having a group gratuity scheme with the life insurance corporation of India.

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Andheri (West), Mumbai - 400053 (O) : 2636 0100 • 2636 0200 Fax : 4016 5100  
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As per the provision of accounting standard -15 "Employee benefits", the company is required to actually determine and provide for the accrued liability of deemed benefit obligation in respect of gratuity. Accordingly, such accrued liability determined by the life insurance corporation of India as on 31<sup>st</sup> March, 2009 was Rs.16,47,28,19/- including service cost Rs.2,32,035 (previous year Rs. 1,71,51,935) funds contributed to LIC towards this liability were Rs. 15,24,837 as on 31<sup>st</sup> Mar.2009 (previous year Rs. 2,22,688). No such provision towards such shortfall of Rs. 1, 62, 40,784 (Previous year Rs. 1, 69, 29,247) is made by the company. Thus the profit for the year is overstated by Rs. 2,32,035 and reserves and surplus are overstated by Rs. 1,62,40,784 (Previous year Rs. 1, 69, 29,547) and current liabilities and provision are understated by Rs. 1,64,72,819/-

As stated in note no. 4 relating to accounting of Service Tax Liability on Cash basis instead of Accrual basis and impact of such liability on the loss for the year and reserves is not ascertained, read with the significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2009;
- (b) in the case of the profit and loss account, of the loss for the year ended on that date.

For M/s. Churuwala and associates  
Chartered Accountants

*P. Agarwal*

Prakash H. Agarwal  
Partner

Membership No. : 036686

Place : Mumbai

Date : 21<sup>st</sup> August, 2009



**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITOR'S REPORT TO THE MEMBERS OF AGRICULTURAL FINANCE CORPORATION LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009.**

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
- (b) The fixed assets have been physically verified by the management during the year. According to the information and explanation given to us no material discrepancies were noticed on such verification.
- (c) There has not been any significant disposal of fixed assets during the year.
- (ii) Considering the nature of business, i.e. Consultancy in Agriculture, clause (ii) (a), (ii)(b), (ii)(c) of paragraph 4 of the Companies (Auditors' report) Order, 2003 is not applicable to the Company.
- (iii) (a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly Sub Clause ( iii b ) ( iii C ) and ( iii d ) is not applicable to the Company.
- (b) The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly Sub Clause ( iii f ) and ( iii g ) is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchases of equipment and other assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) There were no transactions that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956.
- (vi) The company has not accepted deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act., and the Companies (Acceptance of Deposits) Rules, 1975. We are informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or Other Tribunal on the aforesaid Section.
- (vii) The Company does not have internal audit system during the year.



(viii) The Central Government of India has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.

(ix)

(a) According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty and Cess were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months.

(b) According to the information and explanation given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise duty and Cess which have not been deposited on account of any dispute except following :

Nature of Dues	Amount of Dues	Repayment of Dues	To which Related	Forum where Dispute is Pending
Income Tax	27,05,446	27,05,446	2004-05	CIT (Appeals II) Mumbai

(x) The company has no accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.

(xii) The company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute as specified in the Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) 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 institution during the year.

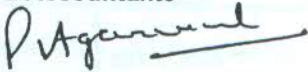
(xvi) In our opinion, and according to the explanation given to us, the Company has not raised any term loan during the year.

(xvii) According to the Balance Sheet examined by us and the information and explanations given to us, on an overall basis, No funds raised on short-term basis of have been used during the year for long-term investment.



- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) The company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issues during the year.
- (xxi) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For M/s. Churuwala and associates  
Chartered Accountants



**Prakash H Agarwal**

**Partner**

**Membership No. : 036686**

Place : Mumbai

Date : 21<sup>st</sup> August ,2009



AGRICULTURAL FINANCE CORPORATION LIMITED 2008-09

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule Number	As At 31-03-2009 Rupees	As At 31-03-2008 Rupees
<b>SOURCES OF FUND</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	150,000,000	150,000,000
Reserves & Surplus - Profit & Loss Account		40,689,496	32,774,611
<b>Loan Fund</b>			
Secured Loans	2	19,408,652	15,478,887
<b>Total</b>		<b>210,098,148</b>	<b>198,253,498</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	26,404,364	25,874,851
Less: Depreciation / Amortisation		22,942,909	21,964,211
Net Block		3,461,455	3,910,640
<b>Investments</b>	4	59,522,489	92,187,689
<b>Deferred Tax Assets (Net)</b>	5	6,046,181	5,201,000
<b>Current Assets and Loans &amp; Advances</b>			
<b>a) Current Assets</b>			
Interest Accrued on Investments	6	4,125,248	4,194,681
Jobs in Progress		253,035,000	114,003,000
Sundry Debtors	7	41,137,895	40,058,576
Cash and Bank Balances	8	81,661,277	41,572,936
<b>b) Loans &amp; Advances</b>	9	19,906,931	13,883,758
		399,866,352	213,712,951
<b>Less: Current Liabilities and Provisions</b>	10	258,803,329	116,768,782
<b>Net Current Assets</b>		141,063,022	96,944,169
<b>Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	11	5,000	10,000
<b>Total</b>		<b>210,098,148</b>	<b>198,253,498</b>

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s. Churuwala & Associates  
Chartered Accountants

Dr Jayant Patil  
Director

A K Garg  
Managing Director

Partner P. Agarwal  
PRAKASH. H. AGARWAL  
Membership No - 036686  
Place : Mumbai  
Date : 21/8/09

DR S N Upadhyaya  
Executive Director

P M Kshirsagar  
General Manager (F&A)



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule Number	Year Ended 31/03/2009 Rupees	Year Ended 31/03/2008 Rupees
<b>INCOME</b>			
Consultancy Income	12	198,467,664	82,467,798
Interest On Investments	13	11,873,967	11,463,778
Other Income	14	1,865,212	1,006,532
<b>Total</b>		<b>212,206,844</b>	<b>94,938,108</b>
<b>EXPENDITURE</b>			
Project & Administration Expenses	15	157,434,288	48,017,698
Staff Cost	16	44,257,177	41,082,000
Interest and Finance Charges	17	1,779,704	1,017,297
<b>Total</b>		<b>203,471,169</b>	<b>90,116,995</b>
Profit Before Depreciation and Tax (PBDT)		8,735,675	4,821,113
Depreciation	3	993,496	1,220,616
<b>Profit (Loss) Before Tax (PBT)</b>		<b>7,742,179</b>	<b>3,600,497</b>
Less: Provision For Taxation			
Current Tax (including Wealth Tax)			
For current year		2,350,000	1,759,104
For earlier years		26,697	-
Current year (Fringe Benefit tax)		534,686	440,000
Current year (Deferred tax)		(845,181)	-
<b>Profit (Loss) after Tax (PAT)</b>		<b>5,675,977</b>	<b>1,401,393</b>
Prior Period Adjustment		-	935,764
Extraordinary items		2,238,908	439,264
<b>Net profit / (Loss) for the year</b>		<b>7,914,885</b>	<b>904,893</b>
<b>Balance Brought Forward</b>		<b>32,774,611</b>	<b>31,869,718</b>
<b>Balance Carried to Balance Sheet</b>		<b>40,689,496</b>	<b>32,774,611</b>

Earning Per Share (EPS) : Basic (Par Value Rs. 10000/-)

378

93

Weighted Average Number of Shares

15,000

15000

Notes to Accounts

18

Significant Accounting Policies

19

As per our report of even date attached

For and on behalf of the Board of Directors

For M/s. Churuwala & Associates

Chartered Accountants

Dr Jayant Patil

Director

A K Garg

Managing Director

Partner PRAKASH H. AGARWAL

Membership No 036686

Place : Mumbai

Date : 21/8/09

DR S N Upadhyaya

Executive Director

P M Kshirsagar

General Manager (F&A)



**AGRICULTURAL FINANCE CORPORATION LIMITED**

**SCHEDULE 1 :**

<b>SHARE CAPITAL</b>	<b>As at 31-03-2009 Rupees</b>	<b>As at 31-03-2008 Rupees</b>
<b>Authorised</b> 100,000 equity shares of Rs.10,000/- each	<b>1,000,000,000</b>	<b>1,000,000,000</b>
<b>Issued,Subscribed and Paid up</b> 15,000 equity shares of Rs 10,000/- each fully paid up	<b>150,000,000</b>	<b>150,000,000</b>
<b>Total</b>	<b>150,000,000</b>	<b>150,000,000</b>

**SCHEDULE 2 :**

<b>SECURED LOANS</b>	<b>As at 31-03-2009 Rupees</b>	<b>As at 31-03-2008 Rupees</b>
From Central Bank of India  (Secured against pledge of Securities as detailed in Schedule - 5 "Investments" and against Fixed Deposits as detailed in Schedule - 9 "Cash and Bank Balances")	<b>19,408,652</b>	<b>15,478,887</b>
<b>Total</b>	<b>19,408,652</b>	<b>15,478,887</b>



AGRICULTURAL FINANCE CORPORATION LIMITED 2008-2009

SCHEDULE 3 : FIXED ASSETS

Fixed Assets	GROSS BLOCK (AT COST)		DEPRECIATION		NET BLOCK	
	As at 01.04.2008	Additions during the year	Deductions during the year	As at 31.03.2009	Upto 31.03.2009	As at 31.03.2009
					For the Year	As at 31.03.2008
					Deductions during the year	
					Upto 31.03.2008	
<b>INTANGIBLE</b>						
Software	1,217,331	-	-	1,217,331	31,245	46,866
						78,111
<b>TANGIBLE</b>						
Building	246,597	-	-	246,597	2,831	54,280
						57,111
Furniture & Fixtures	7,724,294	33,823	4,125	7,753,992	147,749	666,068
						781,888
Office Equipment	5,634,872	152,155	4,585	5,782,442	173,530	1,162,773
						1,187,184
Air Conditioners	898,956	-	11,020	887,936	34,744	211,682
						246,430
Vehicles	1,038,296	-	-	1,038,296	169,510	485,771
						655,280
Computers	9,114,505	363,265	-	9,477,770	433,886	834,015
						904,636
Total	25,874,851	549,243	19,730	26,404,364	993,495	3,461,455
(Previous Year)	25,874,851	690,121	2,329,834	24,235,138	1,220,616	3,910,640

Notes

1 : Building includes Rs 500/- being cost of fully paid-up shares in a co-operative Housing Society



AGRICULTURAL FINANCE CORPORATION LIMITED

SCHEDULE 4 :

INVESTMENTS			As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
UNQUOTED - NON TRADE				
PARTICULARS	NOS.	FACE VALUE FOR EACH SECURITIES		
In Bonds				
13.5% MSRDC (2015) Bonds (Series III)	20	100000	2,024,000	b/ 2,024,000
	(20)	(100000)		
13.5% MSRDC (2015) Bonds (Series V)	40	100000	4,048,000	b/ 4,048,000
	(40)	(100000)		
11.75% Dena Bank Bonds (2008)(Series V)	300	100000	-	31,320,000
	(300)	(100000)		
10.25% IDBI Omni 2002/A (2012) Bonds IV	18	100000	1,797,300	1,797,300
	(18)	(100000)		
10.65% APPFCL (2013) Bonds	50	100000	5,240,000	5,240,000
	(50)	(100000)		
7.5% IDBI Omni (2013) Bonds	25	100000	2,478,839	2,478,839
	(25)	(100000)		
12% GEB (2007/8/9) Bonds	4	1000000	1,793,600	3,138,800
	(4)	(1000000)		
7.25% IDBI Bonds 2015	2	1000000	1,982,000	1,982,000
7.10% Bank of India 2014	10	1000000	9,795,000	b/ 9,795,000
7.40% Syndicate Bank 2015	5	1000000	5,000,000	b/ 5,000,000
7.40% Syndicate Bank 2015	4	1000000	3,974,000	b/ 3,974,000
7.45% Bank of Baroda 2015	11	1100000	10,989,000	b/ 10,989,000
7.50% Bank of India 2015	10	1000000	9,994,000	b/ 9,994,000
In Shares - Unquoted				
Equity Shares in Global Procurement Consultants Ltd	30000	10/-	300,000	300,000
	(30000)	(10)		
In Shares - Quoted				
Equity shares of Gujarat State Petronet Ltd ( Market value of quoted investment Rs.9163/- )	250	10/-	6,750	6,750
Corpus with AFC Foundation			100,000	100,000
Total			59,522,489	92,187,689

I) FV indicates face value

II) b/ indicate pledged with bank for facilities granted to the Company. Cost aggregating to Rs40,830,000/-  
(previous year Rs.40,805,889/-)



AGRICULTURAL FINANCE CORPORATION LIMITED

SCHEDULE 5 :

DEFERRED TAX ASSETS (Net)	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
Deferred Tax Assets	5,201,000	5,705,104
Add: addition/ (Deletion) for the year	845,181	(504,104)
Net Deferred Tax Assets	6,046,181	5,201,000
Total	6,046,181	5,201,000



# AGRICULTURAL FINANCE CORPORATION LIMITED

## SCHEDULE 6 :

INTEREST ACCRUED ON INVESTMENTS	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
7.10% Bank of India (2014) Bonds	710,000	710,000
7.40% Syndicate Bank	287,890	287,890
7.40% Syndicate Bank	230,314	230,312
13.5% MSRDC (2015) Bonds (SeriesIII)	405,370	405,370
13.5% MSRDC (2015) Bonds (Series V)	247,068	247,068
7.50% Bank of India	750,000	750,000
10.25% IDBI Omni 2002/A(2012)Bonds IV	147,095	147,095
7.5% IDBI OMNI (2013)Bonds	124,829	124,829
10.65% APPFCL (2013) Bonds	310,601	310,601
12% GEB (2007/8/9) Bonds	92,581	162,016
7.45% Bank of Baroda	819,500	819,500
<b>Total</b>	<b>4,125,248</b>	<b>4,194,681</b>

## SCHEDULE 7:

SUNDRY DEBTORS	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
<b>Over Six Months</b> (Unsecured, considered good unless otherwise Stated)		
Considered Good	41,137,895	30,807,262
Considered Doubtful	2,966,951	5,132,665
	44,104,846	35,939,927
Less: Provision for Doubtful Debts	2,966,951	5,132,665
	41,137,895	30,807,262
<b>Others</b>		
Considered Good	-	9,251,314
<b>Total</b>	<b>41,137,895</b>	<b>40,058,576</b>



# AGRICULTURAL FINANCE CORPORATION LIMITED

## SCHEDULE 8 :

CASH & BANK BALANCES	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
Cash on Hand	7,031	65,493
Postage Imprest	-	-
Remittance in transit / Cheques in Hand	399,200	-
Balances with Scheduled Banks		
In Current Account	2,574,407	9,113,038
Fixed / Margin Deposits with Banks*	77,800,000	32,000,000
Interest Accrued on Fixed Deposits	880,639	394,405
<b>Total</b>	<b>81,661,277</b>	<b>41,572,936</b>

## SCHEDULE 9 :

LOANS & ADVANCES	As at 31-03-2009 Rupees	As at 31-03-2008 Rupees
Loans to Employees	1,140,927	1,499,136
Advances (Recoverable in cash or in kind or for value to be received)		
Tax Advances	8,483,711	6,920,015
Other Advances	4,569,775	2,097,105
Sundry Deposits	5,712,518	3,367,502
<b>Total</b>	<b>19,906,931</b>	<b>13,883,758</b>



**AGRICULTURAL FINANCE CORPORATION LIMITED**

**SCHEDULE 10 :**

<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>As at 31-03-2009 Rupees</b>	<b>As at 31-03-2008 Rupees</b>
<b>Current Liabilities</b>		
Sundry Creditors		
For Expenses and Others	61,888,185	5,158,388
Advances from Customers	177,006,544	96,999,644
	238,894,729	102,158,032
<b>Provisions</b>		
For Taxation (including Wealth Tax)	6,332,457	3,052,036
For Leave Encashment	13,576,143	11,558,714
	19,908,600	14,610,750
<b>Total</b>	<b>258,803,329</b>	<b>116,768,782</b>

**SCHEDULE 11 :**

<b>MISCELLANEOUS EXPENDITURE</b>	<b>As at 31-03-2009 Rupees</b>	<b>As at 31-03-2008 Rupees</b>
Capital Issue Expenses	5,000	10,000
<b>Total</b>	<b>5,000</b>	<b>10,000</b>



**AGRICULTURAL FINANCE CORPORATION LIMITED**

**SCHEDULE 12 :**

<b>CONSULTANCY INCOME</b>	<b>Year Ended 31.03.09 Rupees</b>	<b>Year Ended 31.03.08 Rupees</b>
Value of Closing Jobs In Progress	253,035,000	114,003,000
Value of Assignments completed during the Year	59,314,000	51,351,385
Value of Opening Jobs In Progress	(114,003,000)	(84,002,270)
Consultancy Income from Domestic Assignments	198,346,000	81,352,115
Consultancy Income from International Assignments	121,664	1,115,683
<b>Total</b>	<b>198,467,664</b>	<b>82,467,798</b>

**SCHEDULE 13 :**

<b>INTEREST ON INVESTMENTS</b>	<b>Year Ended 31/03/2009 Rupees</b>	<b>Year Ended 31/03/2008 Rupees</b>
Interest on Fixed/Margin Deposit	6,589,937	2,680,652
13.5% MSRDC (2015) Bonds (Series III)	270,000	270,000
13.5% MSRDC (2015) Bonds (Series V)	540,000	540,000
11.75% Dena Bank (2008) Bonds	212,466	3,525,000
11.95% Canara Bank (2007) Bonds (series II)		42,562
10.25% IDBI OMNI 2002/A (2012) Bonds IV	184,500	184,500
10.65% APPFCL (2013) Bonds	532,500	532,500
7.5% IDBI OMNI (2013) Bonds	187,500	187,500
12% Gujarat State Electricity Board (2008/9) Bonds	266,564	410,564
7.10% Bank of India (2014) Bonds	710,000	710,000
7.45% B O B (2015) Bonds	819,500	819,500
7.50% Bank of India (2015) Bonds	750,000	750,000
7.40% Syndicate Bank (2015) Bonds	370,000	370,000
7.40% Syndicate Bank (2015) Bonds	296,000	296,000
7.25% IDBI (2015) Bonds	145,000	145,000
<b>Total</b>	<b>11,873,967</b>	<b>11,463,778</b>



AGRICULTURAL FINANCE CORPORATION LIMITED

SCHEDULE 14 :

OTHER INCOME	Year Ended 31/03/2009 Rupees	Year Ended 31/03/2008 Rupees
Dividend	67,625	170,225
Interest Received :		
On Loan To Employees	17,998	58,038
Bank Interest	43,492	67,965
Profit On Sale Of Fixed Assets	1,096	80,817
Recovery Of Expenses	452,192	85,032
Miscellaneous Income	94,581	99,697
Journal Subscription Recovery	176,610	423,682
Foreign Exchange Difference	77,425	-
Profit on redemption of bonds		21,076
Claim receipt due to fire	934,194	
<b>Total</b>	<b>1,865,212</b>	<b>1,006,532</b>



**SCHEDULE 15 :**

<b>PROJECT AND OTHER ADMINISTRATIVE EXPENSES</b>	<b>Year Ended 31/03/2009 Rupees</b>	<b>Year Ended 31/03/2008 Rupees</b>
Consultancy Charges	8,280,582	7,396,033
Survey Expenses	111,789,243	10,762,330
Workshop Expenses	2,738,613	4,476,484
Journal Expenses (Net)	257,349	345,148
Travelling and Conveyance Expenses {Include for Directors Rs366514/- ( Previous year Rs395612./-)}	14,499,611	7,002,085
Printing and stationery	3,131,199	3,035,879
Vehicle Hire Charges	2,295,050	1,782,124
Rent	2,947,151	2,725,368
Rates and Taxes	0	7,300
Repairs to Others	1,414,327	959,678
Insurance	40,565	38,713
Communication Expenses	1,196,809	1,265,172
Electricity Charges	729,036	873,064
Computer Expenses	228,466	375,434
Membership and Subscription	65,850	0
Directors' Sitting Fees	20,000	9,500
Legal and Professional Charges	579,020	233,610
Statutory Audit Fees	35,000	38,000
Tax Audit Fees	15,000	17,000
Advertisement	119,660	121,030
Business Promotion Expenses	47,776	190,915
Security Charges	286,594	0
Miscellaneous Expenses	1,913,895	1,563,147
Provision for Doubtful Debts		0
Capital Issue Expenses written off	5,000	5,000
Loss on sale of fixed assets	4,496	50,845
Loss on Redemption of Bond (Net)	146,520	470,200
Designing Charges		21,150
Investigator's Expenses	6,000	494,356
Expenses of earlier year		26,746
EDP Charges	277,708	263,811
Service Tax		133,430
Inspection Charges	52,818	51,608
Training	218,943	311,885
Field Expenses	0	264,386
EPA Expenses	0	142,970
Project Equipment ( RC-NAEB)	0	188,998
Foreign Exchange Differene	0	0
Interest on FBT	30,983	-
Leased Accomodation on House Rent (MWSIP)	125,000	-
Water Charges	61,437	-
Filing Fees	56,530	-
	<b>157,434,288</b>	<b>48,017,698</b>



**AGRICULTURAL FINANCE CORPORATION LIMITED**

**SCHEDULE 16 :**

<b>STAFF COST</b>	<b>Year Ended 31/03/2009 Rupees</b>	<b>Year Ended 31/03/2008 Rupees</b>
Salaries & Allowances and Bonus	36,341,772	35,402,067
Contribution to PF & Other Schemes	5,575,276	3,597,985
Staff Welfare Expenses	2,340,129	2,081,948
Training Expenses	-	-
<b>Total</b>	<b>44,257,177</b>	<b>41,082,000</b>

**SCHEDULE 17 :**

<b>INTEREST AND FINANCE CHARGES</b>	<b>Year Ended 31/03/2009 Rupees</b>	<b>Year Ended 31/03/2008 Rupees</b>
Interest On Overdraft	1,459,675	756,881
Bank Charges	312,903	249,490
Demat & Incidental Expenses	7,126	10,926
<b>Total</b>	<b>1,779,704</b>	<b>1,017,297</b>



1. Previous Year figures have been regrouped / recast, wherever considered necessary.
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.

**3. Contingent Liabilities**

- (a) Bank Guarantees issued on behalf of the Corporation outstanding as on 31.3.2009 aggregate Rs. 125.23 Lakh. (Rs. 61.51 Lakh)
- (b) Company received an income tax demand amounted to Rs.2705446/- (P.Y. Nil), in connection with A.Y.2004-2005 and company filed appeal against order.
4. The Company has applied for the Service Tax Registration in the financial year 2004-05. Service tax authorities have categorized the Company as "Management Consultant". The company has accounted and paid Service tax on collection basis during the year.

The company is following the practice of payment of Service Tax to the Government Treasury upon realization of the Service Tax amount from the clients to whom the taxable services are provided.

The company conducts workshops, trainings, surveys and studies for client that are mainly Government of India & State Government undertaking who provide funds to the Company through their budgetary provisions. The company has been playing the role of a facilitator in completing the tasks assigned by the clients and as such the company contends that it is not providing any services that are liable to Service Tax and therefore is not paying any service tax on assignments which are in the nature of workshops, trainings, surveys and studies.

5. A fire occurred in the company in the year 2007 on date 05/04/2007 causing the damage to the premises of the company. A claim amounted to Rs. 64, 81,000/- was filed with insurance company; however no accounting entries were passed in respect of the same in that financial year. Subsequently In the year 2008-09 dated 06/03/2009, the company had received a settlement amount of Rs. 934194/- Which is included in other income and a provision for the same amount is created in the books for the year 2008-2009. No Fixed assets have been permanently damaged due to the fire in the opinion of the management.

6. During the year company has written back provisions amounting to Rs. 22,38.908 which has been shown as extraordinary items, These amounts pertain to expenditure related to consultancy business.

**7. Regional Centre - National Afforestation And Eco-Development Board (RC-NAEB) Project**

Service & Consultancy Charges include an amount of Rs.209,50,000/- (Rs.122,00,000/-) received by the Company by way of reimbursement of expenses in respect of social forestry project assigned by RC- NAEB Center at its Northern Regional Office, New Delhi and at Head Office, Mumbai.



8. **Reference to Section 383A of Companies Act.**

During the year Company did not have the company secretary as required by Section 383A of the Company Act, 1956.

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

Particulars	Present Managing Director	Previous Year (Rs.)
Remuneration <u>a/</u>	1236557	634614
Compensation for Overseas Assignment	0.0	0
Contribution to PF	149736	75724
Gratuity	0	0
Leave Encashment	0.0	0
Medical Expenses	36819	9880
Perquisites as per Income Tax Rules	23410	22767
<b>Total</b>	<b>1446522</b>	<b>742985</b>

10. **Taxation**

(a) The Component of Deferred Tax balances as on 31<sup>st</sup> March, 2009 accounted in accordance with AS-22 "Accounting for Taxes on Income" issued by ICAI are as under:

(1) **Deferred Tax Assets arising on account of timing difference on**

	As on 31 <sup>st</sup> March 2009	As on 31 <sup>st</sup> March 2008
Doubtful Debts	1008467	1585993
Brought forward losses	540016	0
Expenses allowable on payment basis	4614531	3571643
Depreciation	(116833)	43364
<b>Total</b>	<b>6046181</b>	<b>5201000</b>

	As on 31 <sup>st</sup> March 2009	As on 31 <sup>st</sup> March 2008
Net Deferred Tax Assets	6046181	5201000

11. Balance of Sundry Creditors; Advances from Customers, Sundry Debtors and Loans and Advances are subject to confirmation and reconciliation. Necessary adjustment if required will be made in the accounts after reconciliation.



## 12. Leases

The Company has taken on leases office, residential facilities under operating lease agreements that are renewable on a periodic basis at the option of both the Lessor and the Lessee.

The minimum rental payments required under operating lease that have initially or remaining non-cancelable lease term in excess of one year as at 31<sup>st</sup> March 2009 as per contracts are as follows:

Particulars	As on 31 <sup>st</sup> March 2009	As on 31 <sup>st</sup> March 2008
Not later than one year	2494634	249718
Later than one year but not later than five years	5536043	7414945
Later than five year	3740441	2741300

For the period aggregate rental expenses of all leases is approximately Rs 32, 56,199/- (Previous Year Rs27,25,368/-)

## 13. Income Earned in Foreign Currency including recoverable expenditure:

Particulars	As on 31 <sup>st</sup> March 2009	As on 31 <sup>st</sup> March 2008
Consultancy Fees	121664	1,359,592
Recovery of Expenses	5325645	336,276
Total	5447309	1,695,868

## 14. Expenditure Incurred in Foreign Currency including recoverable expenditure:

Particulars	As on 31 <sup>st</sup> March 2009	As on 31 <sup>st</sup> March 2008
Consultant Traveling Expenses	4060382	295663
Total	4060382	295663

As per our report of even date attached

For M/s. Churuwala & Associates

Chartered Accountants

Partner PRAKASH H. AGARWAL

Membership no.: 036686

Place : Mumbai

Date : 21/8/09



For and on behalf of the Board of Directors

Dr. Jayant Patil  
Chairman

Dr. S N Upadhyaya  
Executive Director

A K Garg  
Managing Director

P M Kshirsagar  
General Manager(F&A)



## AGRICULTURAL FINANCE CORPORATION LIMITED

### SCHEDULE 19: SIGNIFICANT ACCOUNTING POLICIES

#### System of Accounting:

1. The financial statement have been prepared under Historical Cost Convention on going concern basis and in accordance with the Accounting Standards referred to in Section 211 ( 3C ) of the Companies Act, 1956.
2. The Company generally follows the mercantile system of accounting and recognises significant items of income and expenditure on accrual basis.

#### Fixed Assets:

Fixed assets are stated at their original cost or cost of acquisition/ installation and are shown at net of accumulated depreciation. Cost comprises of capital costs and incidental expenses attributable to bring the asset to working condition for its intended use.

#### Depreciation:

The Company provides depreciation on its fixed assets on the written down value method at the rate specified in schedule XIV to the Companies Act, 1956.

#### Investments:

Long-term investments are stated at Cost. In case of Long-term investments, provision is made for permanent diminution in value.

#### Revenue Recognition/ Jobs-in-Progress

Consultancy fees are recognised as per Proportionate Completion Method (PCM) as prescribed in AS - 9 " Revenue Recognition " as certified by the management except under SAMIS assignments, where recognition is done on the basis of actual collection of fees under each assignments. Incomplete assignments at the Balance Sheet date are shown as Jobs in progress.

#### 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 contacts at the year end are realigned at the prevailing exchange rate and difference on realignment and realization is charged to profit and loss account.

#### Retirement Benefits:

1. The Company is having a Group Gratuity cum Life Assurance Scheme with Life Insurance Corporation of India (LIC) and the premium determined by LIC is paid and accounted as gratuity.
2. Contribution to Provident Funds is charged to profit and loss account.
3. The retirement benefits for encashment of leave salary are fully provided for on actuarial valuation.



**Taxes on Income:**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**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 recognised as expenses on accrual basis in accordance with the respective lease agreements.

**Miscellaneous Expenditure:**


1. Capital issue expenses are amortised over a period of 10 years.

As per our report of even date attached


**For M/s. Churuwala & Associates**

Chartered Accountants

For and on behalf of the Board of Directors

  
Partner **PRAKASH. H. AGARWAL**  
Membership no. : 036686  
Place : Mumbai  
Date : 21/8/09

  
**Dr. Jayant Patil**  
Chairman

  
**DR S N Upadhyaya**  
Executive Director

  
**A K Garg**  
Managing Director

  
**P M Kshirsagar**  
General Manager(F&A)



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

### I REGISTRATION DETAILS:

Registration No.

013983

State Code

011

Balance Sheet Date

31

Date

03

Month

09

Year

### II CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND)

Public Issue

-

Rights Issue

-

Bonus Issue

-

Private Placement

-

### III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSAND)

Total Liabilities

210098

Total Assets

210098

Sources of Funds

Paid - up Capital

150000

Reserves & Surplus

37940

Secured Loans

19408

Unsecured Loans

-

Application of Funds

Net Fixed Assets

3461

Investments

59522

Net Current Assets

141063

Misc. Expenditure

5

Accumulated Losses

-



**IV PERFORMANCE OF COMPANY (AMOUNT IN RS.THOUSAND)**

<b>Turnover/Total Income</b>		<b>Total Expenditure</b>	
212206		203471	
<b>+ / -</b>	<b>Profit/Loss Before Tax</b>	<b>+ / -</b>	<b>Profit/Loss After Tax</b>
+	7742	+	5676

(Please tick ✓ Appropriate box + for Profit - for Loss)

<b>Earning per share in Rs.</b>	<b>Dividend</b>
378	NIL

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)**

Item Code No. (ITC Code)	-
Product Description	Consultancy Service Organization
Item Code No. (ITC Code)	-
Product Description	-
Item Code No. (ITC Code)	-
Product Description	-





सत्यमेव जयते

कार्यालय प्रधान निदेशक वाणिज्यिक लेखा परीक्षा तथा पदेन सदस्य, लेखा परीक्षा बोर्ड-I, मुम्बई  
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-I, MUMBAI

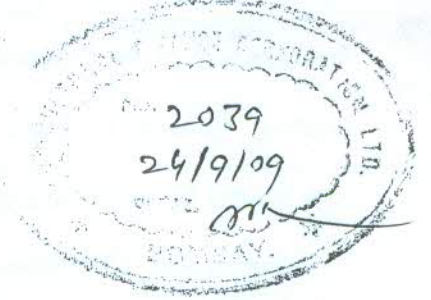
Confidential

No. GA/A/cs/AFC/08-09/346

Date : 22/09/2009

To

The Managing Director  
Agricultural Finance Corporation Ltd,  
Dhanraj Mahal,  
First Floor, C.S.M Marg,  
Mumbai- 400 001.



Sub: Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Agricultural Finance Corporation Limited for the year ended 31 March 2009.

Sir,

Please find enclosed the Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of Agricultural Finance Corporation Limited for the year ended 31 March 2009. The Comments may be placed next to the Statutory Auditors' report with a proper indication in the list of contents in the Printed Annual Report.

A copy of the proceedings of the Annual General Meeting adopting the certified accounts, Statutory Auditors' report and Comments of the Comptroller & Auditor General of India may be forwarded to this office immediately after conclusion of the Annual General Meeting. Ten copies of the printed Annual Report may also be sent to this office.

Receipt of this letter and the enclosures may please be acknowledged.

Yours faithfully,

(Alka R. Bhardwaj)

Principal Director of Commercial Audit and  
Ex-Officio Member, Audit Board-I, Mumbai

Encl. – As above

तीसरी मंजिल, इलाको हाऊस, सर पी.एम. रोड, फोर्ट, मुंबई-400 001.

Third Floor, Ilaco House, Sir P.M. Road, Fort, Mumbai-400 001.

दूरभाष संख्या : 2262 6014 • फॅक्स नं.: 2262 6016 • ई-मेल : mabMumbai1@cag.gov.in • तार : डायरकोमिट

Tel. : 2262 6014 • Fax : 2262 6016 • E-mail : mabMumbai1@cag.gov.in • Grams : DIRCOMIT

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE  
ACCOUNTS OF AGRICULTURAL FINANCE CORPORATION LIMITED FOR  
THE YEAR ENDED 31 MARCH 2009.**

The preparation of financial statements of Agricultural Finance Corporation Limited for the year ended 31 March 2009 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(2) 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 auditing and assurance standards 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 21 August 2009.

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 Agricultural Finance Corporation Limited for the year ended 31 March 2009 and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

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



(Alka R. Bhardwaj)

Principal Director of Commercial Audit and  
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai.

Date : 22 September 2009

# Regional Offices

FORTY FIRST ANNUAL REPORT 2008-2009

EASTERN REGIONAL OFFICE- KOLKATA		
4, Gangadhar Babu Lane, 2nd Floor, KOLKATA – 700 012	Tel. Fax e-mail	: : : <a href="mailto:afccalab@cal2.vsnl.net.in">afccalab@cal2.vsnl.net.in</a>

WESTERN REGIONAL OFFICE- MUMBAI		
Dhanraj Mahal, First Floor Chhatrapati Shivaji Maharaj Marg MUMBAI -400 001	Tel. Fax e-mail	: : : <a href="mailto:afcl@vsnl.com">afcl@vsnl.com</a>

NORTHERN REGIONAL OFFICE- NEW DELHI		
B-1/9, Community Centre, Janakpuri, NEW DELHI – 110 058	Tel. Fax e-mail	: : : <a href="mailto:afcdel@nde.vsnl.net.in">afcdel@nde.vsnl.net.in</a> <a href="mailto:agrifinance@eth.net">agrifinance@eth.net</a> <a href="mailto:nro.afc@gmail.com">nro.afc@gmail.com</a>

SOUTHERN REGIONAL OFFICE- BANGALORE		
2/4, Arangini Bhavan 4 <sup>th</sup> Floor, Dr Rajkumar Road Rajaji Nagar BANGALORE-560010	Tel. Fax e-mail	: : : 080-23125187 08023125189 <a href="mailto:afcbblr@dataone.in">afcbblr@dataone.in</a>

## Branch Offices

HYDERABAD BRANCH			
Flat No: 302, 2 <sup>nd</sup> Floor, B Block, Suban Sirisampada Apartments, Raj Bhavan Road, Somajiguda, HYDERABAD – 500 082	Tel. Fax e-mail	: : :	040-23392411 040-23318004 <a href="mailto:hyd1_afchyd@sancharnet.in">hyd1_afchyd@sancharnet.in</a> <a href="mailto:afchyd@yahoo.com">afchyd@yahoo.com</a>

GUWAHATI BRANCH			
R G Barua Road, 5th Bye Lane, GUWAHATI – 781 003	Tel. Fax e-mail	: : :	0361-2454057 0361-2450233 <a href="mailto:afcghy1@sancharnet.in">afcghy1@sancharnet.in</a>

LUCKNOW BRANCH			
21, Vidhan Sabha Marg, LUCKNOW -226 001	Tel. Fax e-mail	: : :	0522-2237474 0522 -2237469 <a href="mailto:afcllko@satyam.net.in">afcllko@satyam.net.in</a>

PUNE BRANCH			
Tain Square Room No.801, Near Big Bazar, Fatima Nagar, Solapur Road, Wanwarie PUNE – 411 013	Tel.	: : :	022-26861544 - -

## **AFC FOUNDATION**

(Public Charitable Trust Registration No.625 dated 23<sup>rd</sup> January 2007)

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Regd. Address:

B-1/9, Community Centre,  
Janakpuri,

**New Delhi – 110 058**

Ph: 91-11-25595088 Fax: 91-11-  
25597437

e-mail: [afcdel@nde.vsnl.net.in](mailto:afcdel@nde.vsnl.net.in)  
[agrifinance@eth.net](mailto:agrifinance@eth.net)

**Shri. D V Nityanand**  
Chief Executive Officer

**Dr. Vandana Tatra**  
Project Manager (Training & Capacity  
Building)

### **TRUSTEES**

**Shri Y C Nanda, Chairman, AFCL**

**Shri U C Sarangi, Chairman, NABARD**

**Dr. V V Sadamate, Adviser (Agri),  
Planning Commission**

**Shri Parvesh Sharma, IAS, Principal  
Secretary , Government of M. P.**

**SHRI A K GARG**  
Managing Director, AFCL

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### ***Focus:***

Welfare and development of humanity-particularly those belonging to the deprived and marginalized sections of the Society.

### ***Objectives:***

- Poverty alleviation and Livelihood Promotion
- Environmental Upgradation & Natural Resources Management
- Educational, Capacity Building & Training
- Relief and Rehabilitation
- Public Health and Medical Support
- Research & Development
- Millenium Development Goals