

45th Annual Report 2012 - 13



AFC INDIA LIMITED

Formerly Agricultural Finance Corporation Ltd.

(Technical Support Institution Committed to Rural Prosperity)

ISO-9001:2008 Certified Company

DIRECTORS' REPORT 2012-13

To:

The Members AFC India Ltd

Dear Shareholders,

Your Directors have pleasure in presenting you the Forty Fifth Annual Report together with the audited statement of financial accounts of your Company for the year ended March 31, 2013.

During the year, your company changed its name to AFC INDIA LIMITED. The old name i.e. Agricultural Finance Corporation did not reflect the nature of business activities presently undertaken by your Company. In fact, during the Eleventh Five Year Plan period your Company, besides consultancy, diversified into other areas such as grass-roots level project implementation, Training & Capacity building, IT based agricultural interventions, organic farming and monitoring quality aspects of civil works in social sector such as Rural Schools. Hence the old name was not related to present activities which will expand in future.

I. Business Performance (2012-13)

The total number of assignments bagged during the reporting period was 36 with consultancy fees to the tune of Rs.19.60 cr. The volume of business that was carried forward from the previous year was 98 assignments with a fee amount of Rs.45.82 cr. Your Company was able to successfully complete 52 assignments during the year with a PCM income of Rs.20.82 cr. As on 31st March 2013 the on-going business that was carried forward to 2013-14 was Rs.44.60 cr arising from 82 assignments.

II. Review of Financial Results

Your Company has achieved a top line of Rs.22.78 crore during the year 2012-13 which does not compare well with Rs.58.06 crore for the previous year. It may be mentioned that 2011-12 has been an exceptional year for business due to large scale projects. Nevertheless, the company reported a profit (before taxes) of Rs.2.61 crore as compared to Rs.4.69 crore during the previous year.

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

(Rupees in Lakhs)

Particulars	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012	Year ended 31 st March, 2011	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Gross Income	2278.70	5806.21	5195.70	3207.60	1984.67
Gross Expenditure	2016.97	5337.98	5024.95	3040.43	2034.71
Profit Before Taxes	261.72	468.22	170.74	158.29	77.42
Current Tax Expenses	86.21	172.18	56.72	48.91	23.50
For earlier years	9.31	11.52	(26.81)	0.00	0.27
Deferred Taxes	2.61	10.63	8.27	2.75	3.11
Profit after Tax	163.58	274.78	132.56	106.62	56.75

III. Business Outlook for the year 2013-14

Although there was a drop in business volume in the year under review due to reasons explained, nevertheless there is no cause for despair as far as your organization is concerned. Already business with Rs.12 crore has been booked in the first three months. It is expected that total business would exceed that of the year under review. The Twelfth Plan document speaks of increased allocations for Natural Resources Management, Rural Transformation, Farm Sector, Health, Skill Development, Social and Regional Equity and Governance. These cover a wide canvass of sub-sectors. Similarly the various state plans also have their own programmes. With many development agencies being involved, there is therefore good prospects of increasing business in the coming years. However, the only constraints in business expansion would be skill and leadership of in-house staff. With infusion of new talent in the organization which would be able to play leadership role in giving direction to the existing verticals and forming strategic alliances with business associates, the future as far as traditional consulting business and grass roots project implementation looks bright.

IV. Corporate Governance

Your Company believes that Corporate Governance is the set of process, customs, policies, rules, regulations, and laws by which the companies are directed, controlled and administered by the management in the best interest of stakeholders. It ensures fairness, transparency, accountability and independent monitoring. Your Company, since its inception, recognized the importance of Corporate Governance and is proactive in following the

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principles and practices of good corporate governance. Your company believes in transparency in all facets of its operations and in its interaction with shareholders, stakeholders, clients, employees & Government agencies. It places emphasis on integrity, accountability and regular & prompt compliance with all statutory and regulatory requirements. Your Company's Articles and Memorandum of Association fully reflect, in letter and spirit, the key elements of good Corporate Governance. The Board of Directors of your Company consists of fifty percent of Independent Directors and balance Shareholder Director, besides the Managing Director. The Board meets regularly and the senior executives of your Company are invited to attend the Board Meetings.

V. Organizational Restructuring

The Restructuring exercise that has been done in the last two years has resulted in the company becoming a leaner and meaner outfit with the same volume of work being done by fewer staff contributing greatly to productivity and efficiency. However, there is still scope for improvement. It is proposed to identify the skill levels of each staff and assign work specifically suited to the skill which would also be sought to be upgraded by suitable training.

VI. Business Associates

The organizational restructuring was made possible with the adoption of the Business Associates model by the company in the last four to five years. Although there are many institutions which are interested in becoming our associates, the company has based on its experience in the last few years have been selective in their empanelment choosing only such organizations which are capable of adding value to business in terms of their ability to bring business on their own and execute the same or having expertise which are not possessed inhouse and to whom assignments could be gainfully outsourced for execution with suitable supervision from our end.

VII. Directors' Responsibility Statement

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

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- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
 - Appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs at the end of the financial year and of the profit or loss of the Company for the financial year ended 31st March 2013;
 - Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
 - The annual accounts have been prepared on a going concern basis.

VIII. Board of Directors

During the year, your Board underwent a major change in composition. Representatives of Government of India from Ministry of Finance, Ministry of Agriculture and Planning Commission ceased to be appointed on the Board following the realization that not only had they no role to play but there was ground for conflict of interest since AFC was bidding for many GOI assignments. The composition of the Board of Directors as on 31st March, 2013 is as follows:

S.No	Name	Particulars
1	Dr.C.D.Mayee	Former Chairman, Agricultural Scientists Recruitment Board, New Delhi
2	Shri T C Venkat Subramanian	Ex-Chairman & Managing Director, EXIM Bank of India
3	Dr Prakash Bakshi	Chairman, National Bank for Agriculture and Rural Development (NABARD)
4	Shri T C A Ranganathan	Chairman & Managing Director, EXIM Bank of India
5	Smt Archana S Bhargava	Executive Director, Canara Bank
6	Shri B P Sharma	Executive Director, Bank of India
7	Shri R K Goyal	Executive Director, Central Bank of India
8	Shri A K Garg	Managing Director, AFC India Ltd.

IX. Audit Committee

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

Name	Category	Committee Designation
Dr.C.D.Mayee	Independent Director	Member
Shri T C Venkat Subramanian	Independent Director	Member
Shri R K Goyal	Shareholder Director	Member (w.e.f 28 th March 2013)

Audit committee held four meetings during 2012-13 on quarterly basis. An independent external agency has been associated for internal audit.

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

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

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

XI. (a) Appointment of Directors

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

	Directors	Date of Appointment
1	Smt. Vijay Laxmi Iyer, Executive Director, Central Bank of India	16.06.2012
2	Shri B P Sharma, ED, Bank of India	30 th July, 2012
3	Shri R K Goyal, ED, Central Bank	13 th Feb. 2013
4	Smt. Archana S Bhargava	21 st May, 2012

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(b) Cessation of Directors

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

	Director	Date of Cessation
1	Dr. V V Sadamate, Advisor (Agril.) Planning Commission	29 th August, 2012
3	Shri R K Tiwari, Joint Secretary (Credit), Ministry of Agriculture, GOI	2 nd January, 2013
2	Smt. Sukhriti Likhi, IAS Director, Department of Financial Services, GOI	2 nd January, 2013
3	Dr.S K Goyal, Principal Secretary Agriculture & Marketing Dept. Government of Maharashtra	28 th June, 2012
4	Shri M D Mallaya, Chairman and Managing Director, Bank of Baroda	1 st December, 2012
5	Shri Y C Nanda, Chairman, AFC	31 st March 2012
6	Smt. Vijay Laxmi R Iyer, Executive Director, Central Bank of India	13 February, 2012

XII. Appointment of Company Secretary

During the Board Meeting held on 28th,Dec.2011,M/s V.K.M. Associate, practicing Company Secretary was appointed as Company Secretary to fill in the vacant position fallen due to resignation of Mr. Jayesh Sharma our previous Company Secretary.

XIII. Auditors

The Comptroller and Auditor General, Government of India, had appointed M/s. S. Sadashiv & Co., Chartered Accountants, Mumbai as Statutory Auditors of your Company for the financial year 2012-13 to hold office until the conclusion of the ensuing Annual General Meeting.

XIV. Acknowledgements

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

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for their guidance and support.

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

**For and on behalf of the Board of Directors of
AFC INDIA LTD.**

Place: Mumbai

CHAIRMAN

Dated: 26th September, 2013

Details of Assignments Canvassed During 2012-13

	Project Title	Client	Fees (Rs. in Lakh)
1	Empanelment of Project Management Agency (PMS) to Implement publicity and Awareness building plan to support the Venture Assistance Scheme of SFAC.(Jul.12 to Sept.12)	Small Farmers Agri-Business Consortium, New Delhi	29.50
2	Third Party Quality Assurance & Technical Audit of SSA civil works of the year 2010-11 RTE & 2011-12 SSA for Dharwad	Sarva Shikha Abhiyana – Karnataka	62.35
3	100% Physical Verification of Minor Irrigation Schemes under Rural Development and Water Conservation Department	Rural Development & Water Conservation Department, Mantralaya, Govt. of Maharashtra	47.09
4	Evaluation Studies of XI plan for NWDPPRA in Jharkhand 94 Watershed	Government of Jharkhand, Department of Agriculture & Sugarcane Development (Directorate of Soil Conservation)	15.44
5	Valuation of Structures Lingapur Village Ramagundam Mandal Karimnagar Dist.(400 Structures)	Government of Andhra Pradesh, Revenue Department, Land Acquisition Unit, S.C.Co.Ltd.,	3.72
6	Quick Analysis Study of National Horticulture Mission	Small Farmers' Agri-Business Consortium	6.40
7	Preparation of estimates of Structures for 5 Villages in Manthani Division of Karimnagar District (2500 Structures)	Government of Andhra Pradesh, Revenue Department, Land Acquisition Unit, S.C.Co.Ltd.	23.25
8	Estimation of Structures in Goveravelly reservoir.	Government of Andhra Pradesh, Revenue Department, Land Acquisition Unit, S.C.Co.Ltd.	10.11
9	M & E : Monitoring & Evaluation of Projects Sanctioned by NMPB during 2007-08,2008-09 and 2009-10	Ministry of Health & Family Welfare, Department of AYUSH, NMPB	239.67
10	Organic Farming on 2500 Ha under NHM and 500 Ha under VIUC Programme during 2012-13 in Orissa	Odisha Horticulture Development Society	600.00

Project Title		Client	Fees (Rs. in Lakh)
11	RC-NAEB Mumbai for 2012-13)	Ministry of Environment & Forest, National Afforestation & Eco- Development Board (RCNAEB), Government of India	89.69
12	Preparation of Water Security plan for 13 GPs @ Rs.4.80 lakh per GP	Kerala Rural Water Supply & Sanitation Agency	62.40
13	Physical Verification of PMEGP units in Gujarat for 2011-12	Khadi & Village Industries Commission, Ahmedabad,Gujarat	14.90
14	Final Review and Evaluation of JICA assisted Karnataka Sustainability Forest Management and Bio-Diversity	Karnataka Forest Department	54.00
15	Evaluation Study of DPAP 6th,7th & 8th batch of Nuapada District. Orissa	Government of Orissa,Orisa Watershed Development ,Bhubaneswar	0.567
16	Evaluation Study of DPAP Kalahandi Har-1,Har-II,Har-III & Har-IV Watershed Projects .Orissa	Government of Orissa, Orissa Watershed Development Mission, Bhubaneswar	0.70
17	RC-NAEB New Delhi for 2012-13	Ministry of Environment & Forest, National Afforestation & Eco- Development Board (RCNAEB), Government of India	95.50
18	Conducting Impact Assessment Study on" India Portal" Project	Government of India, Ministry of Communication and Information Technology, Department of Electronic and Information Technology	19.00
19	Conducting Baseline Study on " e- Panchayat " Project	Government of India, Ministry of Communication and Information Technology, Department of Electronic and Information Technology	15.00

Project Title		Client	Fees (Rs. in Lakh)
20	Conducting Detailed Assessment Study on " Sujala Watershed "Project	Government of India, Ministry of Communication and Information Technology, Department of Electronic and Information Technology	15.00
21	Conducting Impact Assessment Study on " I-Geo Approach " Project	Government of India, Ministry of Communication and Information Technology, Department of Electronic and Information Technology	14.00
22	Conducting Baseline Study on " PDS Online " Project.	Government of India, Ministry of Communication and Information Technology, Department of Electronic and Information Technology	14.00
23	National Agricultural Innovation Project (NAIP) Godda	Indian Council of Agriculture Research (ICAR), National Agricultural Innovation Project (NAIP)	38.12
24	Preparation of Evaluation report on GALVANO Castings Pvt.Ltd.Bangalore	The Karnataka State Co-Operative Apex Bank Ltd	0.35
25	II nd Empanelment of Project Management Agency (PMA) to Implement Publicity and Awareness building plan to support the Venture Assistance Scheme of SFAC.(Oct.12 to Dec.12)	Small Farmers' Agri-Business Consortium	35.96
26	Maharashtra Water Sector Improvement Project(MWSIP) period up to 17 March 2014	Water Resource Department, Government of Maharashtra	229.23
27	Evaluation of Schemes of the Department of AYUSH : 1) Information,Education and Communication. 2)Scheme for Acquisition, Cataloging, Digitization and Publication of Text Book & Manuscripts. 3)Revitalization of Local Health Traditions, Midwifery Practices	Department of AYUSH, New Delhi	10.35

Project Title		Client	Fees (Rs. in Lakh)
28	Implementation of Scheme for Promotion of 100 Women SHGS in Bhawanipatna Block of Kalahandi (Backward & LWE) District.	National Bank for Agriculture and Rural Development (NABARD),Bhubaneswar	10.00
29	Capacity Building and Training (CB & T) of ER and functionaries of PRI in the Dhalai District of Tripura.	District Panchayat Officer Govt of Tripura District Dhalai	28.50
30	Preparation of Detailed Project Report (DPR) for Integrated Tribal Development Programme in Bhavanipatna Block of Kalahandi District.	National Bank for Agriculture and Rural Development (NABARD),Bhubaneswar	0.60
31	Apiculture Project for Meghalaya - Phase I, Meghalaya Basin Development Authority (MBDA) Govt of Meghalaya	Meghalaya Basin Development Authority (MBDA), Govt of Meghalaya	57.95
32	Evaluation of Farm Ponds in Maharashtra, Govt of Maharashtra	Soil Conservation, Watershed Department, Government of Maharashtra, Pune	28.17
33	Training Under Integrated Watershed Management Programme for WCDC & WDT Employees in Uttar Pradesh	Govt of U.P, Watershed Department, Lucknow	24.00
34	IIIrd Empanelment of Project Management Agency (PMA) to Implement Publicity and Awareness building plan to support the Venture Assistance Scheme of SFAC.(Jan.13 to March 13)	Small Farmers' Agri-Business Consortium	34.50
35	Investigative Study of NAIS Coverage under Kharif 2012 in Gujarat	Agriculture Insurance Company of India, Regional Office Ahmedabad	8.00
36	Evaluation and Impact Assessment Study of Pilot Crop Insurance Schemes.	Ministry of Agriculture, Department of Agriculture & Cooperation	22.11
		Total	1960.13

Major Assignments

I. **Illrd Empanelment of Project Management Agency (PMA) to Implement Publicity and Awareness building plan to support the Venture Assistance Scheme of SFAC.(Jan.13 to March 13)**

Small Farmers' Agribusiness Consortium which is implementing the Central Sector Venture Capital Assistance Scheme, has empanelled AFC as a Project Management Agency to provide a package of services for supporting a. advertising, b. public relations and c. awareness building inputs for the effective implementation of the Scheme. The deliverables have been grouped into packages for each of these three components in which are listed various sub-components. AFC is using the services of a media and public relations organization for this unique assignment.

II. **Third Party Quality Assurance & Technical Audit of Sarva Shiksha Abhiyana (SSA) civil works for the year 2010-11 RTE & 2011-12 SSA for Dharwad Division.**

The SSA, Karnataka, has entrusted the task of Third Party Technical Audit and Quality Assurance of SSA Civil Works – construction of school buildings and Toilet blocks for 2010-11 RTE and 2011-12 for Dharwad Division consisting of the districts of Dharwad, Gadag, Haveri, North Canara for Sarva Shiksha Abhiyan (Total Literacy Programme – launched by Government of India), Karnataka. The main tasks involved are (i) monitoring the progress of work and assess the quality of work carried out by the SDMCs, which includes physical verification of the works and evaluation of technical specifications adhered to in the works; and (ii) ensuring quality standards and reporting deviations, suggesting rectifications if any to the concerned authorities and to assist the SDMCs to follow the technical guidance.

AFC has evolved a set of guidelines, training modules and other related tools for both assessing the quality of materials and work carried out by the contracting firm/s School Development Management Committee (SDMC) and as well for monitoring. AFC collects the sample (materials) such as sand, cement, brick, steel etc. and gets the same tested at M/s Karnataka Test House Pvt Ltd, Belgaum to ensure the suitability of material is accordance with SSA requirement. AFC's Team comprising of Team Leader and adequate number of competent & experienced field staff (District Engineers-10) is overseeing the monitoring job. As a part of assignment, AFC also submits periodical progress reports, up-keeps SSA about the details of guidance provided to SDMSs and action taken and holds discussions with competent authorities at regular intervals.

III. **Monitoring & Evaluation of Projects Sanctioned by National Medicinal Plants Board during 2007-08,2008-09 and 2009-10**

This assignment has been awarded to AFC by Department of AYUSH, Ministry of Health & Family Welfare, Government of India. This is an all India assignment covering 32 states. It involves the Monitoring and Evaluation of all projects sanctioned under the Centrally Sponsored Scheme of National Mission on Medicinal Plants for Conservation, Development & Sustainable Management of Medicinal Plants. Under the assignment each project site is required to be visited at least twice during its project life. The monitoring report covers all contractual farming, Conservation, Resource Augmentation, MPCA and R&D projects indicating the area

covered, baseline survey undertaken, details of plantation, species covered, employment generated, market linkage established, manures/fertilizers used, source of elite seedlings, quantity of produce traded and income generated. The reports have to be site specific for Conservation, Cultivation, Network and other projects of the Forest Department. A minimum of 150 monitoring reports are to be submitted each month. In addition a consolidated report is to be submitted every three months on the field work carried out separately for each project. For Network projects, it is required to visit all farmer institutions, deliverables/objectives achieved by project partners vis-s-vis targets, financial expenditure etc. For Database projects it is necessary to comment critically on the data developed regarding its utility and suggestions for its optimum utilization and shortcomings if any.

IV. Organic Farming on 2500 Ha under NHM and 500 Ha under VIUC Programme during 2012-13 in Orissa

AFC has been awarded the work of Adoption and Certification of 2500 hectares of land comprising 2000 ha in Kandhamal District and 250 Ha each in Mayurbhanj and Dhenkanal Districts together with another 500 Ha in contiguous areas of Khurda and Nayagarh Districts of Orissa under Organic Farming in period of three years by the Director of Horticulture & Secretary Odisha Horticulture Development Society. AFC is implementing this assignment through its Business Associate International Traceability Systems Ltd. The assignment involves the creation of infrastructure facilities for input production with participating farmers for strengthening of infrastructure for production of organic measures such as vermin-compost, NADEP Compost, bio-dynamic compost, micromediated compost including promotion on the use of inputs such as bio-enhancers, bio-agents, bio-pesticides etc for better nutrient supplement and effective management of pests and diseases. The focus will be on clusters of commercial crops having at least one cycle of horticultural crops. Before the adoption and certification of organic farming, a status report of identified cluster is required to be submitted to the client which would consist of a baseline survey prior to the identified area being converted into organic farming. All project areas taken up under organic production is required to be certified by a competent agency accredited to APEDA. The certifying agency is required to verify the parameters under National Programme for Organic Production (NPOP) and guidelines issued by APEDA. The State Horticulture Mission in turn would carry out independent third party evaluation of the certification through any agency whose report would be accepted by AFC and the client. AFC is also required to ensure arrangements for marketing of organic produce.

V. Project Management Agency for 100% Physical Verification of Minor Irrigation Schemes under Rural Development and Water Conservation Department of Government of Maharashtra

The Department was desirous of carrying out 100% physical verification of all completed Minor Irrigation Schemes under its jurisdiction in order to gather information about the present condition /status, repairs and utility services in all the 33 districts of the State. In the first phase, the Department intends to cover six pilot districts of the State namely, Jalna, Pune, Amaravati, Nashik, Chandrapur and Thane. AFC has been appointed as Project Management Agency (PMA) for overall coordination of the physical verification of the MI Schemes.

VI. Final Review and Evaluation of JICA assisted Karnataka Sustainable Forest Management and Bio-Diversity Conservation Project – Karnataka Forest Department

The Japan International Cooperation Agency funded project is under implementation in 00 districts of Karnataka from 2002-03 to 2012-10 with a total outlay of Rs. 445 crore. The major components of the Project are a) afforestation, b) protected area management and biodiversity, c) participatory forest management, d) supporting activities for forest management, monitoring and evaluation, enhancement of GIS and MIS and e) provision of basic infrastructure for field work. The overall objective of the Final Review and Evaluation awarded to AFC would focus on relevance, efficiency, effectiveness, impact and sustainability of the project plans.

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

AFC is operating two Regional Centres for National Afforestation and Eco Development Board (NABB), MoEF, GOI one each at New Delhi (established in 1988) and Mumbai (established in 1966). Through these centres, a wide range of services are provided to different stakeholders under forestry schemes in a number of Northern (Haryana, Uttar Pradesh, Rajasthan, Uttarakhand and NCT of Delhi) and Western (Maharashtra, Goa, Gujarat, Daman and Diu, and Andhra Pradesh and Karnataka) States. The Regional Centres have the following objectives:



Empanelment of Project Management Agency (PMA) to Implement Publicity and Awareness building plan to support the Venture Assistance Scheme of SFAC



Third Party Quality Assurance & Technical Audit of Sarva Shiksha Abhiyana (SSA) Civil works for the year 2010 - 2011 RTE & 2011 - 2012 SSA for Dharwad Division



Bael (Aegle marmelos in Damoh District of MP

Herbal Garden, Kottakal, Kerala

Monitoring & Evaluation of Projects Sanctioned by National Medicinal Plants Board during 2007 - 2008, 2008 - 2009 and 2009 - 2010



Organic Farming on 2500 HA. under NHM and 500.HA. under VIUC Programme during 2012 - 2013 in Orissa



Final Review and Evaluation of JICA assisted Karnataka Sustainable Forest Management and Bio-Diversity Conservation Project - Karnataka Forest Department

SISTER CONCERNS

1. AFC Foundation

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

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

However, retail micro finance operations are being wound up due to strategic reason and no new investments are being made. As on March 31, 2013, AFC Foundation has to pay **Rs. 61.15** lakhs to the company. AFC Foundation recycling the funds regularly, paying the interest and repaying the loan.

ii) **Distance Education.** The Foundation is running four short term courses in English: (1) Diploma in Microfinance (2) Diploma in Foreign Trade Management. (3) Diploma in Clean Development Mechanism (CDM); (4) Diploma in Banking and Finance. During the year, a certificate course in Panchayati Raj Governance was launched in Hindi from our Lucknow office. The company also enrolled with Entrepreneurship Development Institute of India, Ahmedabad as a Nodal Centre in Mumbai to conduct its Diploma in Entrepreneurship and Business Management Course. The CDM course is more popular, followed by Banking and Finance and Microfinance course.

2. AFCL Finance Services Pvt. Ltd.

Your Company has incorporated a wholly owned subsidiary 'AFCL Finance Services Pvt. Ltd.' on 11th March, 2010 with the objectives of carrying out (i) the business of financing, corporate lending as well as micro financing in all its aspects and by all possible ways and means on short term, medium term and long term basis; (ii) the business of hire purchase, leasing, installment financing, refinancing and letting on hire all description, agriculture

implements, machineries and all other goods and articles which can be financed by hire purchase leasing or otherwise and (iii) to promote and organize research and development or to act as consultant, advisor, manager, representative, retainer or in other capacity for the purpose of accomplishment of the objects under these present capacity in the field of micro finance, small & medium enterprise finance, agri finance, and any other related activities. Business operations of this subsidiary are likely to commence shortly after drawing a sound road map based on a vision document.



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

Confidential

No.171-PDCA/MAB-IV/A/cs/AFCL/13-14/1103

Dated: 10.10.2013

To

**The Managing Director,
AFC INDIA LIMITED,
Dhanraj Mahal,
First Floor, C.S.M. Marg,
Mumbai-400001.**

Sub: Comments of the Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of AFC INDIA LIMITED for the year ended 31 March 2013.

Sir,

I am to enclose herewith the comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the accounts of **AFC INDIA LIMITED** for the year ended 31st March 2013.

The receipt of the letter may kindly be acknowledged.

Yours faithfully,

Encl: As above

Atreyee Das
(Atreyee Das) 10/10/13

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

आठवाँ व नवाँ तल, संकाय भवन, 10, बहादुर शाह ज़फर मार्ग, नई दिल्ली-110002
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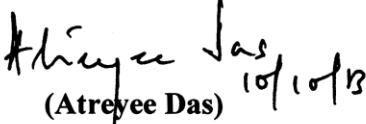
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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF AFC INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of **AFC INDIA LIMITED** for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on the independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their revised Audit Report dated **26.09.2013**.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of **AFC INDIA LIMITED** for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note No. 4,7,13,17,19,21 & 24 of the Notes forming part of Accounts, I have no further comments to offer upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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


(Atreyee Das) 10/10/13

Place: New Delhi.

Date: 10.10.2013

Pr. Director of Commercial Audit &

Ex-Officio Member, Audit Board-IV

AUDITORS REPORT

To,
The Members,
AFC INDIA LTD.

We have audited the attached Balance Sheet of **AFC INDIA LTD.** as at 31st March, 2013 and the attached Profit and Loss Account of the Company for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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



S. SADASHIV & CO.
CHARTERED ACCOUNTANTS

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

(i) The Company has not provided for accrued liability on account of Gratuity of Rs. 22,17,176/- (Previous Year Rs. 75,09,396/-). If the provision would have been made, the profits would have been reduced by Rs. 22,17,176/-.

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

- a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013.
- b. In the case of the Profit and Loss account, of the profit for the year ended on that date.

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



(S. S. SHETTY)
PARTNER

PLACE: MUMBAI
DATE : 26.09.2013

MEMBERSHIP NO. 012165

AUDITORS REPORT

ANNEXURE TO AUDITOR'S REPORT ON THE ACCOUNTS FOR
THE YEAR ENDED 31ST MARCH, 2013.

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. As explained to us, all fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verifications.
3. The Company's nature of operations does not require it to hold inventories. Consequently, clause 4 (ii) of the Companies (Auditor's Report) (Amendment) Order, 2003 ('the Order') is not applicable.
4. The Company has not obtained any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management as defined under section 370 (1B) of the said Act.
5. The Company has granted unsecured loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or to companies under the same management as defined under section 370 (1B) of the said Act amounting to Rs. 73,41,205/- (P.Y. Rs. 1,02,76,098/-).
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not noted any major weakness in the internal control system during the course of the audit.
7. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of the sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
9. The Company has not accepted deposits from the public within the meaning of Section 58A and Section 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed there under.
10. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



S. SADASHIV & CO.
CHARTERED ACCOUNTANTS

11. In respect of Statutory Dues :

- a. According to the records of the Company, the Company is regular in depositing with appropriate authorities, undisputed statutory dues including Income Tax, other taxes, cess and statutory dues applicable to it as explained to us by the management. According to the information and explanations given to us, no undisputed amounts payable in respect of Income - Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Cess were outstanding as at 31st March, 2013 for a period of more than six months from the date those became payable.
- b. According to the records of the company, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, cess which have not been deposited on account of any dispute except the following:

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

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



S. SADASHIV & CO.
CHARTERED ACCOUNTANTS

19. According to the information and explanations given to us and on an overall examinations of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
20. During the year, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
21. The Company has not raised any monies by way of issue of debentures during the year. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
22. The Company has not raised any money by public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable to the Company.
23. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

PLACE: MUMBAI
DATE : 26.09.2013



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


(S. S. SHETTY)
PARTNER

MEMBERSHIP NO.012165

AFC INDIA LTD

BALANCE SHEET AS AT 31st March 2013

(Amt. in Rs.)

Particulars	Note	As at 31st March, 2013	As at 31st March, 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	3	150,000,000	150,000,000
(b) Reserves & Surplus	4	92,660,176	75,867,259
(2) Non current Liabilities			
(a) Long term provisions	5	6,834,282	6,871,496
(3) Current Liabilities			
(a) Short term borrowings	6	19,216,399	-
(b) Trade Payables	7	564,711,678	442,243,838
(c) Other current liabilities	8	749,586	5,611,463
(d) Short term provisions	9	74,901,602	317,581,273
TOTAL		909,073,723	998,175,329
II. Assets			
(1) Non current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	7,449,434	6,182,453
(ii) Intangible Assets	10	95,874	138,895
(b) Non Current Investments	11	51,091,589	52,888,889
(c) Deferred Tax Assets (Net)	12	3,618,443	3,880,066
(d) Long-term loans & advances	13	13,249,616	12,193,616
(2) Current Assets			
(a) Other current assets	14	628,090,968	524,882,023
(b) Trade Receivables	15	39,178,189	27,486,459
(c) Cash and Cash Equivalents	16	156,725,733	359,878,050
(d) Short-term loans & advances	17	9,573,877	10,644,879
TOTAL		909,073,723	998,175,329

Notes on Financial Statements
Significant Accounting Policies

1 to 28

As per our report of even date attached

For and on behalf of the Board of Directors

For S.Sadashiv & Co
Chartered Accountants

Dr C D Mayee
Chairman

A. K. Garg
Managing Director

(S.S.Shetty)
Partner
Membership No:012165
Place : Mumbai
Date :26th September,2013

Mamta Sahal
Head(Finance & Accounts)

AFC INDIA LTD

Statement of Profit And Loss for the year ended 31st March, 2013

(Amount.In Rupees)

Particulars	Note	31st March 2013	31st March 2012
INCOME			
Revenue from Operations	18	208,208,433	564,310,138
Other Income	19	18,788,204	16,401,046
Total Revenue		226,996,637	580,711,184
EXPENDITURE			
Project Expenses	20	136,883,335	431,522,338
Employees Benefits Expense	21	45,698,177	64,094,903
Finance Costs	22	1,642,727	2,107,535
Depreciation and Amotisation Expense	10	1,655,405	1,186,612
Other Expenses	23	15,783,820	34,887,239
Total Expenses		201,663,464	533,798,627
Profit before Extraordinary items		25,333,173	46,912,557
Extraordinary items	24	1,273,948	-
Profit before Tax		26,607,121	46,912,557
Tax Expense :		-	
Current Tax Expense		8,621,094	17,218,436
Tax Expense for earlier years		931,487	1,152,198
Deferred Tax		261,623	1,063,354
Profit for the year		16,792,917	27,478,568

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

Basic and Diluted (in Rupees)	25	1,120	1,832
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Notes on Financial Statements
Significant Accounting Policies

1 to 28

For and on behalf of the Board of Directors

As per our report of even date

For S.Sadashiv & Co
Chartered Accountants

Dr C D Mayee
Chairman

A. K. Garg
Managing Director

(S.S.Shetty)

Partner

Membership No:012165

Place : Mumbai

Date :26th September,2013

Mamta Sahal

Head(Finance & Accounts)

Notes on Financial Statements for the Year Ended 31st March, 2013.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING:

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

b. USE OF ESTIMATES:

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

c. REVENUE RECOGNITION:

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

d. FIXED ASSETS:

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

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e. DEPRECIATION:

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

f. INVESTMENTS:

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

g. EMPLOYEE BENEFITS:

A. Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.

B. Post employments benefits:

I. Defined contribution plans:

i) For all employees, provident fund monthly contributions are made to trust administered by the company. The interest rate payable by the Trust to the beneficiaries is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on investments of the trust and the notified interest rates. Company's contribution towards the provident fund scheme are recognized during the year in which the related service is rendered.

ii) The company has taken a policy of Group Gratuity cum Life Assurance Scheme with Life Insurance Corporation of India (LIC) and the premium determined by the LIC is paid and accounted as gratuity.

II. The retirement benefits for encashment of leave salary are fully provided for on actuarial valuation.

h. TAXATION:

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

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

i. EVENTS OCCURRING AFTER BALANCE SHEET DATE:

No significant events which could affect the financial position as on 31.03.2013 to a material extent have been reported by the company, after the balance sheet date till the signing of report.

j. TRANSACTIONS IN FOREIGN CURRENCY:

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

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

k. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

l. OPERATING LEASES:

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

m. PROVISION FOR BAD AND DOUBTFUL DEBTS:

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

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

3. SHARE CAPITAL

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Authorised Share Capital 100,000 equity shares of Rs.10,000/- each	1,000,000,000	1,000,000,000
Issued,Subscribed and Paid up 15,000 equity shares of Rs 10,000/- each fully paid	150,000,000	150,000,000
Total	150,000,000	150,000,000

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

Name of Shareholders	No. of Shares As At 31/03/2013	No. of Shares As At 31/03/2012
NABARD	1000	1000
Export Import Bank of India	750	750
Central Bank of India	1608	1608
Bank of Baroda	1603	1603
Bank of India	1261	1261
Punjab National Bank	1089	1089
UCO Bank	803	803
Standard Chartered Bank	950	950

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

Particulars	As at 31st March, 2013 No. of shares	As at 31st March, 2012 No. of Shares
Equity Shares at the beginning of the year	15,000	15,000
Issued during the year	--	--
Equity Shares at the end of the year	15,000	15,000

4. RESERVES AND SURPLUS

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Profit And Loss Account		
As per last Balance Sheet	75,867,259	57,105,378
Add : Profit for the year	16,792,917	27,478,568
	92,660,176	84,583,946
Less : Appropriation		
Proposed Dividend of Equity Shares	-	7,500,000
Tax on Dividend	-	1,216,688
Total	92,660,176	75,867,259

5. Long term provisions

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Provision for Employees Leave Encashment	6,834,282	6,871,496
Total	6,834,282	6,871,496

6. Short Term Borrowing

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
SECURED OVERDRAFT From State Bank of Patiala	19,216,399	-
Total	19,216,399	-

6.1 The overdraft of Rs.19,216,399 /- has been secured against Fixed Deposits of the company.

7. TRADE PAYABLES

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Micro, Small and Medium Enterprises @ Creditors For Project Expenses Advances from Customers	8,799,604 555,912,075	9,897,336 432,346,502
TOTAL	564,711,679	442,243,838

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

7.1 Advances from customers include an amount of Rs. 148 lakhs (Previous Year Rs. 69.94 lakhs) received by th Company by way of Grants in Aid from the Government of India, Ministry of Environment & Forests National Afforestation & Eco-Development Board towards expenditure under Support to Regional Centre Scheme for F.Y. 2012-13.

8. OTHER CURRENT LIABILITIES

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Provision for Taxation (A.Y. 13-14) Net Others	51,189 698,397	4,844,753 766,710
TOTAL	749,586	5,611,463

9. SHORT TERM PROVISIONS

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Provision for Project Expenses	59,035,593	283,729,032
Provision for Employee Benefits		
For Employees Incentive	-	3,095,000
For Employees' Leave Encashment	2,748,206	2,627,965
For Employees' VRS Compensation	-	2,662,632
For Employees' Gratuity	8,100,000	8,500,000
Provision for Other Expenses	5,017,803	16,966,644
TOTAL	74,901,602	317,581,273

9.1 The Retirement benefit scheme of the company is funded by Life Insurance corporation(LIC) of India. As per the actuarial valuation certificate received from LIC, provision of Rs. 1,03,17,116/- is to be made for Gratuity as per present value of past service benefit. However, provision of Rs. 81,00,000/- only is made for gratuity.

AFC INDIA LTD

10. FIXED ASSETS

(In Rupees)

Fixed Assets	Rate of Dep.	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION			NET BLOCK			
		As at 01.04.2012	Additions during the year	Deductions / Adjustments	As at 31.03.2013	As at 01.04.2012	For the Year	Deductions / Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
(A) TANGIBLE											
Building	5%	246,597	0	0	246,597	200,037	2,328		202,365	44,233	46,561
Furniture & Fixtures	18.10%	8,479,523	2,391,642	71,374	10,799,791	6,767,402	471,135	61,187	7,177,350	3,622,441	1,712,121
Office Equipment	13.91%	6,607,241	356,844	176,497	6,787,588	5,111,833	230,324	169,342	5,172,815	1,614,772	1,495,407
Air Conditioners	13.91%	1,355,690	0	31,000	1,324,690	769,023	81,189	19,254	830,958	493,731	586,666
Vehicles	25.89%	1,322,818	0	0	1,322,818	227,895	283,476	0	511,371	811,447	1,094,923
Computers	40%	10,827,443	148,050	368,391	10,607,102	9,580,668	530,964	367,340	9,744,292	862,810	1,246,775
Total (A)		28,839,312	2,896,536	647,262	31,088,586	22,656,858	1,599,416	617,123	23,639,151	7,449,434	6,182,453
(B) INTANGIBLE											
Software	40%	1,467,513	12,968	0	1,480,481	1,328,618	55,989	0	1,384,607	95,874	138,895
Total (B)		1,467,513	12,968	0	1,480,481	1,328,618	55,989	0	1,384,607	95,874	138,895
Total (A+B)		30,306,825	2,909,504	647,262	32,569,067	23,985,476	1,655,405	617,123	25,023,758	7,545,308	6,321,348

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

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

11. NON-CURRENT INVESTMENTS

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Other than Trade :		
i) Equity Instruments - Quoted		
Investment in Other Companies		
250 (250) Equity shares of Rs. 10/- each fully paid up of Gujarat State Petronet Ltd.	6,750	6,750
ii) Equity Instruments, Unquoted		
Investment in Subsidiaries		
50000 Equity Shares of AFC Finance Services Pvt Ltd of Rs.10/-each fully paid up	500,000	500,000
Investment in Other Companies		
30,000 (30,000) Equity Shares of Rs. 10/- each fully paid up of Global Procurement Consultants Ltd	300,000	300,000
iii) Bonds, Unquoted		
Investment in Other Companies		
20 (20) 13.5% MSRDC (2015) Bonds (SeriesIII) of Rs. 1,00,000/- each fully paid up	2,024,000	2,024,000
40 (40) 13.5% MSRDC (2015) Bonds (Series V) of Rs. 1,00,000/- each fully paid up	4,048,000	4,048,000
18 (18) 10.25% IDBI Omni 2002/A (2012) Bonds IV of Rs. 1,00,000/- each fully paid	-	1,797,300
25(25)7.5% IDBI Omni (2013) Bonds of Rs 1,00,000/- each fully paid up	2,478,839	2,478,839
2(2) 7.25% IDBI Bonds 2015 of Rs 10,00,000/- each fully paid up	1,982,000	1,982,000
10(10) 7.10% Bank of India 2014 of Rs 10,00,000/- each fully paid up	9,795,000	9,795,000
5(5) 7.40% Syndicate Bank 2015 of Rs 10,00,000/-each fully paid up	5,000,000	5,000,000
4(4) 7.40% Syndicate Bank 2015 of Rs 10,00,000/- each fully paid up	3,974,000	3,974,000
11(11) 7.45% Bank of Baroda 2015 of Rs 11,00,000/- each fully paid	10,989,000	10,989,000
10(10) 7.50% Bank of India 2015 of Rs 10,00,000/- each fully paid	9,994,000	9,994,000
Total	51,091,589	52,888,889

(Amount in Rs.)

Long term investment are stated at cost	
Aggregate amount of quoted investments	6,750
Market value of quoted investments	16712.5
Aggregate amount of unquoted investments	51,084,839

12.Deferred Tax Assets

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Deferred Tax Assets	3,880,066	4,943,420
Add: Addition / (Deletion) for the year	(261,623)	(1,063,354)
Total	3,618,443	3,880,066

12.1 The component of Deffered Tax balances as on 31st March,2013 accounted in accordance with AS-22 " Accounting for taxes on Income" issued by ICAI are as under:

Deffered Tax Assets arising on account of timing difference on

Particulars	As at 31st March , 2013 Rupees	As at 31st March, 2012 Rupees
Brought forward losses	394,268	412,979
Expenses allowable on payment basis	3,109,517	3,228,867
Depreciation	114,658	238,220
Total	3,618,443	3,880,066

	As at 31st March , 2013	As at 31st March, 2012
Net Deferred Tax Assets	3,618,443	3,880,066

AFC INDIA LTD.

13. LONG-TERM LOANS & ADVANCES

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
(Unsecured Considered Good)		
Advance Tax (2004-05) (Net of Provision)	456,530	456,530
Advance Tax (2006-07) (Net of Provision)	477,462	477,463
Advance Tax (2008-09) (Net of Provision)	2,049,118	2,049,118
Advance Tax (2010-11) (Net of Provision)	1,823,785	1,819,495
Advance Tax (2011-12) (Net of Provision)	2,712,798	1,310,730
Others		
- Deposits	5,492,273	5,827,680
- Festival Advance	237,650	252,600
Total	13,249,616	12,193,616

14. Other Current Assets

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Accrued interest on investment	7,910,968	5,892,023
Jobs in Progress	620,180,000	518,990,000
Total	628,090,968	524,882,023

15. TRADE RECEIVABLES

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
(Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	25,381,199	14,688,513
Considered Doubtful	4,409,265	4,214,090
	29,790,464	18,902,603
Less: Provision for Doubtful Debts	4,409,265	4,214,090
	25,381,199	14,688,513
Others, considered good	13,796,990	12,797,946
Total	39,178,189	27,486,459

16. CASH & CASH EQUIVALENTS

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
Cash on Hand	22,600	-
Balances with Banks		
In Current Account	3,222,204	3,225,842
In Overdraft Account	23,206,912	244,952,208
Fixed Deposits with banks	130,274,017	111,700,000
Total	156,725,733	359,878,050

16.1 Bank Deposits with more than 12 months maturity aggregates to Rs.4,05,00,000/-.

16.2 Fixed Deposits figure includes Fixed Deposits pledged with bank for facilities granted to the Company, cost aggregating to Rs.7,85,00,000/- (P.Y. Rs. 6,65,00,000/-)

17. SHORT-TERM LOANS & ADVANCES

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
(Unsecured Considered Good) Others #	9,573,877	10,644,879
Total	9,573,877	10,644,879

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

Particulars	As at 31st March , 2013 Rupees	As at 31st March , 2012 Rupees
AFC Foundation	6,867,905	9,802,798
AFCL Finance Services Pvt. Ltd.	473,300	473,300
Total	7,341,205	10,276,098

AFC INDIA LTD.

18. REVENUE FROM OPERATIONS

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Consultancy Income	208,208,433	564,220,138
AMC Charges of FMIS for Venture Capital Scheme	-	90,000
Total	208,208,433	564,310,138

18.1 CONSULTANCY INCOME

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Projects completed during the year	120,547,021	239,843,030
Add : Value of Closing Jobs in Progress	620,180,000	518,990,000
Less : Value of Opening Jobs in Progress	518,990,000	194,612,892
Less: Excess provision made reversed	13,528,588	-
Total	208,208,433	564,220,138

18.2 The above method for computing Consultancy Income is being followed consistently year after year.

19. OTHER INCOME

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Interest Income	17,384,563	14,360,679
Dividend Income	30,250	75,250
Profit on sale of Fixed Assets (Net)	46,151	104,661
Recovery of Bad Debts	435,000	498,500
Foreign Exchange Difference	-	3,019
Other non operating income	43,256	1,358,937
Excess Provision written Back	848,984	-
Total	18,788,204	16,401,046

20. PROJECT EXPENSE

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Project Expenses	111,160,130	409,953,006
Consultancy Charges	14,907,877	15,369,141
Other Expenses	10,815,328	6,200,191
Total	136,883,335	431,522,338

21. EMPLOYEE BENEFITS EXPENSE

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Salaries, Allowances, Bonus	30,166,874	33,372,632
Contribution to Provident and other funds	10,835,923	14,250,199
Staff Welfare Expenses	2,146,870	1,686,495
Early Serverance Scheme -IV	1,748,510	14,785,577
Compassionate Package to Deceased	800,000	-
Total	45,698,177	64,094,903

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

Particulars	Current year(Amount in Rs)	Previous Year(Rs)
Remuneration A/c	1,936,000	1,531,200
Performance incentive	-	995,000
Contribution to PF	232,320	183,072
Medical Expenses	123,312	264,138
Perquisites as per Income Tax Rules	245,514	25,835
Total	2,537,146	2,999,245

22. FINANCE COSTS

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Interest On Overdraft	1,321,533	1,256,837
Bank Charges	321,194	850,698
Total	1,642,727	2,107,535

23. OTHER EXPENSES

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Travelling Expenses	1,168,097	5,270,011
Communication Charges	895,990	1,164,257
Professional Fees	543,396	623,620
Electricity Charges	968,624	589,269
Insurance Charges	299,276	408,487
Donation	-	100,000
Rent, Rates and Taxes	2,853,332	2,490,681
Repairs and Maintenance	1,469,117	1,604,323
Vehicle Hiring Expenses	693,394	301,665
Bad Debts	537,135	11,062,896
Payment to Auditors		
- Statutory Audit Fees	30,000	30,000
- Tax Audit Fees	20,000	-
Provision for Doubtful Debts	195,175	4,214,090
Printing and Stationery	2,438,937	2,327,008
Miscellaneous Expenses	3,671,347	4,700,932
TOTAL	15,783,820	34,887,239

24. EXTRAORDINARY ITEMS

Particulars	31st March 2013 Rupees	31st March 2012 Rupees
Income from interest	1,293,698	-
Income from Journal Advertisement	14,700	-
Expenses for Journal Subscription	(34,450)	-
Total	1,273,948	-

24.1 The above items pertain to prior Period.

25. EARNINGS PER SHARE (EPS)

	2012-13	2011-12
(i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	16,792,917	27,478,568
(ii) Weighted Average of number of equity shares used as denominator for calculating EPS	15,000	15,000
(iii) Basic and Diluted Earnings per share (Rs.)	1,120	1,832
(iv) Face value per equity share	10,000	10,000

26. Contingent Liabilities :

- Bank Guarantees issued to obtain various project works on behalf of the Company outstanding as on 31.03.2013 aggregate to Rs.443.84 Lakhs (Previous Year Rs. 273.51 Lakhs).
- Company received an income tax demand amounting to Rs. 27,05,446/- (P.Y. Rs, 27,05,446/-), in connection with A.Y. 2004-2005 and company filed appeal against that order with CIT (Appeals), however, the appeal was dismissed by the CIT (Appeals). Now, the case is filed with ITAT (Income Tax Appellate Tribunal).

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27. 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.

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

As per our Report of even date
For S. Sadashiv & Co.
Chartered Accountants

Dr.C D Mayee A K Garg
Chairman Managing Director

(S. S. Shetty)
Partner
M. No : 012165

Mamta Sahal
Head(Finance & Accounts)

Place : Mumbai
Date : 26th September 2013



AFC INDIA LIMITED, MUMBAI

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A Technical Support Institution Committed to Rural Prosperity