

### Board of Directors

Shri. K.Muralidhara Rao	Director
Smt.Lalitha Venkatesan	Director
Shri.M.Balakrishnan	Director
Dr. Santhosh Babu, IAS	Director
Shri. P.N.Praveen Kumar	Managing Director

### Company Secretary

Smt. M.Bhuvaneshwari

### Auditors

M/s. Lakshmiah & Co.  
Chartered Accountants  
No.225, NSC Bose Road  
Chennai - 600 001.

### Bankers

Indian Overseas Bank, Nungambakkam, Chennai 600 034.

### Regd. & Corporate Office

Ground Floor, NABARD Tamilnadu Regional Office Building  
No.48, Mahatma Gandhi Road  
Nungambakkam  
Chennai 600 034.  
Tamilnadu

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Regd. & Corp. Office : Ground Floor, NABARD TNRO Building,  
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

### NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the shareholders of the company will be held at 04.00 p.m. on Monday, the 24<sup>th</sup> day of September 2012 at the Conference Hall of NABARD, Tamil Nadu Regional Office (2<sup>nd</sup> Floor), No. 48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034 to transact the following business:

#### Ordinary Business

1. To consider passing, with or without modification, the following Ordinary Resolution:

“**RESOLVED** that the Audited Balance Sheet of the company as at 31<sup>st</sup> March 2012 and the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March 2012 together with the Directors’ Report and Auditors’ Report thereon be and are hereby adopted”.

2. To consider and if thought fit to pass, with or without modification, the following Ordinary Resolution:

“**RESOLVED** that pursuant to Section 224 (8) (aa) and other applicable provisions, if any, of the Companies Act, 1956, the appointment of the Statutory Auditors of the company for the year 2012-2013 as proposed by the Comptroller and Auditor General of India (CAG), New Delhi be and is hereby approved, on such remuneration as may be fixed by the Board of Directors of the Company and further resolved that the aforesaid Auditors appointed by the CAG under section 619 (2) of the Companies Act, 1956 shall hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company”.

3. To re-appoint Dr. Santhosh Babu, Director, who retires by rotation and if thought fit to pass, with or without modification, the following Ordinary Resolution:

“**RESOLVED** that pursuant to Section 256 of the Companies Act, 1956 and other applicable provisions if any, of the Companies Act, 1956, Dr. Santhosh Babu, Director who retires by rotation be and is hereby re-appointed as Director of the company in terms of Clauses 131 and 132 of the Articles of Association of the Company”.

**Special Business**

4. To consider and if thought fit to pass, with or without modification, the following resolution as Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 260 and other applicable provisions, if any, of the Companies Act, 1956, Shri.M.Balakrishnan who was appointed as Additional Director on 01<sup>st</sup> March 2012 be and is hereby appointed as Nominee Director.”

5. To consider and if thought fit, pass with or without modification, the following Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 94 and other applicable provisions if any of the Companies Act 1956, the authorised share capital of the company be and is hereby increased from Rs.25,00,00,000 to Rs.50,00,00,000 divided into 5,00,00,000 equity shares of Rs.10 each by creation of 2,50,00,000 new equity shares of Rs.10 each ranking pari passu with the existing shares of the company.”

6. To consider and if thought fit, pass with or without modification, the following Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 16 and other applicable provisions if any of the Companies Act 1956, Clause V of the Memorandum of Association be and is hereby replaced by the following:

V. The Authorised Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores Only) consisting of 5,00,00,000 (Five crores) equity shares of Rs.10 each capable of being increased or reduced and capable of being subdivided or consolidated into such classes of shares in accordance with the applicable legal provisions for the time being in force.”

**Notes :**

1. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the resolutions under item No.4 to 6 is annexed hereto.
2. The members are requested to inform change of address, if any, to the company.
3. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument appointing proxy should however be deposited at the Registered Office of the Company not less than 48

hours before the commencement of the Meeting.

4. Corporate Members are requested to send a duly verified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
5. Shareholders desirous of seeking any clarification on the business to be transacted at the 15<sup>th</sup> Annual General Meeting are requested to forward their queries to the Registered Office of the company, at least 10 days before the date of the meeting.
6. Members are requested to bring their copies of Annual Report for the meeting.
7. Members / Proxies are requested to bring the Attendance Slip sent with the Annual Report duly filled in for attending the meeting.

For and on behalf of the Board

Place : Chennai  
Date : 03.08.2012

**Sd/-**  
**PN Praveen Kumar**  
**Managing Director**

**Explanatory statement pursuant to section 173 (2) of the  
Companies Act, 1956.**

**Item No.4:**

The Board of Directors appointed Shri.M.Balakrishnan as Additional Director with effect from 01<sup>st</sup> March 2012, pursuant to Section 260 of the Companies Act, 1956, and he is eligible to hold office till the conclusion of this Annual General Meeting. The Board of Directors have approved the induction of Shri.M.Balakrishnan into the Board as a Nominee Director of Indian Bank. None of the Director except Shri.M.Balakrishnan is interested in this resolution. The Board of Directors recommend passing of this resolution as proposed.

**Item No.5 & 6:**

ADFT is a non-deposit taking NBFC loan company. Therefore, only its equity, the free reserves and borrowings constitute its resources. The existing equity base being narrow, the operations of the company can be scaled up only through borrowings. The only source of borrowing that leaves an interest spread for the company is NABARD refinance. Borrowing from other sources is not viable. Borrowing from NABARD, though viable, has its own limitations and can at best, be supplementary. Besides, the narrow equity base does not solve the constraint of inadequacy of exposure limit. Thus the only way to scale up operations substantially is infusion of capital.

In view of the above, NABARD has decided to increase its stake in the company so as to raise its paid up capital to Rs 50 crore. This requires enhancement of authorized capital from Rs.25 crore to Rs.50 crore.

The increase of authorized share capital and the consequent alteration in the memorandum of association of the company requires approval of the shareholders by means of Ordinary Resolution. Hence, the Board of Directors recommend passing of the proposed resolutions.

For and on behalf of the Board

**Sd/-**  
**PN Praveen Kumar**  
**Managing Director**

Place : Chennai  
Date : 03.08.2012

Regd. & Corp. Office : Ground Floor, NABARD TNRO Building,  
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the 15<sup>th</sup> Annual Report of the company together with the Audited Statement of Accounts for the year ended March 31, 2012.

**Financial Results:**

Your Company's performance during the financial year 2011-12 is summarized below:

(Rs. Lakh)

Particulars	2011-12	2010-11
Gross Income	340.47	178.92
Expenditure Including Depreciation	186.31	61.59
Profit before tax	154.16	117.32
Provision for tax (current year)	41.07	25.08
Provision for tax (earlier years)	20.12	0.00
Profit after tax	92.97	92.24

**Highlights:**

1. The company disbursed ten term loans aggregating to Rs.1080.00 lakh during the year 2011-12. There has not been any default in repayment of all the equated monthly installments in respect of all the loan accounts.
2. The company availed Rs.1080.00 lakh as refinance / interim finance from NABARD during the year.
3. The profit of the company increased marginally due to provision made for Non-Performing Asset and Standard Assets.
4. The reserves and surplus recorded a healthy increase.
5. The net worth went up from Rs. 1142.17 lakh to Rs.1235.14 lakh.

**Status of NPA Accounts:**

The company has two NPA accounts against which 100% provision has been made. Necessary steps have been taken for recovery of dues from the said accounts through legal process, viz., civil suit and criminal complaint, keeping the door open for negotiations.

**Dividend :**

No dividend has been recommended for the year ended 31<sup>st</sup> March 2012.

**Directors :**

The present Board comprises of the following Directors:

Shri.K.Muralidhara Rao	Chief General Manager - HRMD, NABARD, HO, Mumbai
Smt.Lalitha Venkatesan	Chief General Manager, NABARD, TNRO, Chennai
Shri.M.Balakrishnan	DGM - RBD, Indian Bank, Chennai
Dr. Santhosh Babu, IAS	Commissioner of Horticulture & Plantation Crops, Govt. of Tamil Nadu
Shri. P.N.Praveen Kumar	Managing Director, ADFT, Chennai.

Shri.K.Muralidhara Rao, Chief General Manager - HRMD, NABARD, HO, Mumbai was nominated as Director w.e.f. 14.06.2012 in place of Shri.V.Ramakrishna Rao.

Shri.M.Balakrishnan, DGM -RBD, Indian Bank was appointed as an Additional Director w.e.f. 01.03.2012 in place of Shri.Selvam Veeraraghavan, who has since retired.

Dr. Santhosh Babu, IAS was nominated by Government of Tamilnadu as Director w.e.f. 20.04.2012 in place of Shri.K.Sellamuthu, IAS.

Shri.P.N.Praveen Kumar was appointed as Managing Director w.e.f. 16.06.2012 in place of Shri.Ananda Mukherji, who has been repatriated to NABARD.

**Audit Committee :**

In terms of Section 292 (A) of the Companies Act, 1956, the Board had constituted an Audit Committee. The Audit Committee met two times during the year 2011-12 on 07<sup>th</sup> June 2011 and 27<sup>th</sup> March 2012.

The present committee consists of:

- |     |   |        |
|-----|---|--------|
| (1) | Smt.Lalitha Venkatesan  | Member |
| (2) | Shri. P.N.Praveen Kumar   | Member |
| (3) | Shri.M.Balakrishnan   | Member |
| (4) | Representative of M/s.Lakshmiah & Co., Statutory Auditors, Chartered Accountants. |        |



### **Employee Benefits**

The provisions of Employee Provident Fund Act, Employees State Insurance Act and the payment of Gratuity Act are not applicable to the employees of the company. However, the company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund and also eligible Gratuity. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.

The Statutory Auditors have commented that the company has not complied with Accounting Standard 15 - Employee Benefits for which the Board resolved that necessary steps would be taken to comply with the same in the current year viz., 2012-2013.

### **Status of the Company**

The company was declared as a Deemed Government Company under Section 619 (B) of the Companies Act, 1956 vide letter No.CA.V/30-2006 dated 28<sup>th</sup> August 2006 from the Comptroller and Auditor General of India, New Delhi (CAG) who will appoint the Statutory Auditors every year under Section 619 (2) of the Companies Act, 1956.

### **Statutory Auditors**

M/s. Lakshmiah & Co., Chartered Accountants, Chennai were appointed by the CAG of India, New Delhi as Statutory Auditors for the financial year 2011-12. Further the Supplementary Audit of the company's accounts was entrusted to the Senior Audit Office / IOC / Co-ordn., Office of the Principal Director of Commercial Audit & Ex-Officio Member Audit Board, 68/2, IV Floor, M.N.O.Complex, Greams Road, Chennai 600 006 under Section 619 (3) (b) of the Companies Act, 1956.

### **Statutory Disclosures**

#### **(1) Information as per Section 217 (1) (e) of the Companies Act, 1956**

Your company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings or outgo.

#### **(2) Particulars of Employees**

The company did not have any employee falling within the scope of Sec. 217 (2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

#### **(3) Directors' Responsibility Statement**

Pursuant to Section 217 (2-AA) of the Companies Act, 1956 read with the Companies (Directors' Responsibility) Rules 2000, your Directors state that:

(a) The applicable accounting standards have been followed in the preparation of the annual accounts along with proper explanation relating to material departures, if any.

(b) Accounting policies have been selected and applied consistently and the judgements and

estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

(c) Proper and sufficient care had 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.

(d) The annual accounts have been prepared on a going concern basis.

**(4) Information as per Section 383 A of the Companies Act, 1956**

The company had appointed Smt.M.Bhuvanewari as Whole Time Company Secretary in compliance of the provisions of Section 383 A of the Companies Act, 1956.

**Acknowledgement**

The Directors wish to place on record their appreciation for the support provided to the company by NABARD, the shareholder banks, the Government of Tamil Nadu and the other shareholders of the company.

For and on behalf of the Board

**Sd/-**  
**PN Praveen Kumar**  
**Managing Director**

Place : Chennai  
Date : 03.08.2012

**AUDITORS' REPORT  
TO THE MEMBERS OF M/S. AGRI DEVELOPMENT  
FINANCE (TAMILNADU) LIMITED, CHENNAI.**

**Report on the financial statements**

We have audited the accompanying financial statements of **AGRI DEVELOPMENT FINANCE (TN) LIMITED** (“the Company”), which comprise balance sheet as at 31st March 2012 and the statement of profit and loss account and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management’s responsibility for the financial statements**

Management is responsible for the preparation of these financial statement that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in sub-section (3C) of section 211 of the companies Act, 1956 (the Act). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether fraud or error.

**Auditor’s responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the company’s preparation and fair presentation of the financial statements in order to design audit procedure are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of the accounting estimates made by management, as well as evaluating overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

We report that:

*The Company has not complied with the requirements of Accounting Standard (AS) 15, Employee Benefits.*

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the information required by the Act in the manner so required and give a true and fair view in conforming principles generally accepted in India

1.
  - a) in. the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
  - b) In the case of the statement of Profit and Loss, of the profit for the year ended on that date.
  - c) In the case of the cash flow statement, of the cash flow for the ended on that date.
2. **The C&AG Audit Team have pointed out on para (ix) (b) of annexure to audit report about modification to be made, subsequent to our completion of audit, on 22<sup>nd</sup> June 2012. Accordingly the para (ix) (b) of annexure to audit report has been modified**

**Report on the legal and regulatory requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.
  - (c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account
  - (d) Except as stated above, in our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- (e) Vide notification no.2/5/2001-CLV dated 22.03.2002 of the Department of Company Affairs, Government of India, Government Companies have been exempted from applicability of the provisions of Section 274 (1) (g) of the Companies Act, 1956.

For Lakshmiah & Co.  
**Chartered Accountants**  
(ICAI FRN001839S)

Place : Chennai  
Date : 03.07.2012

**Sd/-**  
**(Thirupathaiah K)**  
**Sole Practitioner (M.No. 6682)**

**ANNEXURE TO THE AUDITOR'S REPORT  
REFERRED TO IN OUR REPORT OF EVEN DATE ON THE FINANCIAL  
STATEMENTS OF AGRI DEVELOPMENT FINANCE (TN) LIMITED ("COMPANY")  
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

- (i) (a) The Company has maintained fixed assets records to show full particulars including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the company were physically verified by the management during the year ended on 31st March, 2012 as certified by management, no material discrepancies has been found out on such physical verification.
- (c) In our opinion and according to the explanations given to us, during the year, the company has not disposed off substantial part of fixed assets therefore going concern is not affected. Hence this clause of the order is not applicable.
- (ii) The Company being Non-Banking Financial Company does not has any inventory; as such this clause is not applicable.
- (iii) (a) According to the information and explanations given to us, the company has not granted any loans secured or unsecured to any company, firm or other parties covered in register maintained under section 301 of Companies Act, 1956. Accordingly clauses 4(iii)(a),4(iii)(b),4(iii)(c) and 4(iii)(d) of the order are not applicable.
- (b) The company has taken unsecured loan from NABARD amounting to Rs 12,88,55,700 and interest accrued but not due on the above as on 31st March 2012 is Rs14,60,120. NABARD is listed in the register maintained under section 301 of the Companies Act, 1956, and /or to Companies under the same management as defined under sub-section (18) of section 370 of the Companies Act, 1956.
- (iv) In our opinion and according to information & explanations given to us, internal controls for purchase of fixed assets and for the financial services are generally commensurate with the size of the company and the nature of its business. During the course of audit we have not come across any major failure in internal control system.
- (v) According to information and explanations given to us, the company has not entered into any contract with the companies or entities covered u/s 301 of the Companies Act, 1956. Accordingly this clause of the order is not applicable.
- (vi) According to the information and explanations given to us, the company has not accepted any deposit from public to which the provisions of the Companies Act, 1956 and the rules framed there under, apply.
- (vii) In our opinion the company has an internal audit system generally commensurate with

its size and nature of its business. However it is suggested engage outside professionals for better control.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section(1) of section 209 of the Companies Act, 1956, for the products/services of the company. Accordingly, this clause of the order is not applicable to the company.

(ix) (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including income tax, service tax and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax were in arrears as at 31st march 2012 for a period of more than six months from the date they became payable except income tax for the Assessment Year 2002-03 and 2003-04, for which demand is not yet received. Necessary interest provision has been made in the books of accounts. **The C&AG audit team have pointed out subsequent to our completion of audit, on 22nd June 2012 that the amount involved in such income tax dues have to be quantified.**

**The undisputed tax liability due for more than 6 months is Rs. 50,42,780 (Rupees Fifty lakhs forty two thousand and seven hundred and eighty). The details of such dues towards Income Tax for the earlier years as below**

I	Assessment Year	Amount (Rs)
	2002-03	19,36,490
	2003-04	10,94,217
	<b>Total</b>	<b>30,30,707</b>
II	Interest payable on outstanding Income Tax	20,12,073
	<b>Grand Total</b>	<b>50,42,780</b>

**The C&AG audit team further pointed out that in the Statement of Profit and Loss for the year ended 31st March 2012, under the head Tax expenses, line item Earlier year Tax refers to Interest payable on out standing Income Tax dues and should have been disclosed as extraordinary item of expenditure. Earlier year tax is only interest payable due to delayed/ non payment of income tax. To this extent profit before tax is ever stated, after considering the interest on income tax, the profit before tax would be Rs.1,34,03,635 (Rs one crore thirty four lakhs three thousand six hundred and thirtyfive only).**

(c) According to the information and explanations given to us, there are no dues of income tax and service tax which have not been deposited on account of dispute.

- (x) The Company does not have any accumulated losses as at 31st March 2012. The Company has also not incurred cash losses during the year covered by our audit and in the immediate preceding financial year. Accordingly, this clause of the order is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date.
- (xii) In our opinion and according to the information and explanations given to us, the company has maintained records and documents in respect of loan granted by it to various institutions on the basis of security by way of hypothecation of book debts.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi or mutual benefit fund or society, therefore, this clause of the order is not applicable.
- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments, therefore this clause of the order is not applicable to the company.
- (xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions during the year. Accordingly this clause of the order is not applicable to the company.
- (xvi) In our opinion and according to the information and explanations given to us, the loans were applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on the overall examination of the balance sheet of the company, we report that the funds raised on short-term basis have not been used for long-term investments.
- (xviii) According to the information and explanations given to us during the year the company has not made any preferential allotment of shares to companies, firms or other parties needs to be listed in the register maintained under section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the company has not issued debentures and hence requirement of reporting regarding creation of security in respect of debentures issued does not arise.



(xx) The company has not raised any money by public issues during the year, accordingly this clause for disclosure of end use of money is not applicable.

(xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For Lakshmiah & Co.  
**Chartered Accountants**  
(ICAI FRN001839S)

Place : Chennai  
Date : 03.07.2012

**Sd/-**  
**(Thirupathaiah K)**  
**Sole Practitioner (M.No. 6682)**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE  
ACCOUNTS OF AGRI DEVELOPMENT FINANCE (TAMILNADU), CHENNAI FOR  
THE YEAR ENDED 31<sup>st</sup> MARCH 2012.**

The preparation of financial statements of **Agri Development Finance (Tamilnadu) Limited, Chennai** for the year ended 31<sup>st</sup> March 2012 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 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 03.07.12.

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 **Agri Development Finance (Tamilnadu) Limited**, for the year ended 31<sup>st</sup> March 2012. 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.

Based on my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

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

Sd/-

**(JOHN K. SELLATE)**

Pr. Director of Commercial Audit &

Ex-Officio Member, Audit Board-IV, Chennai

Place: New Delhi.

Date: 16.07.2012

**Regd. & Corp. Office : Ground Floor, NABARD Tamilnadu Regional Office Building,  
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.**

**BALANCE SHEET AS AT 31st MARCH 2012**

Particulars	Notes	As on 31.03.12 Rs.	As on 31.03.11 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	99,799,500	99,799,500
Reserves and Surplus	3	23,714,733	14,417,315
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	128,855,700	72,283,300
Long term provisions	8	17,121,731	18,439,204
<b>Current Liabilities</b>			
Short-term borrowings	5	16,000,000	
Other current liabilities	7	1,543,321	941,012
Short-term provisions	9	9,188,839	5,579,737
<b>Total</b>		<b>296,223,824</b>	<b>211,460,068</b>
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
Fixed assets - Tangible assets	10	91,410	127,958
Non-current investments	11	9,664,500	9,664,500
Deferred tax assets (net)	6	12,418	10,706
Long term loans and advances	12	52,192,593	92,291,702
Other non current assets	14	3,370,781	2,301,784
<b>(2) Current assets</b>			
(a) Cash and cash equivalents	16	152,733,007	101,664,634
(b) Short-term loans and advances	13	75,836,824	4,248,379
(c) Other current assets	15	2,322,291	1,150,405
<b>Total</b>		<b>296,223,824</b>	<b>211,460,068</b>
Significant Accounting Policies	1		

Vide report of even date  
For Lakshmiah & Co.,  
ICAI FRN 001839S  
(Chartered Accountants)

For Agri Development Finance (Tamilnadu) Limited

Sd/-  
**K.Thirupathiah**  
Sole Practitioner  
(M.No. 6682)  
Chennai, 14.06.2012

Sd/-  
**K.Muralidhara Rao**  
Director

Sd/-  
**Lalitha Venkatesan**  
Director

Sd/-  
**M.Balakrishnan**  
Director

Sd/-  
**Ananda Mukherji**  
Managing Director

Sd/-  
**M.Bhuvanewari**  
Company Secretary



(5) <b>Break-up of investments :</b> <b>Current investments :</b> <b>1. Quoted :</b> (i) Shares :                   (a) Equity (b) Preference  (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	Nil
--	-----

Particulars		
<b>2. Unquoted:</b> (i) Shares :                   (a) Equity (b) Preference  (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify) - Fixed Deposit with Banks	1517.48	
<b>Long Term Investments:</b> <b>1. Quoted :</b> (i) Shares :                   (a) Equity (b) Preference  (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)		Nil     96.65
<b>2. Unquoted :</b> (i) Shares :                   (a) Equity (b) Preference  (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)		

(6)	<b>Borrower Group-wise classification of all leased assets, stock-on-hire and loans and advances:</b>			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties **			
(a) Subsidiaries				
(b) Companies in the same group	Nil	Nil	Nil	
(c) Other related parties				
2. Other than related parties	1067.95	-	1067.95	
<b>Total</b>	<b>1067.95</b>	<b>-</b>	<b>1067.95</b>	

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		
	<b>Category</b>	<b>Market Value / Break up or fair value or NAV</b>	<b>Book Value (Net) or Provisions)</b>
	1. Related Parties **		
	(a) Subsidiaries		
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	96.65	96.65
2. Other than related parties	Nil	Nil	
	<b>Total</b>	<b>96.65</b>	<b>96.65</b>

(Rs. in lakhs)

Particulars		Amount
8)	Other Information	
	(i) Gross Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	164.46
	(ii) Net Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	Nil
	(iii) Assets acquired in satisfaction of debt	Nil

Vide report of even date  
For Lakshmiah & Co.,  
ICAI FRN 001839S  
(Chartered Accountants)

For Agri Development Finance (Tamilnadu) Limited

Sd/-  
**K.Thirupathaiah**  
Sole Practitioner  
(M.No. 6682)  
Chennai, 14.06.2012

Sd/-  
**K.Muralidhara Rao**  
Director

Sd/-  
**Lalitha Venkatesan**  
Director

Sd/-  
**M.Balakrishnan**  
Director

Sd/-  
**Ananda Mukherji**  
Managing Director

Sd/-  
**M.Bhuvaneshwari**  
Company Secretary

**Regd. & Corp. Office : Ground Floor, NABARD Tamilnadu Regional Office Building,  
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

<b>Particulars</b>	<b>Notes</b>	<b>31.03.2012 Rs.</b>	<b>31.03.2011 Rs.</b>
<b>Income</b>			
Revenue from operations	17	26,620,641	13,812,152
Other Income	18	7,426,064	4,079,403
<b>Total revenue</b>		<b>34,046,705</b>	<b>17,891,555</b>
<b>Expenses</b>			
Employee Benefit expenses	19	4,385,237	2,362,546
Other Operating and Administrative expenses	21	334,949	378,537
Finance Costs	20	8,293,238	3,371,360
Depreciation and Amortization expenses	10	36,548	46,797
Provisions & Contingencies	22	5,581,025	-
<b>Total expenses</b>		<b>18,630,997</b>	<b>6,159,240</b>
Profit before tax		15,415,708	11,732,315
Tax expense:			
Current tax		4,107,928	2,505,075
Earlier tax		2,012,073	-
Deferred tax		(1,712)	3,439
Profit/(Loss) for the period		9,297,419	9,223,801
Earning per equity share:			
Basic & Diluted	23	0.93	0.92

Vide report of even date  
For Lakshmiah & Co.,  
ICAI FRN 001839S  
(Chartered Accountants)

For Agri Development Finance (Tamilnadu) Limited

Sd/-  
**K.Thirupathaiah**  
Sole Practitioner  
(M.No. 6682)  
Chennai, 14.06.2012

Sd/-  
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Director

Sd/-  
**M.Balakrishnan**  
Director

Sd/-  
**Ananda Mukherji**  
Managing Director

Sd/-  
**M.Bhuvaneswari**  
Company Secretary

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012****(1) SIGNIFICANT ACCOUNTING POLICIES****(a) Basis for preparation of Financial Statements**

The Financial Statements are prepared on historical cost convention on accrual basis as a going concern with revenues recognized and expenses accounted on their accrual to comply with all material aspects of generally accepted accounting standards prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956.

**(b) Fixed Assets****Other Fixed Assets**

- (i) Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use.
- (ii) Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written Down Value Method in accordance with Schedule XIV to the Companies Act, 1956.

**(c) Investments**

The long term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. The long term investment of the company is Bhavishya Nirman Bonds, in the absence of information on quotation the bonds, are valued at cost.

The interest earned but not due during the year on above said bonds is recognized as income and classified under other non-current assets.

Current investments are valued at lower of cost and market value / net asset value.

**(d) Revenue Recognition**

The company's income constitutes interest from term loans disbursed and interest from fixed deposits with banks and are recognized on a time proportion basis taking into account amount outstanding and the rate applicable. The company has followed the prudential norms for income recognition and provision for bad and doubtful debts as prescribed by the Reserve Bank of India for Non Banking Financial Companies (recent notification No. DNBS 193 DG (VL)-2007 dated February 22, 2007).



**(e) Employee Benefits**

The provisions of Employee Provident Fund Act, Employees State Insurance Act and the payment of Gratuity Act are not applicable to the employees of the company. However, the company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund and also eligible Gratuity. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.

The leave balance is classified as Short-term. The Short-term Leave Encashment liability for the expected leave to be encashed has been measured on actual components eligible for Leave Encashment and expected Short-term leave to be availed is valued based on the total cost to the Company.

**(f) Borrowing Cost**

The company obtained refinancing from NABARD. The interest cost on refinance is recognized on a time proportion basis taking into account amount outstanding and the rate applicable.

The transactions with NABARD with regard to refinancing during the year is as follows:

In Rs.

Particulars	2011-2012	2010-2011
Opening Balance	7,22,83,300	4,18,22,200
Loan received during the year	9,20,00,000	5,97,38,900
Loan repaid during the year	3,54,27,600	2,92,77,800
Closing Balance (inc. Int. payable)	12,88,55,700	7,22,83,300
Interest paid/payable on above	82,93,238	33,71,360

**(g) Taxation**

Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liabilities during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income-tax Act, 1961

In accordance with Accounting Standard 22 - Accounting for taxes on income, prescribed by the National Advisory Committee on Accounting Standards constituted under Companies Act, 1956, deferred tax assets is recognized at the current rate of tax on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

**(h) Provisions and Contingencies**

(i) Non-Performing Assets (NPAs) are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions are made against doubtful assets at the rates prescribed in the RBI Guidelines.

- (ii) Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.
- (iii) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:
  - a. equitable mortgage of property and/or
  - b. hypothecation of assets and/or
  - c. company guarantees supported by assets and/or
  - d. decrrial debts where Courts have attached property
- (iv) Provision for Standard Assets is made at 0.25% of the outstanding standard assets based on RBI Notification No. RBI/2010-11/370 DNBS.PD.CC. NO. 207/03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs

**(i) Cash Flow Statements**

- (i) Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value

**(j) Earnings per Share**

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by number of equity shares outstanding during the year

Particulars	2011-12	2010-11
(A) Profit for the year after taxation (in Rupees)	92,97,419	92,23,801
(B) Number of equity shares of face value of Rs.10/- (in numbers).	99,79,950	99,79,950
(c) Basic & Diluted earnings per share (A/B) (in Rs.)	0.93	0.92

**(2) Share Capital**

Amount in Rs.

As at March 31,	2012	2011
<b>Authorised shares:</b> 2,50,00,000 Equity Shares of Rs.10 each (As at March 31, 2011 : 2,50,00,000 Equity Shares of Rs.10 each)	25,00,00,000	25,00,00,000
<b>Total</b>	<b>25,00,00,000</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and paid up:</b> 99,79,950 Equity Shares of Rs.10 each (As at March 31, 2011 : 99,79,950 Equity Shares of Rs.10 each)	9,97,99,500	9,97,99,500
<b>Total</b>	<b>9,97,99,500</b>	<b>9,97,99,500</b>

(a) Reconciliation of the shares outstanding at the beginning and at the end of reporting period

Particulars	Number of Shares	
	FY 2011-12	FY 2010-11
Opening Balance	99,79,950	99,79,950
Add : Allotment made during the Year	-	-
<b>Closing Balance</b>	<b>99,79,950</b>	<b>99,79,950</b>

(b) List of shareholders holding more than 5% shares as at March 31, 2012:  
Fully paid-up Shares of Rs.10 each

As at March 31,	2012		2011	
	Number of Shares	Percentage Holding	Number of Shares	Percentage Holding
NABARD	52,00,000	52.10%	52,00,000	52.10%
Govt. of Tamil Nadu	18,00,000	18.04%	18,00,000	18.04%
Indian Bank	10,00,000	10.02%	10,00,000	10.02%

**(3) Reserves and Surplus :**

(a) The movement in Reserves and Surplus are as under :

Amount in Rs.

As at March 31,	2012	2011
<b>Special Reserve I</b>		
Opening Balance	76,98,335	58,53,575
Add : Transfer from Profit & Loss Account	18,59,484	18,44,760
Closing Balance	<b>95,57,819</b>	<b>76,98,335</b>
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	67,18,979	(6,60,062)
Profit for the year	92,97,419	92,23,801
<i>Less: Transferred to:</i>		
Special Reserve I	18,59,484	18,44,760
Closing Balance	<b>1,41,56,914</b>	<b>67,18,979</b>
<b>Total</b>	<b>2,37,14,733</b>	<b>1,44,17,315</b>

(b) Special Reserve I represents reserve created pursuant to the Reserve Bank of India (Amendment) Ordinance, 1997 under Section 45-IC of the Reserve Bank of India Act, 1934

**(4) Long-term Borrowings :**

(a) Long-term Borrowings outstanding as at March 31, 2012 are as under:

Amount in Rs.

As at March 31,	2012	2011
<b>Unsecured</b>		
<b>Term Loans [Refer Note 4(b)]</b>		
- From NABARD	12,88,55,700	7,22,83,300
<b>Total</b>	<b>12,88,55,700</b>	<b>7,22,83,300</b>

(b) Age-wise analysis of Long-term Borrowings:

**Unsecured**

Amount in Rs.

As at March 31,	2012	2011	Frequency of Repayment
1 - 3 Years	12,88,55,700	7,22,83,300	Half Yearly
3 - 5 Years	Nil	Nil	Half Yearly
5 years and above	Nil	Nil	Half Yearly
<b>Total</b>	<b>12,88,55,700</b>	<b>7,22,83,300</b>	

**(5) Short-term Borrowings :**

(a) Short-term Borrowings outstanding as at March 31, 2012 are as under:

Amount in Rs.

As at March 31,	2012	2011
<b>Unsecured</b>		
From Related Parties (NABARD)	1,60,00,000	Nil
<b>Total</b>	<b>1,60,00,000</b>	<b>Nil</b>

**(6) Deferred Tax:**

Major components of deferred tax assets and liabilities arising on account of timing differences are:

Amount in Rs.

Particulars	Deferred tax Asset / (Liability) as at April 1, 2011	Adjustments for the year	Deferred tax Asset / (Liability) as at March 31, 2012
Difference between book and tax depreciation	10,706	1,712	12,418
<b>Total</b>	<b>10,706</b>	<b>1,712</b>	<b>12,418</b>
Previous Year	14,145	(3,439)	10,706

**(7) Other Current Liabilities:**

Amount in Rs.

As at March 31,	2012	2011
Interest Accrued but not due on Borrowings - NABARD	14,60,120	8,81,661
Outstanding Expenses	33,000	31,811
Tax Deducted at Source	50,201	27,540
<b>Total</b>	<b>15,43,321</b>	<b>9,41,012</b>

**(8) Long-term Provisions:**

Amount in Rs.

(a) As at March 31,	2012	2011
Provision for Non-Performing Asset [Refer Note 8(b)]	1,64,45,689	1,81,39,306
<b>Total</b>	<b>1,64,45,689</b>	<b>1,81,39,306</b>

(b) In accordance with the Guidelines issued by the RBI, the Company has made a provision for Non Performing Assets (NPA) and diminution in value of Investments. The details of movement in provision are as follows:

Amount in

Rs.

Particulars	Class of Provision	
	Non Performing Assets	
	FY 2011-12	FY 2010-11
Opening Balance	1,81,39,306	2,19,94,601
Add: Provision made during the year	53,13,808	Nil
Add: Provision utilised from Contingences	Nil	Nil
Less: Provision reversed during the year	70,07,425	38,55,295
<b>Closing Balance</b>	<b>1,64,45,689</b>	<b>1,81,39,306</b>

- (c) During the year, the Company has made a general provision at the rate of 0.25% on the standard assets based on RBI Notification No RBI/2010-11/370 DNBS.PD.CC. NO.207/ 03.02.002/2010-11 dated January 17, 2011 applicable to NBFCs

Amount in Rs.

Provision on Standard Assets	FY 2011-12	FY 2010-11
Opening Balance	Nil	Nil
Add: Provision made during the year	2,66,988	Nil
<b>Closing Balance</b>	<b>2,66,988</b>	<b>Nil</b>

- (d) The Company has provided Rs.4,09,054/- (Previous Year Rs.2,99,898/-) towards gratuity benefits.

**(9) Short-term Provisions:**

Amount in Rs.

As at March 31,	2012	2011
Provision for Employee Benefits - Leave Encashment	38,131	49,030
Provision for Tax	91,50,708	55,30,707
<b>Total</b>	<b>91,88,839</b>	<b>55,79,737</b>

**(11) Non-current Investments :**

The details of Non-current Investments are provided below :

Amount in Rs.

Name of the Company	Face Value (Rupees)	Quantity March 31, 2012	Cost as at March 31, 2012	Quantity March 31, 2011	Cost as at March 31, 2011
<b>Non Current Investments</b> Investment in Bhavishya Nirman Bonds issued by NABARD	20,000	1,137	96,64,500	1,137	96,64,500

The company has invested in Bhavishya Nirman Bonds issued by NABARD (1,137 bonds at face value of Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-. The maturity value of the same is Rs.2,27,40,000/- at 10 years.

**(12) Long-term Loans and Advances :**

Amount in Rs.

As at March 31,	2012	2011
<b>Secured, considered good :</b>		
Term Loans	3,57,46,904	6,55,11,099
<b>Secured, considered doubtful:</b>		
Term Loans	1,64,45,689	2,67,80,603
<b>Total</b>	<b>5,21,92,593</b>	<b>9,22,91,702</b>

**(13) Short-term Loans and Advances:**

Amount in Rs.

As at March 31,	2012	2011
<b>Secured, considered good :</b>		
Term Loans	7,10,48,119	Nil
<b>Unsecured, considered good :</b>		
Advance Tax (net)	29,61,921	32,98,919
TDS	18,14,826	8,20,134
Prepaid Expenses	3,358	3,358
Telephone Deposit	3,000	3,000
Valuation fee receivable	5,600	10,884
Legal fee receivable	Nil	1,12,084
<b>Total</b>	<b>7,58,36,824</b>	<b>42,48,379</b>

**(14) Other Non-current Assets:**

Amount in Rs.

As at March 31,	2012	2011
Income accrued on Investments (Bhavishya Nirman Bonds)	33,70,781	23,01,784
<b>Total</b>	<b>33,70,781</b>	<b>23,01,784</b>

**(15) Other Current Assets:**

Amount in Rs.

As at March 31,	2012	2011
Interest accrued on Loans and Advances	4,10,789	2,51,214
Income accrued on Fixed Deposits	19,11,502	8,99,191
<b>Total</b>	<b>23,22,291</b>	<b>11,50,405</b>

AGRI DEVELOPMENT FINANCE (TN) LIMITED

Schedules Forming Integral Part of the Balance Sheet as at 31st March, 2012

Note : 10- Fixed Assets

S. No	Tangible asset	Gross Value			Depreciation			Closing balance		
		As on 01.04.2011	Additions	Deletions	As on 31.03.2012	As on 01.04.2011	Additions	Deletions	As on 31.03.2012	As on 31.03.2011
a	Furniture & Fixtures	488,700	-	-	488,700	436,616	9,427	-	446,043	52,084
b	Vehicles	22,567	-	-	22,567	22,108	119	-	22,227	459
c	Office Equipments	67,275	-	-	67,275	55,148	1,687	-	56,835	12,127
d	Computers	499,066	-	-	499,066	435,778	25,315	-	461,093	63,288
	<b>Total</b>	<b>1,077,608</b>	<b>-</b>	<b>-</b>	<b>1,077,608</b>	<b>949,650</b>	<b>36,548</b>	<b>-</b>	<b>986,198</b>	<b>127,958</b>
	<b>Figures for the previous year</b>	<b>1,026,128</b>	<b>51,480</b>	<b>-</b>	<b>1,077,608</b>	<b>902,853</b>	<b>46,797</b>	<b>-</b>	<b>949,650</b>	<b>123,276</b>



**(16) Cash and Cash Equivalents:**

Amount in Rs.

As at March 31,	2012	2011
Cash on Hand	741	642
Balances with Banks in Current Account	9,84,738	47,461
<b>Cash and Cash Equivalents</b>	<b>9,85,479</b>	<b>48,103</b>
Balance with Banks in Deposit Account	15,17,47,530	10,16,16,530
<b>Total</b>	<b>15,27,33,007</b>	<b>10,16,64,634</b>

**(17) Revenue from Operations:**

(a) Income from Operations:

Amount in Rs.

Particulars	FY 2011-12	FY 2010-11
Fund Based Income	2,54,96,191	1,36,38,202
Fee Based Income - Processing fee for term loan	11,24,450	1,73,950
<b>Total</b>	<b>2,66,20,641</b>	<b>1,38,12,152</b>

(b) Fund Based Income :

Amount in Rs.

Particulars	FY 2011-12	FY 2010-11
Interest Income	1,24,62,598	55,57,897
Investment Income	1,30,33,593	80,80,305
<b>Total</b>	<b>2,54,96,191</b>	<b>1,36,38,202</b>

(c) Investment Income :

Amount in Rs.

Particulars	FY 2011-12		FY 2010-11	
	Long-term	Current	Long-term	Current
Interest on Investments				
□ Bhavishya Nirman Bonds	10,68,997	Nil	9,81,331	Nil
□ Fixed Deposit with Banks	Nil	1,19,64,596	Nil	70,98,974
<b>Total</b>	<b>1,30,33,593</b>		<b>80,80,305</b>	

**(18) Other Income:**

Amount in Rs.

Particulars	FY 2011-12	FY 2010-11
Reversal of NPA Provision	70,07,425	38,55,295
Provision for taxation written back	Nil	67
Refund of legal fee, income tax, etc	4,18,639	2,24,041
<b>Total</b>	<b>74,26,064</b>	<b>40,79,403</b>

**(19) Employee Benefit Expense:**

Amount in Rs.

Particulars	FY 2011-12	FY 2010-11
Salaries & Allowances	39,90,414	19,77,092
Contribution to Provident Fund & Other Funds	1,26,812	1,10,102
Staff Training & Welfare expenses	2,68,011	2,75,352
<b>Total</b>	<b>43,85,237</b>	<b>23,62,546</b>

**(20) Finance Costs:**

Amount in Rs.

Particulars	FY 2011-12	FY 2010-11
Interest on Refinance	82,93,238	33,71,360
<b>Total</b>	<b>82,93,238</b>	<b>33,71,360</b>

**(21) Other Operating and Administrative Expenses :**

Amount in Rs.

(a)	Particulars	FY 2011-12	FY 2010-11
	Consultancy & Service Charges	3,200	2,750
	Repairs & Maintenance	25,558	24,507
	Rent	1,11,600	1,11,600
	Travel & Conveyance	5,952	34,547
	Rates & Taxes	48,374	53,512
	Electricity	16,403	13,703
	Insurance	964	974
	Miscellaneous Expenses	1,22,898	1,36,944
	<b>Total</b>	<b>3,34,949</b>	<b>3,78,537</b>

(b) Miscellaneous expenses include:

(i) Amounts paid/payable to Auditors :

Amount in Rs.

Particulars	FY 2011-12	FY 2010-11
For Audit Fees	15,000	16,545
For Tax Audit Fees	7,500	8,273
<b>Total</b>	<b>22,500</b>	<b>24,818</b>

(ii) Others :

Amount in Rs.

<b>Particulars</b>	<b>FY 2011-12</b>	<b>FY 2010-11</b>
Bank charges	3,166	1,826
Communication Expenses	32,524	31,559
Postage, Printing & Stationery	33,021	31,720
Office Maintenance	12,206	11,290
AGM Expenses	1,686	1,716
General Expenses	13,385	10,608
Newspaper	4,410	3,075
Advertisement	Nil	20,332
<b>Total</b>	<b>1,00,398</b>	<b>1,12,126</b>

(22) Provisions & Contingencies:

Amount in Rs.

<b>Particulars</b>	<b>FY 2011-12</b>	<b>FY 2010-11</b>
Provision for Non Performing Asset	53,13,808	Nil
Provision for FBT - Expenses	229	Nil
Provision for Standard Assets	2,66,988	Nil
<b>Total</b>	<b>55,81,025</b>	<b>Nil</b>

(23) Earnings Per Share (EPS):

<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
(A) Profit for the year after taxation (in Rupees)	92,97,419	92,23,801
(B) Number of equity shares of face value of Rs.10/- (in numbers).	99,79,950	99,79,950
(c) Basic & Diluted earnings per share (A/B) (in Rs.)	0.93	0.92

(24) Related Party Transactions:

National Bank for Agriculture and Rural Development (NABARD) is the holding company with 52.10% on the paid up equity capital of the company. The following payments have been made by the company to NABARD and its deputation staff during the financial year 2011-12.

Amount in Rs.

<b>Particulars</b>	<b>2011-2012</b>	<b>2010-2011</b>
Office Rent	1,11,600	1,11,600
Office Electricity Charges	4,803	13,703
Office Property Tax, Sewage Tax on the area occupied by the company	42,359	30,286
<u>Managing Director</u>		
Quarters Rent	55,116	55,116
Salary	30,00,606	10,81,061
Gratuity	90,740	62,517
Medical Expenses	46,483	65,375
<b>TOTAL</b>	<b>33,51,707</b>	<b>14,19,658</b>

The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value of Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-. The maturity value of the same is Rs.2,27,40,000/- at 10 years.

The company obtained refinancing from NABARD. The transaction during the year is as follows:

Amount in Rs.

<b>Particulars</b>	<b>2011-2012</b>	<b>2010-2011</b>
Opening Balance	7,22,83,300	4,18,22,200
Loan received during the year	9,20,00,000	5,97,38,900
Loan repaid during the year	3,54,27,600	2,92,77,800
Closing Balance (inc. Int. payable)	12,88,55,700	7,22,83,300
Interest paid/payable on above	82,93,238	33,71,360

(25) The Company is registered as a Non-Deposit Taking Non-Banking Finance Company (NBFC-ND).

(26) The Company is in the business of providing financial assistance to Micro Finance Institutions for on-lending to members of Self Help Groups / Joint Liability Groups.

(27) Consequent to the Notification NO. S.O. 447(E), dated 28-2-2011 [as amended by Notification No. F.NO. 2/6/2008-CL-V, DATED 30-3-2011] the above financial statements have been presented in accordance with the Revised Schedule VI. As required under the said notification corresponding figures for the previous year have been reclassified and presented in accordance with the current year presentation

Notes to accounts hereto form Part of the Balance Sheet and the Statement of Profit and Loss

Vide report of even date  
For Lakshmiah & Co.,  
ICAI FRN 001839S  
(Chartered Accountants)

For Agri Development Finance (Tamilnadu) Limited

Sd/-  
**K.Thirupathaiah**  
Sole Practitioner  
(M.No. 6682)  
Chennai, 14.06.2012

Sd/-  
**K.Muralidhara Rao**  
Director

Sd/-  
**Lalitha Venkatesan**  
Director

Sd/-  
**M.Balakrishnan**  
Director

Sd/-  
**Ananda Mukherji**  
Managing Director

Sd/-  
**M.Bhuvaneshwari**  
Company Secretary

**AGRI DEVELOPMENT FINANCE (TAMILNADU) LIMITED**

**Regd. & Corp. Office : Ground Floor, NABARD Tamilnadu Regional Office Building,  
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai - 600 034.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012**

Particulars	Year ended 31.03.12		Year ended 31.03.11	
	Rs.	Rs.	Rs.	Rs.
<b>Cash Flow from Operating Activities</b>				
Net Profit before taxation and extraordinary items	15415708		11732316	
Adjustment for:				
Interest Income	(13033593)		(8080305)	
Depreceiation	36548		46797	
Loss on Sale of Assets	-		-	
Operating profit before working capital changes	<b>2418663</b>		<b>3698808</b>	
Decrease in Secured Advances	(32530543)		(21507857)	
Increase in Advances & Deposits recoverable in cash or kind	(2893296)		(3015389)	
Increase / (Decrease) in current liability & provisions	71039956		26618234	
<b>Net Cash from operating activities</b>		<b>38034780</b>		<b>5793796</b>
<b>Cash flow from Investing activities</b>				
Purchase of Fixed Assets	-		(51480)	
Sale of Fixed Assets	-		-	
Interest Income	13033593		8080305	
<b>Net Cash flow investing activities</b>		<b>13033593</b>		<b>8028825</b>
<b>Net increase in cash and cash equivalents</b>		<b>51068373</b>		<b>13822621</b>
<b>Cash and cash equivalent at beginning of the year</b>		<b>101664634</b>		<b>87842013</b>
<b>Cash and cash equivalent at end of the year</b>		<b>152733007</b>		<b>101664634</b>

Vide report of even date  
For Lakshmiah & Co.,  
ICAI FRN 001839S  
(Chartered Accountants)

For Agri Development Finance (Tamilnadu) Limited

Sd/-  
**K.Thirupathaiah**  
Sole Practitioner  
(M.No. 6682)  
Chennai, 14.06.2012

Sd/-  
**K.Muralidhara Rao**  
Director

Sd/-  
**Lalitha Venkatesan**  
Director

Sd/-  
**M.Balakrishnan**  
Director

Sd/-  
**Ananda Mukherji**  
Managing Director

Sd/-  
**M.Bhuvanewari**  
Company Secretary

**ATTENDANCE SLIP**

(To be presented at the entrance)

15<sup>th</sup> Annual General Meeting at the Conference Hall of NABARD, Tamil Nadu Regional Office (2<sup>nd</sup> Floor), New No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

Folio No.:.....

Name of the Share Holder: .....

Signature : .....

Only shareholders / proxies / representatives are allowed to attend the meeting.

**AGRI DEVELOPMENT FINANCE (TAMILNADU) LIMITED  
PROXY FORM**

I / We ..... of ..... in the district of ..... being a member (s) of the above named NBFC, hereby appoint Shri..... of ..... in the district ..... or failing which Shri..... Of ..... of ..... in .....the district of ..... as my / our proxy to attend and vote for me / us and on my / our behalf at the 15<sup>th</sup> Annual General Meeting of Agri Development Finance (Tamilnadu) Limited to be held on 24<sup>th</sup> day of September 2012

Ledger No.: .....

No. of Shares Held .....

Signed this ..... Day of September 2012

Signature .....

(affix 1 Re.  
Revenue  
Stamp)



# ANNUAL REPORT 2011 - 2012



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