

• Agri Development Finance (Tamilnadu) Limited •

Board of Directors

Shri. Subrata Gupta	-	Director
Shri. K.Venkateswara Rao	-	Director
Shri. G. Manoharan	-	Director
Shri. Satyabrata Sahoo, I.A.S	-	Director
Shri. P.N. Praveen Kumar	-	Managing Director

Company Secretary

Smt. M. Bhuvaneswari

Auditors

M/s. Bhandari & Keswani
Chartered Accountants
75, Mahatma Gandhi Road
Nungambakkam
Chennai 600 034

Bankers

Indian Overseas Bank, Nungambakkam Branch, Chennai 600 034.

Regd. & Corporate Office

Ground Floor, NABARD Tamilnadu Regional Office Building
No.48, Mahatma Gandhi Road
Nungambakkam, Chennai 600 034.Tamil Nadu
Ph. No. (044) 2827 0138, 42138700
E-Mail : adftchennai@gmail.com
CIN : U65191TN1997PLC037525

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Agri Development Finance (Tamilnadu) Limited

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

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the shareholders of the company will be held at 04.00 p.m. on Monday the 15th day of September 2014 at the Conference Hall of NABARD, Tamil Nadu Regional Office (2nd 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 31st March 2014 and the Audited Profit & Loss Account for the year ended 31st March 2014 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 M/s. Bhandari & Keswani, Chartered Accountants, Chennai as the Statutory Auditors of the company for the year 2014-2015 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 139 (5) of the Companies Act, 2013 shall hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company”.

Special Business

3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, the consent of the company be and is hereby accorded for alteration of Clause III A of the Memorandum of Association of the Company by replacing the existing clause with the following new clause:

III (A)

“To carry on and transact the business of providing credit and other facilities to enterprises engaged in Agriculture and allied activities, for promotion, expansion, commercialization and modernization of agriculture and allied activities in general, through out India and in particular by-

- i) Promoting, developing and financing producer organizations and companies;
- ii) Granting financial assistance by way of term loans, subscriptions to Equity, Debentures and Bonds, Co-financing, Syndication, Venture Capital and the like either in rupee or in foreign currencies;

Agri Development Finance (Tamilnadu) Limited

- iii) Granting financial assistance by way of working capital, discounting or rediscounting of bills of exchange or promissory notes and leasing in any form / scheme as may be deemed expedient;
- iv) Guaranteeing loans and obligations, deferred payment credits and performance of contracts;
- v) Subscribing to and / or underwriting the issues of shares and securities;
- vi) Granting, opening, issuing, confirming or endorsing letters of credit and negotiating or collecting bills and other documents drawn there under;
- vii) Providing consultancy and merchant banking and forex services;
- viii) Encouraging and promoting the participation of various types of capital from private sector into agriculture and allied activities related projects from within India and outside India.
- ix) Providing marketing and research facilities
- x) Undertaking, carrying out, promoting and supporting rural development including any programme for promoting the social and economic welfare of, or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner.

For the purpose of this clause and other clauses hereinafter appearing the expression “allied activities” shall include Horticulture, Plantation, Floriculture, Mushroom, Sericulture, Animal Husbandry (i.e., Dairy, Poultry, Piggery, Sheep Rearing, etc.), Forestry, Fisheries /Aquaculture and Farm Mechanisation and Agricultural inputs. It shall also include Processing, Marketing, Storage, Refrigeration, Transportation and Infrastructural Support for the aforesaid activities.

RESOLVED FURTHER THAT the Managing Director or the Company Secretary be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 13(2) and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force) and subject to the approval of any competent authority as may be necessary, the consent of the company be and is hereby accorded to change the name of the Company from Agri Development Finance (Tamilnadu) Limited to NABKISAN Finance Limited.

RESOLVED FURTHER that the name “Agri Development Finance (Tamilnadu) Limited” wherever it occurs in the Memorandum and Articles of Association and other documents and papers of the Company be substituted by the name “NABKISAN Finance Ltd”.

RESOLVED FURTHER that the change of name of the Company as aforesaid does not change the legal status or constitution of the Company, nor does it affect any rights or obligations of the Company.

RESOLVED FURTHER THAT the Managing Director or the Company Secretary be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this resolution.”

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, Clause III B of the Memorandum of Association of the Company be altered by adding the following new sub-clause (56) after the existing sub-clause no.55:

56. To provide finance against warehouse receipts and undertake factoring, bill marketing and other related fields.

RESOLVED FURTHER THAT the Managing Director or the Company Secretary be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this resolution.”

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 13 and all other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), and subject to necessary approval(s) if any, from the competent authorities, the Other Objects Clause of the Memorandum of Association of the Company be altered by completely deleting the Clause III(C) 1 and III(C)2 which reads as under:

(C) 1. To act as a custodian or depository for purposes of storage, in any form for fees or otherwise, letting on hire and otherwise disposing of safes, strong rooms and other receptacles for money, securities and documents of all kinds.

(C) 2. To perform and undertake activities pertaining to warehousing, bill marketing, factoring and related fields.

RESOLVED FURTHER THAT the Managing Director or the Company Secretary be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient to give effect to this resolution.”

**For and on behalf of the Board
For Agri Development Finance (Tamilnadu) Ltd**

Place : Chennai

Date : 08.08.14

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

Notes :

1. The members are requested to inform change of address, if any, to the company.
2. 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.
3. 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.
4. Shareholders desirous of seeking any clarification on the business to be transacted at the 17th 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.
5. Members are requested to bring their copies of Annual Report for the meeting.
6. Members / Proxies are requested to bring the Attendance Slip sent with the Annual Report duly filled in for attending the meeting.

Explanatory Statement u/s 102 of the Companies Act, 2013

Item No. 3

India has over 12.50 crore farmers households, of which, over 85% are small and marginal farmers with holdings of less than 2 hectares. The Small and Marginal Farmers need support to access to latest technology, require quality inputs and services at low cost and get remunerative prices through aggregation and sale of their produce. Formation of Producers Organisation/ companies proved to be a solution for problems faced by small and marginal farmers/ rural entrepreneurs. The Central and State governments have also been supporting these organizations to a large extent considering the need to protect the interest of these sections of the society. Recently, the Central Government has also allocated funds to the tune of Rs.200 crore to NABARD for promoting 2000 Producer Organizations in the next two years. The SFAC is also supporting the Producers Organisation by way of Equity Grant and Credit Guarantee Fund to reduce the risk cover for the financing agencies.

Having regard to the above initiatives of the government, serving the larger and marginal sections of the society and expanding our business opportunities, the Board of Directors has proposed to restructure ADFT to support Producer Organisations in big way so that ADFT can also expand its business to Pan India.

The existing main object clause of the MOA of ADFT restricts its operations to the state of Tamilnadu. In order to operate on a Pan India basis, the main objects clause of the Memorandum of Association needs to be amended suitably so as to change the area of operation as also to include the proposed objects which specifically permits lending to producer organizations. The above proposal requires the approval of the shareholders at the general meeting.

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The existing and revised main objects clause of the MOA is submitted below:

Existing Clause	Revised Clause
III (A) “To carry on and transact the business of providing credit and other facilities to enterprises engaged in Agriculture and allied activities, for promotion, expansion, commercialization and modernization of agriculture and allied activities in general, in the State of Tamilnadu and in particular by- i) Granting financial assistance by way of term loans, subscriptions to Equity, Debentures and Bonds, Co-financing, Syndication, Venture Capital and the like either in rupee or in foreign currencies; ii) Granting financial assistance by way of working capital, discounting or rediscounting of bills of exchange or promissory notes and leasing in any form / scheme as may be deemed expedient; iii) Guaranteeing loans and obligations, deferred payment credits and performance of contracts; iv) Subscribing to and /or underwriting the issues of shares and securities; v) Granting, opening, issuing, confirming or endorsing letters of credit and negotiating or collecting bills and other documents drawn there under; vi) Providing consultancy and merchant banking and forex services;	III (A) “To carry on and transact the business of providing credit and other facilities to enterprises engaged in Agriculture and allied activities, for promotion, expansion, commercialization and modernization of agriculture and allied activities in general, through out India and in particular by- i) Promoting, developing and financing producer organizations and companies; ii) Granting financial assistance by way of term loans, subscriptions to Equity, Debentures and Bonds, Co-financing, Syndication, Venture Capital and the like either in rupee or in foreign currencies; iii) Granting financial assistance by way of working capital, discounting or rediscounting of bills of exchange or promissory notes and leasing in any form / scheme as may be deemed expedient; iv) Guaranteeing loans and obligations, deferred payment credits and performance of contracts; v) Subscribing to and /or underwriting the issues of shares and securities; vi) Granting, opening, issuing, confirming or endorsing letters of credit and negotiating or collecting bills and other documents drawn there under;

Agri Development Finance (Tamilnadu) Limited

Existing Clause	Revised Clause
vii) Encouraging and promoting the participation of various types of capital from private sector into agriculture and allied activities related projects from within India and outside India. viii) Providing marketing and research facilities ix) To undertake, carry out, promote and support rural development including any programme for promoting the social and economic welfare of, or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. For the purpose of this clause and other clauses hereinafter appearing the expression “allied activities” shall include Horticulture, Plantation, Floriculture, Mushroom, Sericulture, Animal Husbandry (i.e., Dairy, Poultry, Piggery, Sheep Rearing, etc.), Forestry, Fisheries /Aquaculture and Farm Mechanisation and Agricultural inputs. It shall also include Processing, Marketing, Storage, Refrigeration, Transportation and Infrastructural Support for the aforesaid activities.	vii) Providing consultancy and merchant banking and forex services; viii) Encouraging and promoting the participation of various types of capital from private sector into agriculture and allied activities related projects from within India and outside India. ix) Providing marketing and research facilities x) Undertaking, carrying out, promoting and supporting rural development including any programme for promoting the social and economic welfare of, or the uplift of the public in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through an independent agency or in any other manner. For the purpose of this clause and other clauses hereinafter appearing the expression “allied activities” shall include Horticulture, Plantation, Floriculture, Mushroom, Sericulture, Animal Husbandry (i.e., Dairy, Poultry, Piggery, Sheep Rearing, etc.), Forestry, Fisheries /Aquaculture and Farm Mechanisation and Agricultural inputs. It shall also include Processing, Marketing, Storage, Refrigeration, Transportation and Infrastructural Support for the aforesaid activities.

Agri Development Finance (Tamilnadu) Limited

The resolution at Item No.3 is being proposed to seek your consent at the Annual General Meeting as per the requirements of the Companies Act, 2013.

Your Directors commend the resolution as set out above for approval of the members.

A copy of the Memorandum & Articles of Association together with the proposed alternations is available for inspection by members on any working day during 11.00 A.M. to 5.00 P.M. up to the date of the Annual General Meeting at the registered office of the Company.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.4

It is proposed to change the name of the company to reflect the change in area of operation. It is proposed to change the name of the Company from Agri Development Finance (Tamilnadu) Limited to NABKISAN Finance Limited. NAB is used to represent NABARD, the Chief Promoter of the company and KISAN, the farmer, the focus area of the company.

The change of name requires the approval of shareholders in general meeting. The change of name of the Company as aforesaid does not change the legal status or constitution of the Company, nor does it affect any rights or obligations of the Company.

The resolution at Item No.4 is being proposed to seek your consent at the Annual General Meeting as per the requirements of the Companies Act, 2013.

Your Directors commend the resolution as set out above for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No.5

The company proposes to include a sub clause in its ancillary object clause to permit the activity of providing finance against warehouse receipts and undertake factoring, bill marketing and other related fields.

As per the provisions of Section 13 of the Companies Act, 2013, approval of shareholders is required by passing a Special Resolution before initiating any change in the existing Object Clause of the Company's Memorandum of Association.

The resolution at Item No.5 is being proposed to seek your consent at the Annual General Meeting as per the requirements of the Companies Act, 2013.

Your Directors commend the resolution as set out above for approval of the members.

A copy of the Memorandum & Articles of Association together with the proposed alternations is available for inspection by members on any working day during 11.00 A.M. to 5.00 P.M. up to the date of the Annual General Meeting at the registered office of the Company.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 6

Table A of the Companies Act contains the format of the Memorandum of Association (MOA) of a company limited by shares. As per Table A of the Companies Act, 2013, a company limited by shares shall have only main objects and incidental objects clause in its MOA.

In order to comply with the provisions of Section 4(1)(c), 13 and other applicable provisions, if any, of the Companies Act, 2013, the Company needs to delete the Other Objects Clause from the Memorandum of Association which requires the approval of the shareholders at the general meeting.

The resolution at Item No.6 is being proposed to seek your consent at the Annual General Meeting as per the requirements of the Companies Act, 2013.

Your Directors commend the resolution as set out above for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

**For and on behalf of the Board
For Agri Development Finance (Tamilnadu) Ltd**

Place : Chennai
Date : 08.08.14

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

Agri Development Finance (Tamilnadu) Limited

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

It is the privilege for the Directors to present the 17th Annual Report on the business and operations of the company together with the Audited Accounts for the year ended March 31, 2014. It gives us immense pleasure to inform that the company has performed well during the year and has surpassed the targets set for the year under review.

Financial Results

Our Company's performance during the financial year 2013-14 is summarized below:

(Rs. Lakh)			
Particulars	2012-13	2013-14	Growth %
Gross Income	274.08	455.86	66
Expenditure Including Depreciation & Extra Ordinary Items	151.46	204.96	35
Profit before tax	122.62	250.90	105
Provision for tax (current year)	45.77	54.66	19
Reversal of earlier tax provision	0.00	(54.06)	—
Profit after tax	76.85	250.30	226

Reserves

The company has transferred Rs.50.06 lakh to special reserve u/s 45-IC of RBI Act, 1934 as against Rs.15.37 lakh transferred during the previous financial year. During the year under review, our company has Rs.403.29 lakh as surplus in statement of profit and loss. The company has made a profit after tax of Rs.250.30 lakh during the financial year ended 31st March 2014.

Dividend

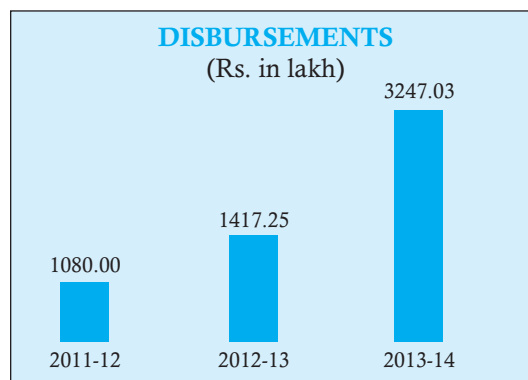
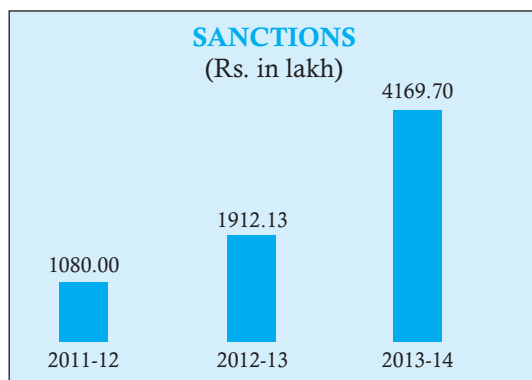
No dividend has been recommended for the year ended 31st March 2014.

Operations and Business Performance

The operational highlights of the company are:

- The company has sanctioned 130 projects for a total sum of Rs.41.70 crore during 2013-14, as compared to Rs.19.12 crore during 2012-13, a significant jump of 118.07% over previous year.
- The company disbursed 118 term loans aggregating to Rs.32.41 crore during the year as against Rs.14.17 crore during 2012-13, a growth of 128.70%.

Agri Development Finance (Tamilnadu) Limited



- The company has availed Rs.1649.05 lakhs as refinance from NABARD during the year.
- The reserves and surplus recorded a healthy increase from Rs.313.99 lakhs to Rs.564.30 lakhs.
- The net worth went up from Rs.1311.99 lakh to Rs.2562.30 lakh.
- The net NPA as on 31 March 2014 continues to be NIL.

Future Outlook

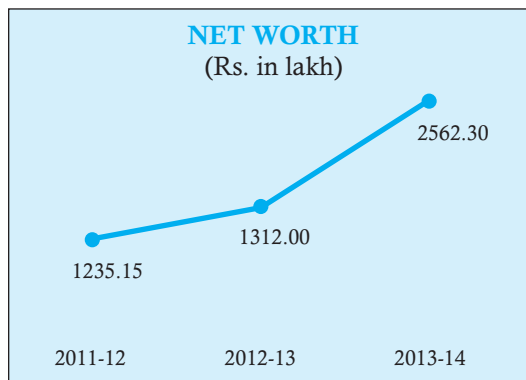
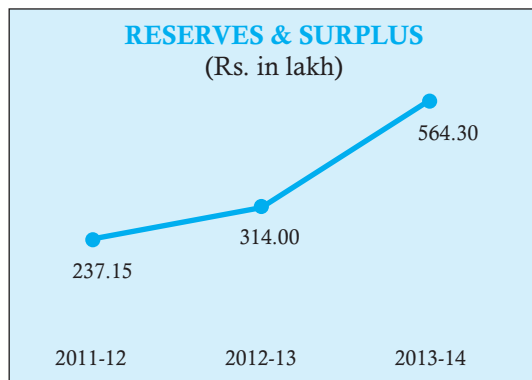
The Board of Directors of the company has approved the following business plan of the company for the financial year 2014-15:

(Rs. Lakh)		
Sl. No	Activity	Plan
1	Activity based lending through NGOs/Trust/ Sec 25 Companies	1000.00
2	Individuals/ Corporates/ others	200.00
3	PLFs	4000.00
4	Producer Companies	100.00
	TOTAL	5300.00

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.

Agri Development Finance (Tamilnadu) Limited



Directors & Meetings of the Board:

The present Board comprises of the following Directors:

Shri. Subrata Gupta	Chief General Manager - NABARD, HO, Mumbai, Chairman of the Board
Shri. K.Venkateswara Rao	Chief General Manager, NABARD, TN RO, Chennai
Shri. G.Manoharan	GM - RBD, Indian Bank, Chennai
Shri. Satyabrata Sahoo, I.A.S.	Director of Horticulture and Plantation Crops, Govt. of Tamil Nadu
Shri. P.N.Praveen Kumar	Managing Director, ADFT, Chennai

During the year, the following changes have taken place in the Board of Directors of the company:

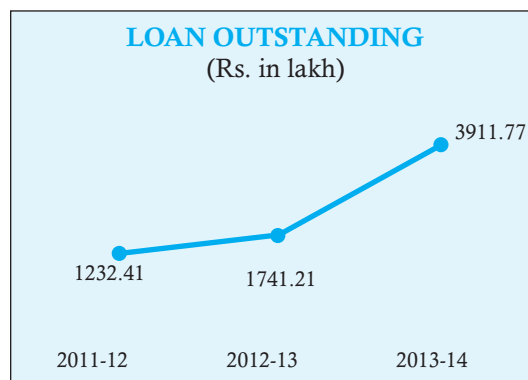
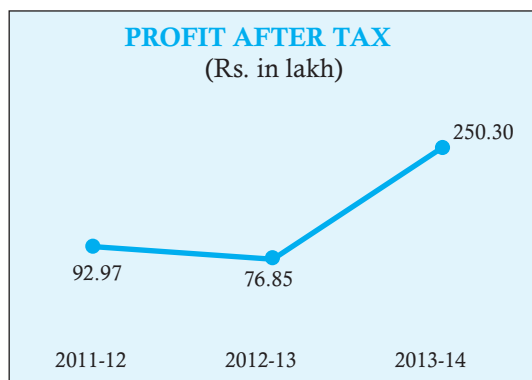
- Shri. Subrata Gupta, CGM, NABARD, HO was nominated by NABARD as Director in place of Shri. PVS Surya Kumar, CGM, NABARD, Delhi RO.
- Shri. K. Venkateswara Rao, CGM, NABARD TNRO was nominated by NABARD as Director in place of Smt. Lalitha Venkatesan, CGM, NABARD TNRO, who has since retired.
- Shri. G. Manoharan, General Manager was nominated by Indian Bank as Director in place of Shri. M. Balakrishnan, General Manager, who has since retired.

The Board of directors met four times during the year 2013-14 on 29th April 2013, 27th August 2013, 19th December 2013 and 03rd March 2014.

Audit Committee :

In terms of Section 177 of the Companies Act, 2013, the Board had constituted an Audit Committee. The Audit Committee met four times during the year 2013-14 on 29th April 2013, 26th July 2013, 03rd December 2013 and 03rd March 2014.

Agri Development Finance (Tamilnadu) Limited



The present committee consists of:

- (1) **Shri. K. Venkateswara Rao** Member
- (2) **Shri. P.N. Praveen Kumar** Member
- (3) **Shri. G. Manoharan** Member
- (4) Representative of **M/s. Bhandari & Keswani**, 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.

Status of the Company

The company was declared as a Deemed Government Company vide letter No.CA.V/30-2006 dated 28th August 2006 from the Comptroller and Auditor General of India, New Delhi (CAG) who will appoint the Statutory Auditors every year under Section 139(5) of the Companies Act, 2013.

Statutory Auditors

M/s. Bhandari & Keswani, Chartered Accountants, Chennai were appointed by the CAG of India, New Delhi as Statutory Auditors for the financial year 2013-14. Further the Supplementary Audit of the company's accounts was entrusted to the The Director, Office of the Principal Director of Commercial Audit and Ex-Officio Member Audit Board, III Floor, Chennai Branch Office, FCI Building, No.8, Mayor Sathyamoorthy Road, Chetpet, Chennai -600 031 under Section 143(6) of the Companies Act, 1956.

Statutory Disclosures

(1) Information as per Section 134 (3) (m) of the Companies Act, 2013

Our 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 134 (3) (c) of the Companies Act, 2013 read with the Companies (Directors' Responsibility) Rules 2000, the 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, 2013 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 203 of the Companies Act, 1956

The company had appointed Smt.M.Bhuvaneshwari as Whole Time Company Secretary in compliance of the provisions of Section 203 of the Companies Act, 2013.

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
For Agri Development Finance (Tamilnadu) Ltd**

Place : Chennai
Date : 08.08.14

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

INDEPENDENT AUDITORS' REPORT

To the Members of Agri Development Finance (Tamilnadu) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Agri Development Finance (Tamilnadu) Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Emphasis of Matter

We draw attention to 1.2 of the Notes on accounts with regard to the Company's compliance with RBI circular no. DNBS (PD) C.C.No.79/03.05.002/2006-07 dated Sept. 21, 2006. Our opinion is that the Company has complied with the provisions.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order to the extent applicable.
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 purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet and the statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - (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 Bhandari & Keswani.,
Chartered Accountants,
(Firm Registration No. 000433S)

Sd/-
P. Bhandari
Partner
(Membership No. 017411)

Place : Chennai
Date : 09-05-2014

Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
b) As explained to us, all the 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 the nature of its assets. No material discrepancies were noticed on such verification.
c) As per information provided before us, no substantial parts of the fixed assets were disposed off during the year.
2. The Company being a Non-Banking Financial Company does not hold inventories. Hence clause (ii) of the Order is not applicable to the company
3. According to the information provided and explanation given to us, the company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register mentioned under section 301 of the Companies Act, 1956. Hence clause (iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations give to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and with regard to rendition of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
5. According to the information and explanation given to us, in our opinion, there is no transaction that requires to be entered into a register in pursuance of section 301 of the Companies Act, 1956. Hence clause (v) of the Order is not applicable to the Company.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government of india has not prescribed cost records for the Company as required u/s 209 (1) (d) of the Companies Act, 1956.

9. a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanation given to us, the undisputed income tax payable, for the Assessment year 2002-03 and 2003-04, for which demand has not yet been received by the Company, has been estimated as under.

Particulars	Amount (Rs.)
Assessment Year	
2002-03	19,36,490
2003-04	10,94,217
Total	30,30,707
Interest payable on Income Tax due	23,75,758
Estimated Total	54,06,465

- b) The Company has ascertained that there is no liability towards Income tax and hence the provisions has been written back in the accounts.
- c) According to the information and explanation given to us, there are no amounts due as on March 31, 2014 in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
10. The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. Based on our audit procedure 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 to financial institutions, banks or debenture holders.
12. According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi, mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company
14. In our opinion, the Company is not dealing in or trading in shares, securites, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the Order are not applicable to the Company.

Agri Development Finance (Tamilnadu) Limited

15. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
16. As informed to us, the proceeds of the term loans taken by the company are applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination 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.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Act.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by way of public issues during the period covered by our audit report.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, nor we have been informed of such case by the management.

For Bhandari & Keswani.,
Chartered Accountants,
Firm Registration No. 000433S

Place : Chennai
Date : 09-05-2014

Sd/-
P. Bhandari
Partner
Membership No. 017411

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) LIMITED, CHENNAI FOR THE YEAR ENDED 31st MARCH 2014.

The preparation of financial statements of Agri Development Finance (Tamilnadu) Limited, Chennai for the year ended 31st March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory 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 Audit Report dated 09.05.2014.

I, on 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, Chennai** for the year ended 31st March 2014. 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 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/-
(Atreyee Das)**

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

Place : New Delhi
Date : 13.06.14

Agri Development Finance (Tamilnadu) Limited

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

Balance Sheet as at March 31, 2014

Particulars	Note Ref	As at March 31, 2014 ₹	As at March 31, 2013 ₹
I EQUITY AND LIABILITIES			
1) Share Holders' Funds			
Share Capital	3.1	199,799,500	99,799,500
Reserves & Surplus	3.2	56,429,655	31,399,463
2) Non-current Liabilities			
Long-term borrowings	3.3	128,221,900	72,661,400
Long term provisions	3.4	18,084,628	17,263,710
3) Current Liabilities			
Trade Payable	3.5	834,192	554,151
Other current liabilities	3.6	101,196,166	66,750,579
Short-term provisions	3.7	5,925,650	5,598,438
Total		510,491,691	294,027,241
II ASSETS			
1) Non-current Assets			
Fixed Assets			
- Tangible Assets	3.8	98,508	122,710
- Intangible Assets		10,592	17,653
Non Current Investments	3.9	9,664,500	9,664,500
Deferred tax assets (net)	3.10	13,056	20,741
Long term loans and advances	3.11	244,802,153	119,106,336
Other non current assets	3.12	12,706,760	5,832,626
2) Current Assets			
Cash And Cash Equivalents	3.13	92,418,022	101,430,230
Short term loans and advances	3.14	146,407,273	55,027,121
Other Current Assets	3.15	4,370,827	2,805,324
Total		510,491,691	294,027,241

Significant Accounting Policies and Notes to accounts

- The Schedules referred to above form integral part of Financial Statements

Vide report of even date

for **Bhandari & Keswani**

Chartered Accountants
Firm Reg No.000433S

Sd/-

P. Bhandari
Partner

M.No. 017411
Chennai, 09.05.2014

For Agri Development Finance (Tamilnadu) Limited

Sd/-

K. Venkateswara Rao
Director

Sd/-

PN. Praveen Kumar
Managing Director

Sd/-

Subrata Gupta
Director

Sd/-

M. Bhuvaneswari
Company Secretary

Agri Development Finance (Tamilnadu) Limited

Schedule to the Balance Sheet

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies

Prudential Norms (Reserve Bank) Directions, 1998)

Particulars		(Rs. in lakhs)	
	LIABILITIES SIDE	Amount Outstanding	Amount Overdue
(1)	Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid: (a) Debentures Secured Unsecured (other than falling within the meaning of public deposits*) (b) Deferred Credits (c) Term Loans (d) Inter-Corporate loans and borrowing (e) Commercial Paper (f) Public Deposits * (g) Other Loans (Un-secured loan - Refinance & Interim Finance from NABARD)	Nil	Nil
(2)	Break-up of (1) (f) above (Outstanding public deposits inclusive of Interest accrued thereon but not paid): (a) In the form of Unsecured debentures (b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security (c) Other public deposits	Nil Nil Nil	Nil Nil Nil
	Assets side:	Amount Outstanding	
(3)	Break up of Loans and Advances including bills receivables (other than those included in (4) below): (a) Secured (b) Unsecured	3911.77 0	
(4)	Breakup of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities (i) Lease Assets including lease rentals under sundry debtors: (a) Financial Lease (b) Operating Lease (ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets (iii) Hypothecation loans counting towards EL/HP activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	Nil Nil Nil	

Agri Development Finance (Tamilnadu) Limited

Schedule to the Balance Sheet

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies

Prudential Norms (Reserve Bank) Directions, 1998)

Particulars		(Rs. in lakhs)
	Assets side:	Amount Outstanding
(5)	<u>Break-up of investments :</u> <u>Current investments :</u> <u>1. Quoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	Nil
	<u>2. Unquoted:</u> (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	917.10
	<u>Long Term Investments:</u> <u>1. Quoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify) <u>2. Unquoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	Nil 96.64

Agri Development Finance (Tamilnadu) Limited

Schedule to the Balance Sheet

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies

Prudential Norms (Reserve Bank) Directions, 1998)

Borrower Group-wise classification of all leased assets, stock-on-hire and loans and advances:				
	Category	Amount net of provisions		
		Secured	Unsecured	Total
(6)	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Nil	Nil	Nil
	2. Other than related parties	3911.77	-	3911.77
	Total	3911.77	-	3911.77
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities '(both quoted and unquoted) :			
	Category	Market Value / Break up or fair value or NAV		Book Value (Net) or Provisions)
	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Nil 154.68		Nil 154.68
	2. Other than related parties			
	Total	154.68		154.68
	Particulars			Amount Rs. in Lakhs
(8)	Other Information			
	(i) Gross Non-Performing Assets			
	(a) Related parties			Nil
	(b) Other than related parties			164.45
	(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 Bhandari & Keswani Chartered Accountants Firm Reg No.000433S Sd/- P. Bhandari Partner M.No. 017411 Chennai, 09.05.2014				
For Agri Development Finance (Tamilnadu) Limited Sd/- K.Venkateswara Rao Director Sd/- PN. Praveen Kumar Managing Director				
Sd/- Subrata Gupta Director Sd/- M. Bhuvaneswari Company Secretary				

Agri Development Finance (Tamilnadu) Limited

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

Statement of profit and Loss for the Year Ended March 31, 2014

Particulars	Note Ref	For the year ended March 31, 2014 ₹	For the year ended March 31, 2013 ₹
I INCOME			
Revenue from Operations	4.1	36,346,683	11,129,079
Other Income	4.2	9,239,789	16,278,467
Total A		455,86,472	274,07,546
II EXPENDITURE			
Finance Cost	4.3	14,999,446	9,455,182
Employee Benefits Expenses	4.4	3,817,493	3,164,206
General Selling & Administrative Expenses	4.5	1,088,598	2,002,561
Provisions & Contingencies		542,639	127,201
Depreciation	3.8	48,313	32,569
Total B		204,96,489	147,81,719
III Profit before exceptional and extraordinary items and tax (I -II)		25,089,983	12,625,827
IV Extraordinary items		-	363,685
V Profit / (Loss) before Taxation		25,089,983	12,262,142
VI Tax Expenses			
- Earlier Tax		(5,406,465)	-
- Current Tax		5,458,571	4,585,735
- Deferred Tax		7,685	(8,323)
VII Profit / (Loss) after Tax		25,030,192	7,684,730
VIII Earning per Equity Share:			
Basic & Diluted	2.12	1.66	0.81

Significant Accounting Policies and Notes to accounts

The Schedules referred to above form integral part of Financial Statements

Vide report of even date

for **Bhandari & Keswani**

Chartered Accountants
Firm Reg No.000433S

Sd/-

P. Bhandari
Partner

M.No. 017411
Chennai, 09.05.2014

For Agri Development Finance (Tamilnadu) Limited

Sd/-

K. Venkateswara Rao
Director

Sd/-

PN. Praveen Kumar
Managing Director

Sd/-

Subrata Gupta
Director

Sd/-

M. Bhuvaneshwari
Company Secretary

Agri Development Finance (Tamilnadu) Limited

Notes to the financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees, unless otherwise stated)

Note 1:

1.1 Business Overview

Agri Development Finance (Tamilnadu) Ltd. ('ADFT' or 'the Company') was incorporated in India on Feb 14, 1997 as a public limited company. The Company commenced its operations on April 16, 1997.

The Company is a Non-Banking Finance Company not accepting public deposit engaged in the business of providing financial assistance to agriculture & allied activities to individuals/companies and also through PLFs/Trusts/Societies, etc.

1.2 Operational Outlook

The Company being a holder of the CoR granted by RBI u/s 45-IA of the RBI Act, 1934 is bound to and has complied with circular DNBS (PD) C.C. No.79/03.05.002/2006-07 dated Sept 21, 2006 regarding percentage of financial income to total income and financial asset to total asset at more than 50%. The Company's financial income is 79.73% of the gross income and it's financial asset (loan asset) is 76.63% of the total assets.

Note 2:

Significant Accounting Policies

2.1 Basis for preparation of Financial Statements

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of services and the time between the cash outflow and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities

2.2 Use of Estimates:

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include future obligations under employee retirement benefit plans and useful life of fixed assets and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

Agri Development Finance (Tamilnadu) Limited

Notes to the financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees, unless otherwise stated)

2.3 Fixed Assets and Depreciation

(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.

2.4 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. The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-, maturing between July 2018 and October 2018. The maturity value of the same is Rs.2,27,40,000/- at 10 years. In the absence of information on quotation, the bonds are valued at cost.

The interest earned but not due during the year of 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.

2.5 Revenue Recognition

The company's income constitutes interest from term loans disbursed and interest from fixed deposits with banks and is 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).

2.6 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. The company is providing Gratuity to the staff after completion of five years service. The Gratuity is provided at half a month salary for each year of completed service. In case of Officers on Deputation, the Gratuity is provided at the rate of one month's pay plus dearness allowance as defined in NABARD (Payment of Gratuity to Employees) Rules, 1983 for each completed year of service (placement) and proportionately for part thereof. Provision for Gratuity is computed and provided in accordance with para 52 of Accounting standard – 15.

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.

Agri Development Finance (Tamilnadu) Limited

Notes to the financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees, unless otherwise stated)

2.7 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 are as follows:

Particulars	2013-2014	2012-2013
Opening Balance	13,80,43,300	12,88,55,700
Loan received during the year	16,49,05,000	9,58,69,200
Loan repaid during the year	7,65,65,600	8,66,81,600
Closing Balance (inc. Int. payable)	22,63,82,700	13,80,43,300
Interest paid/payable on above	1,48,51,528	94,55,182

2.8 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.

2.9 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. decrual debts where Courts have attached property

Agri Development Finance (Tamilnadu) Limited

Notes to the financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees, unless otherwise stated)

- 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

2.10 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.

2.11 Related Party Transaction

National Bank for Agriculture and Rural Development (NABARD) is the holding company with 77.85% on the paid up equity capital of the company. The following payments have been made /payable by the company to NABARD and its deputation staff during the financial year 2013-14.

Particulars	Amount in Rs.	
	2013-2014	2012-2013
Office Rent (including Property & Sewage Tax)	1,25,646	1,56,980
Office Electricity Charges	39,243	9,869
Managing Director		
Quarters Rent	-	9,186
Salary	18,07,388	16,08,902
Gratuity	1,17,342	93,512
Reimbursement expenses	6,44,117	4,53,217
Total	27,33,736	23,31,666

Investment

The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value of Rs.20,000/- each) at cost of Rs.96,64,500 maturing between July 2018 and October 2018. On maturity the value of the same will be Rs.2,27,40,000/-

Agri Development Finance (Tamilnadu) Limited

Notes to the financial statements for the year ended March 31, 2014

(All amounts in Indian Rupees, unless otherwise stated)

Unsecured Loan

The company obtained refinance / interim finance from NABARD. The transaction during the year is as follows:

Particulars	Amount in Rs.	
	2013-2014	2012-2013
Opening Balance	13,80,43,300	14,48,55,700
Loan received during the year	16,49,05,000	13,33,69,200
Loan repaid during the year	7,65,65,600	14,01,81,600
Closing Balance (inc. Int. payable)	22,63,82,700	13,80,43,300
Interest paid/payable on above	1,48,51,528	94,55,182

2.12 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	2013-2014	2012-2013
(A) Profit for the year after taxation (in Rupees)	2,50,30,192	76,84,730
(B) Number of equity shares of face value of Rs.10/- (in numbers).	1,99,79,950	99,79,950
(C) Basic & Diluted earnings per share (A/B) (in Rs.)	1.66	0.81

As per our report of even date

For Bhandari & Keswani

Chartered Accountants,
Firm Registration No. 000433S

Sd/-

P. Bhandari

Partner

Membership No. 017411
Chennai, 09.05.2014

For and behalf of board of directors

Sd/-

K. Venkateswara Rao

Director

Sd/-

PN Praveen Kumar

Managing Director

Sd/-

Subrata Gupta

Director

Sd/-

M. Bhuvaneswari

Company Secretary

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE 3: Notes to the Balance Sheet

3.1 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Authorised Capital 5,00,00,000 equity shares of Rs.10/- each	5000,00,000	5000,00,000
Issued Capital 1,99,79,950 (Previous year 99,79,950) equity shares of Rs.10/- each, fully paid up	1997,99,500	997,99,500
Subscribed and Paid up 1,99,79,950 (Previous year 99,79,950) equity shares of Rs.10/- each, fully paid up	1997,99,500	997,99,500
	1997,99,500	997,99,500

b. Shares held by holding / ultimate holding company and / or their subsidiaries / associates and details of shareholders holding more than 5% shares in the company:

Name of Shareholder	March 31, 2014		March 31, 2013	
	No of Equity Shares held	%	No of Equity Shares held	%
Shares Held By Holding Company				
National Bank for Agriculture and Rural Development	155,54,200	77.85%	52,00,000	52.10%
Shares Held By Others				
Government of Tamilnadu	18,000,00	9.01%	18,000,00	18.04%
Indian Bank	10,000,00	5.01%	10,000,00	10.02%

c. Reconciliation of number of shares

Particulars	Equity Shares		Equity Shares	
	Number	₹	Number	₹
	As at 31.3.2014		As at 31.3.2013	
Shares outstanding at the beginning of the year	99,799,50	997,99,500	99,79,950	997,99,500
Shares Issued during the year	100,00,000	1000,00,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	199,79,950	1997,99,500	99,79,950	997,99,500

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE 3: Notes to the Balance Sheet

d. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back during the preceding five financial years - NIL

e. Terms & Rights attached to Equity Shares

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company has not declared & paid any dividend during the year

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

3.2 - RESERVES & SURPLUS

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Surplus in Statement of Profit and Loss		
Opening Balance	203,04,698	141,56,914
Transfer from Profit & Loss Account	250,30,192	76,84,730
Amount available for appropriation	453,34,890	218,41,644
Less : Transfer to Reserve Fund 45-IC of RBI Act, 1934	50,06,038	15,36,946
Balance as at the end of the year (A)	403,28,852	203,04,698
Special Reserve		
Opening Balance	110,94,765	95,57,819
Add: Transferred from Surplus to create Reserve Fund u/s 45-IC of RBI Act, 1934	50,06,038	15,36,946
Balance as at the end of the year (B)	161,00,803	110,94,765
TOTAL (C) = (A) + (B)	564,29,655	313,99,463

3.3 - LONG TERM BORROWING

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Secured	-	-
Unsecured		
- Loan from NABARD	1282,21,900	726,61,400
Total	1282,21,900	726,61,400

3.4 - LONG-TERM PROVISIONS

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Provision for employee benefits:		
Gratuity	8,03,230	5,45,310
Provision for Standard Assets (Refer Note i)	5,70,891	2,56,652
Provision for Non-Performing Assets (Refer Note ii)	164,45,689	164,45,689
Interest Rebate on Term Loan	1,47,918	16,059
Subsidy Payable	1,16,900	-
	180,84,628	172,63,710

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE 3: Notes to the Balance Sheet

Notes:

i) 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.

ii) 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:

Movement in Provision for Non-Performing Assets

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Opening Balance	164,45,689	164,45,689
Add : Provision made during the year	-	-
Add : Provision utilised from Contingences	-	-
Less : Provision reversed during the year	-	-
Closing Balance	164,45,689	164,45,689

3.5 - TRADE PAYABLES

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Outstanding Expenses	8,34,192	5,54,151
Total	8,34,192	5,54,151

3.6 - OTHER CURRENT LIABILITIES

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Current maturities of Long-term debt	981,60,800	653,81,900
Interest accrued but not due on borrowings	30,31,995	13,62,465
Others		
- Withholding Taxes	3,371	3,371
- Service Tax Payable	-	2,843
Total	1011,96,166	667,50,579

3.7 - SHORT TERM PROVISIONS

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Provisions for employee benefit		
- Leave Encashment	1,01,143	54,435
Others		
- Provision made against Standard Assets	3,65,936	1,37,538
- Provision for Income Tax	54,58,571	54,06,465
Total	59,25,650	55,98,438

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

Schedule 3.8 - Fixed Assets

(Amt. in Rupees)

Particulars		Tangible Assets					Intangible Assets	Grand Total
		Furniture	Office Equipments	Computers	Vehicles	Total		
Cost or Valuation								
2012-13	As at 1st April 2012	488,700	67,275	499,066	22,567	1,077,608	-	1,077,608
	Additions	-	-	64,313	-	64,313	17,750	82,063
	Disposals / Adjustments	-	-	192,250	22,567	214,817	-	214,817
2013-14	As at 31st March 2013	488,700	67,275	371,129	-	927,104	17,750	944,854
	Additions	17,049	-	1	-	17,050	-	17,050
	Disposals / Adjustments	-	-	-	-	-	-	-
	As at 31st March 2014	505,749	67,275	371,130	-	944,154	17,750	961,904
Depreciation								
2012-13	As at 1st April 2012	446,043	56,835	461,093	22,227	986,198	-	986,198
	Charge for the year Disposals	7,721	1,452	23,211 191,961	88 22,315	32,472 214,276	97 -	32,569 214,276
	As at 31st March 2013	453,764	58,287	292,343	-	804,394	97	804,491
2013-14	Charge for the year Disposals	8,488	1,250	31,514	-	41,252	7,061	48,313
		-	-	-	-	-	-	-
	As at 31st March 2014	462,252	59,537	323,857	-	845,646	7,158	852,804
	Net Block							
	At 31st March 2013	34,936	8,988	78,786	-	122,710	17,653	140,363
	At 31st March 2014	43,497	7,738	47,273	-	98,508	10,592	109,100

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE 3: Notes to the Balance Sheet

3.9 - NON CURRENT INVESTMENTS		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Investment at Cost in Bhavishya Nirman Bonds issued by NABARD (Face Value - Rs.20,000 per Bond)	96,64,500	96,64,500
	96,64,500	96,64,500
Note :		
(a) The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value 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. In the absence of information on quotation, the bonds are valued at cost.		
3.10 - DEFERRED TAX ASSET (NET)		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Deferred tax Asset / Liabilities as at 01.04.2013	20,741	12,418
Add / Less: Adjustments during the year	(7,685)	8,323
Deferred tax Asset / Liabilities as at 31.03.2014	13,056	20,741
3.11 - LONG TERM LOANS AND ADVANCES		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Secured, Considered good: Term Loans	2283,56,464	1026,60,647
Unsecured, Considered good: Term Loans	-	-
Secured, Considered doubtful: Term Loans	164,45,689	164,45,689
	2448,02,153	1191,06,336
3.12 - OTHER NON-CURRENT ASSETS		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Unsecured, considered Good		
(a) Income accrued on Investments (Bhavishya Nirman Bonds)	58,03,801	45,35,277
(b) Advance Income Tax (net of provisions)	69,02,959	12,97,349
	127,06,760	58,32,626

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE 3: Notes to the Balance Sheet

3.13 - CASH AND CASH EQUIVALENTS		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Balances with Banks		
- In Current Account	7,07,020	8,64,193
- In Deposit Account	917,10,364	1005,65,894
Cash on Hand	638	143
	924,18,022	1014,30,230
Deposits with Original maturity for more than 12 months	52,75,364	-
Deposits with Original maturity for more than 3 months but less than 12 months	678,35,000	383,85,364
Deposits with Original maturity for less than 3 months	186,00,000	621,80,530
3.14 - SHORT-TERM LOANS AND ADVANCES		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Credit Facilities		
Secured considered good	1463,74,580	550,15,108
Unsecured, considered good	-	-
Doubtful	-	-
Other Loans and Advances		
Deposits & Prepaid Expenses	32,693	12,013
	1464,07,273	550,27,121
3.15 - OTHER CURRENT ASSETS		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Unsecured considered Good		
Interest accrued on loans and advances	32,40,049	11,23,362
Income accrued on Fixed Deposits	11,30,778	16,81,962
	43,70,827	28,05,324

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE 4: Notes to the Statement of Profit and Loss

4.1 - REVENUE FROM OPERATIONS		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Interest	331,64,638	96,08,829
Processing Fee	31,82,045	15,20,250
	363,46,683	111,29,079
4.2 - OTHER INCOME		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Interest on		
- Term Deposit	79,69,979	151,10,798
- Investment	12,68,525	11,64,495
Profit on Sale of Fixed Assets	-	2,529
Reversal of NPA Provisions	-	-
Misc. Income	1,285	645
	92,39,789	162,78,467
4.3 - Finance Costs		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Interest on NABARD		
- Refinance term loans	148,51,528	89,16,284
- Interim finance loans	-	5,38,898
Interest Rebate on Term Loan	1,47,918	0
	149,99,446	94,55,182
4.4 - Employee Benefit Expenses		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Salaries & Allowances	27,89,475	24,11,843
Contribution to Welfare Fund	2,98,375	1,54,692
Staff Welfare Expenses	7,29,643	5,97,671
	38,17,493	31,64,206

Agri Development Finance (Tamilnadu) Limited

Accompanying notes to the financial statements for the year ended March 31, 2014

NOTE 4: Notes to the Statement of Profit and Loss

4.5 - General Selling & Administrative Expenses		
Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Advertising and sales promotion	-	55,601
Communication charges	36,459	30,543
Insurance	461	948
Legal and professional & consultancy fees	1,17,683	1,10,229
Statutory Audit Fee	33,708	16,854
Electricity & Water Charges	39,243	9,869
Printing and Stationary	60,180	47,190
Rent	1,25,646	1,11,600
Rates and taxes	14,956	13,26,115
Travel & conveyence	4,88,585	1,98,404
Repairs and maintenance	64,361	29,113
Office expenses	90,428	23,490
Administration expenses	16,889	42,605
	10,88,598	20,02,561

Agri Development Finance (Tamilnadu) Limited

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

Cash Flow Statement for the year ended March 31, 2014

Particulars	March 31, 2014 ₹	March 31, 2013 ₹
Cash Flow from Operating Activities		
Net Profit before taxation and extraordinary items	250,89,983	126,25,827
Adjustment for:		
Interest Income	(92,38,504)	(162,78,467)
Depreciation	48,313	32,569
Profit on Sale of Assets		(2,529)
Operating profit before working capital changes	(91,90,192)	(162,48,427)
Adjustment for:		
Increase / (Decrease) in Secured Advances	(2170,55,289)	(561,94,300)
Increase in Advances & Deposits recoverable in cash or kind	(84,60,317)	(531,56,846)
Increase / (Decrease) in current liability & provisions	(914,34,258)	(504,20,916)
	(1340,81,348)	(589,30,230)
Cash generated from Operations	(1181,81,557)	(625,52,830)
Direct Taxes paid (net of refunds)	(54,58,571)	(45,85,735)
Extraordinary item	-	(3,63,685)
Net Cash from Operating Activities	(1236,40,128)	(675,02,250)
Cash flow from Investing activities		
Purchase of Fixed Assets	(17,050)	(82,063)
Sale of Fixed Assets	-	3,070
Interest Income	92,38,504	162,78,467
Net Cash flow investing activities	92,21,454	161,99,474
Net increase in cash and cash equivalents	(1144,18,673)	(513,02,776)
Cash and cash equivalent at beginning of the year	1014,30,230	1527,33,007
Cash and cash equivalent at end of the year	924,18,022	1014,30,230

Vide our report of even date

for **Bhandari & Keswani**

Chartered Accountants
Firm Reg No.000433S

Sd/-

P. Bhandari
Partner

M.No. 017411
Chennai, 09.05.2014

For Agri Development Finance (Tamilnadu) Limited

Sd/-

K. Venkateswara Rao
Director

Sd/-

PN. Praveen Kumar
Managing Director

Sd/-

Subrata Gupta
Director

Sd/-

M. Bhuvaneswari
Company Secretary

Agri Development Finance (Tamilnadu) Limited

**ATTENDANCE SLIP
(To be presented at the entrance)**

17th Annual General Meeting at the Conference Hall of NABARD, Tamil Nadu Regional Office (2nd 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 (TAMIL NADU) 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 of or
failing which Shri.....of..... in the district of
..... as my / our proxy to attend and vote for me / us and on my / our
behalf at the 17th Annual General Meeting of Agri Development Finance (Tamilnadu) Limited to be
held on 15th day of September 2014.

Leger No.:.....

No. of Shares Held

Signed this day of September 2014.

Signature

(affix 1 Re.
Revenue
Stamp)