Supporting Livelihoods ■ Nurturing Enterprises ■ Fostering Growth

NABKISAN

ANNUAL REPORT
2020-2021

24TH ANNUAL REPORT
2020-2021

NABKISAN
FINANCE LIMITED
A Subsidiary of NABARD

Board of Directors

Shri Shaji K V	Chairman
Shri Nilay Kapoor	Director
Shri B Suri Babu	Director
Shri S Arul Raj, IAS	Director
Shri Arindom Datta	Independent Director
Shri Alok Bhargava	Independent Director
Shri Deepak Singhal	Independent Director
Shri Satyanarayana Jonnalagadda	Additional Director
Shri Emmanuel Murray	Additional Director
Smt. Suseela Chintala	Managing Director & CEO
Dr. K.S. Mahesh	Director & CFO

Company Secretary

Smt. M. Bhuvaneswari

Auditors

G Balu & Associates LLP	Jammi Building, No. 123, Royapettah High Road,
Chartered Accountants	Mylapore, Chennai – 600 004

Bankers

Indian Overseas Bank	Nungambakkam Branch, Chennai 600 034.
Axis Bank Ltd.	BKC Branch, Mumbai- 400 051.
HDFC Bank Ltd.	Nungambakkam Branch, Chennai 600 034.

Registered Office

Ground Floor, NABARD Tamil Nadu Regional Office Building, No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034, Tamil Nadu.
Ph. No. (044) 2827 0138, 42138700
E-mail: finance@nabkisan.org
Website: www.nabkisan.org

CIN: U65191TN1997PLC037525

Corporate Office

Clo NABARD Head Office, Ground Floor, 'D' Wing, C-24, 'G' Block,
Bandra Kurla Complex, Bandra (East), Mumbai- 400 051.
E-mail : corporate@nabkisan.org

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From the Chairman's Desk

Dear Shareholder,

I invite you, with immense pleasure, to the Twenty Fourth Annual General Meeting of your Company.

The FY2021 witnessed contraction of the Indian economy consequent to the global pandemic and the resultant adverse effects on businesses and households. However, the agriculture sector demonstrated its resilience augmented by the measures taken by the Government of India under the Atma Nirbhar Bharat Abhiyan package.

Notwithstanding the economic headwinds faced during the year under review, your Company has recorded an excellent performance and sustained its growth trajectory across all business segments. NABKISAN has achieved a landmark with its Balance sheet size crossing the Rs. 1000 crore level aided by a robust 24% year-on-year growth leading to significant improvement in income. Also, the path for adoption of Ind AS was carefully designed and the first Ind AS compliant financial statements were successfully rolled out during the year.

All these were made possible due to the sincere efforts of each one of the management team who came together focused for ensuring that the company retains its pole position by augmenting the business growth and adjusting to the new normal.

Your company is now positioned as a leader in the FPO lending space and has tapped the FPO credit market during the fiscal by leveraging on appropriate Credit Guarantee Schemes. Your Company has also executed an MoU with Government of Tamil Nadu and has successfully operationalized Mezzanine Capital Assistance, Revolving Fund and Credit Guarantee Schemes of the Government of Tamil Nadu apart from the Credit Guarantee Scheme of the Government of Odisha.

The comfortable capital adequacy position of your Company at 23.48%, which is well above the regulatory requirement, provides enough headroom for accelerated growth during the ensuing years as well. In this journey to newer heights, your Company's lending to financially viable post-harvest agri infrastructure projects and pledge financing through electronic Negotiable Warehouse Receipts (eNWR) will continue to fuel the FPO eco-system.

Your Company's commitment to create sustainable societal value is manifested in its CSR initiatives that embraced the most vulnerable sections of rural India. In responding to the global humanitarian crisis, your Company has also prioritized the safety and well-being of its employees, protected stakeholders' interest and ensured resilient business operations amidst the unprecedented pandemic.

As I look ahead, I am more optimistic than ever of the vast opportunities ahead of us in funding Agri business start-ups through Catalytic Capital Assistance.

I take this opportunity to thank NABARD for its continued support and contribution to the Company. I place on record my sincere appreciation to all the Directors on the Board of NABKISAN for their active involvement in the long-term strategic planning of the Company.

I would also like to thank the Management Team for their unwavering commitment and guidance in successfully steering the company. The management team is optimistic of continuing NABKISAN's leadership across all business verticals.

I look forward to your continued support in this journey!

Best Wishes,

SHAJI K V

Letter from the Managing Director & CEO

Dear Shareholder,

It gives me great pleasure to present before you the highlights of NABKISAN's performance during FY 2020-21. It has been my privilege to lead this Company during the exceptional year, when the Company achieved many milestones, despite the outbreak of the pandemic.

NABKISAN had a robust business growth in all verticals and has surpassed targets set by posting an achievement of 113.88%. Your Company delivered revenue of Rs.115.72 crore, recorded asset size of Rs.1171.27 crore and reported loan book size of Rs.1178.34 crore (gross). The Company floated a new product - Pooled Loan Issuance during the year and stepped up credit support for MFI and NBFC clients at Rs.492 crore.

On the FPO front, NABKISAN has carved out a niche for itself and funded to the tune of Rs.108 crore to 262 FPOs directly and 45 FPOs indirectly. Increased recourse to innovative lending models in FPO financing has enabled the Company to align to evolving priorities and launch new offerings that addressed the emerging trends. Towards this end, your Company has built on providing collateral free credit enhancement facilities through collaborative arrangements with Government of Tamil Nadu, Government of Odisha and Rabo Foundation in addition to SFAC and NABARD Credit Guarantee Schemes; embarked on concessional lending for tribal FPOs; coverage under special refinance scheme for Watershed /Wadi project areas, promoting Micro Food Processing enterprises, connecting FPOs with NCDEX markets and also introduced e-NWR commodity pledge financing product. With the inclusion of 173 new FPO clients during the year, the Company is heading for a sizeable and vibrant growth in this portfolio.

Based on RBI's COVID-19 relief measures of moratorium, your Bank has extended Moratorium 1.0 and 2.0 to eligible Corporate, FPO and NGO clients.

Moving forward, NABKISAN will continue to seize emerging funding opportunities in Agri, allied, SME sectors and support agripreneurship start-ups though Catalytic Capital Assistance.

This fabulous journey would not have been possible, but for the continued patronage of our Board of Directors, Shareholders, Partners, clients and other stakeholders. Despite challenges, I believe that NABKISAN will be better positioned to navigate these uncertain times and emerge as a significant player across all domains.

Best Wishes,

Suseela Chintala

Board of Directors

Shri Shaji K.V

Shri Shaji K V is currently Dy. Managing Director, NABARD and NABARD nominee Director on the Board of NABKISAN. He is a Post Graduate in Agriculture and holds PGDM in Public Policy from Indian Institute of Management (IIM), Ahmedabad. Before joining NABARD, he worked in Canara Bank in various capacities for 26 years. During his last assignment, he was at the Corporate Office of Canara Bank in charge of Strategy, Planning and Business Development. He had successfully handled the project of amalgamation of Syndicate Bank into Canara Bank. Shri Shaji K V was earlier also the Chairman of India's largest Regional Rural Bank, Kerala Gramin Bank.

Shri Nilay Kapoor

Shri Nilay Kapoor is currently Chief General Manager of Human Resource Management Department of NABARD and NABARD nominee on the Board of NABKISAN. He has a comprehensive and varied experience profile in rural credit, economic and policy issues. He was the Managing Director, NABSAMRUDDHI, Mumbai, which is a subsidiary of NABARD. He has also served in Head Office of NABARD, Mumbai as well as other Regional Offices of NABARD and as a Faculty Member in National Bank Training Centre (NBTC), Lucknow.

Shri B.Suribabu

Shri B.Suribabu is currently heading the Rural Banking Department of Indian Bank at Corporate Office, Chennai. He is a Post Graduate in Agricultural Sciences, a Certified Associate Member of Indian Institute of Bankers and holds a Diploma in Management and Treasury & Risk Management. He has 34 years of experience in branches of rural, semiurban, urban and metro centers as well as administrative offices. He has served as Lead District Manager for Chittoor District, Zonal Manager for Karimnagar Zone, Telangana State, Chairman for Saptagiri Grameena Bank, Chittoor and Field General Manager, Bhubaneswar covering Odisha, M.P and Chhattisgarh states.

Shri Arunraj, I.A.S.

Shri Arunraj is a Deputy Secretary on the Finance Department of Government of Tamil Nadu and a nominee director on the Board of NABKISAN.

Shri. Arindom Datta

Shri. Arindom Datta is currently with Rabo India Securities Pvt. Limited as its Asia Head, Sustainability Banking, Rabobank Group and Head of Rural & Development Banking / Advisory, India. He holds a Bachelor Degree in Arts (Hons) and Master's Degree in Business Administration from Indian Institute of Management, Kozhikode. He had worked across departments in NABARD for 10 years and headed GMED (Growth oriented micro-enterprise development project) of CARE India. He is currently a member of the NABARD constituted "National Advisory Group on Produce Fund".

Shri Alok Bhargava

Shri. Alok Bhargava is a Management Consultant focusing on areas of Strategic Management, Social Inclusion and Corporate Social Responsibility (CSR). He is a Bachelor of Technology, Textile Technology from Indian Institute of Technology (IIT), New Delhi and holds Post Graduate Diploma in Management from Indian Institute of Management (IIM), Ahmedabad. He has 33 years of cross-functional, diverse business experience covering Management Consulting, Corporate Planning, Investment Banking, Private Equity, ICT based Education Services, and integrated Corporate Social Responsibility initiatives with over 23 years of experience in the IL&FS Group. He was also on the Board of various IL&FS Group Companies/Joint Ventures.

Shri Deepak Singhal

Shri Deepak Singhal is the Ex-Executive Director, RBI. He holds a Post Graduate degree in Business Administration. Prior to this, he had served as Regional Director for Delhi, Head of Banking Operations and Development and HR departments of RBI. He has also served as Vice Principal at College of Agriculture Banking at Pune. With over three decades of experience, he has delivered a range of challenging and diverse assignments. He was associated in the issue of guidelines on Basel III norms and was instrumental in introducing modern HR practices in RBI.

Shri Satyanarayana Jonnalagadda

Shri Satyanarayana Jonnalagadda is a retired General Manager of Indian Overseas Bank. He holds a Post Graduate Degree in Agriculture and is a Certified Associate of Indian Institute of Bankers. He has 36 years of experience in Agricultural lending, Corporate Projects, Inspection and Audit, NPA recovery, Human Resources Development etc. He has wide experience in lending to MFIs, Poultry Projects, SHGs, etc. He had headed Zonal office of IOB, Delhi with 525 branches covering major areas of North India. He was a member of Panel for Resolution of Disputes (PRD) of RBI, RO, New Delhi from July 2018 to August 2020.

Shri Emmanuel Murray

Shri Emmanuel Murray works with Caspian Impact Investment Adviser Pvt. Ltd., as a Senior Advisor, supporting the development of the Food and Agribusiness Ecosystem. In this role, he works with numerous Agri Startups and Incubators and other Ecosystem players. He is a B. Com (Honours) and Postgraduate in Rural Management from IRMA Anand, and a Fellow of the Indian Institute of Banking and Finance. He has 36 years of work experience, including 25 years with NABARD and 5 years heading the operations of a large impact-focussed NBFC.

Smt. Suseela Chintala - MD & CEO

Smt. Suseela Chintala is a Chief General Manager of NABARD currently placed with NABKISAN. She holds a Post Graduate Degree in Commerce and is a Certified Associate of Indian Institute of Bankers. She has 33 years of experience in agriculture and rural development projects, credit planning, monitoring, finance, Micro Credit, Supervision of Cooperatives and RRBs. She has also served as General Manager in NABFINS, a subsidiary of NABARD. Prior to joining NABKISAN, she had a two year stint in Off Farm Development Department of NABARD and was actively associated with Incubation centres supported by NABARD as also the agri startups. She was also on the board of Tamil Nadu Women Development Corporation Ltd.

Dr. K.S. Mahesh - Director & CFO

Dr. K.S. Mahesh is a General Manager of NABARD, currently placed with NABKISAN. He is also NABARD nominee on the Board of NABKISAN. He has a Doctorate in Horticulture from Indian Agricultural Research Institute, New Delhi. He also holds a PG degree in Business Administration (Financial Services Management) and is a Certified Associate of Indian Institute of Bankers. He has 25 years of experience in appraisal of agricultural and rural development projects, credit planning, project finance, monitoring and evaluation. Prior to joining NABKISAN, he had a four year stint with NABARD Consultancy Services where he had handled more than 30 consultancy assignments, including two International Assignments.

Management Team

Shri Srinivasan Ramesh – Chief Operating Officer

Shri Srinivasan Ramesh is a Deputy General Manager of NABARD, currently placed with NABKISAN. He is an Agriculture Graduate with a Master's degree in Agri Business Management and is a Certified Associate of Indian Institute of Bankers. He has 20 years of experience in project financing, planning & implementation of developmental projects and credit planning. He has also handled several consultancy assignments as a Senior Consultant in NABARD Consultancy Services.

Smt. M. Bhuvaneswari – Company Secretary

Smt. M. Bhuvaneswari is the Company Secretary of NABKISAN for the last eleven years. She has 17 years of experience in various Secretarial activities of companies including compliances related to Registrar of Companies and Reserve Bank of India. She holds a degree in commerce and she is an Associate Member of the Institute of Company Secretaries of India since 2001.

Smt. S Sheba Sangeetha, Vice President

Smt. S Sheba Sangeetha, Assistant General Manager has a decade of experience with NABARD and is currently placed with NABKISAN. She has worked in verticals such as Finance & Accounts, Off Farm Development Department, Farm Sector Development Department including Farmer Producer Organisations. She holds a Masters degree in Commerce and is an Associate Member of The Institute of Cost and Management Accountants of India (ICMAI) and a Certified Associate of the Indian Institute of Bankers.

Success Story

Bhoomika Raitara Utpadakara Souharda Sahakari Niyamit, Karnataka

Name of the FPO
Bhoomika Raitara Utpadakara Souharda Sahakari Niyamit, Karnataka

Established
24/06/2016

District
Haveri

State
Karnataka

Promoting institution
Vanasri Rural Development Society

Shareholder farmers
615

Share capital
Rs. 6.76 lakh

NKFL Loan
Rs. 15 lakh

Turnover
Rs. 38 lakh

Business Activities
Purchase and sale of agriculture inputs, procurement and sale of jowar, finger millets and minor millets.

Convergences
NABARD, Ernst and Young for Branding and marketing, Concern India Foundation for welfare activities, SELCO foundation to run solar millet processing unit

The FPO has set up a small scale solar based millet processing unit with a capacity of one ton/day. The value-added products derived out of the milled produce like flours, graded millet grains, jowar rotis are sold in the own brand name 'Bhoomika' to the established retailers and wholesalers in the district.

With the revenue generated out of NABKISAN's funding assistance, FPO has opened storage outlets near villages, which has reduced the transportation cost considerably. FPO has deployed part of the surplus earned, towards the welfare of the members in the form of welfare activities, monetary rewards, and free grocery supplies.

During the COVID-19 pandemic, FPO distributed sanitizers, masks, grocery kits and shared short films on health care. FPO is now engaged with knowledge partner Ernst and Young to fine tune their accounting practices and branding & marketing of the produce.

NABKISAN's loan has acted as a catalyst and gave impetus to the business operations of the FPO.

Management Discussion and Analysis

Introduction

NABKISAN continued to support agri value-chains that could generate livelihoods during 2020-21, despite the unprecedented humanitarian crisis caused by the global pandemic. The driving force for the Company to deliver was augmented by the positive outlook of Agriculture sector proving its resilience, with GVA registering a growth of 3.0 percent in 2020-21.

The Company's innovative business models defined new pathways across all operating segments and has created larger stakeholder value with asset size touching Rs.1171.27 crore and a PAT (Profit after tax) of Rs.16.60 crore. The Company witnessed a healthy growth of 24 percent in the loan portfolio during the year and explored opportunities for lending in promising sectors to diversify portfolio and contain risk.

The year also successfully witnessed transition of the Company's Financial statements from previous GAAP to Indian Accounting Standards (Ind AS).

Operational Highlights

Some of the operational highlights of the Company during the financial year 2020-21 are as under:

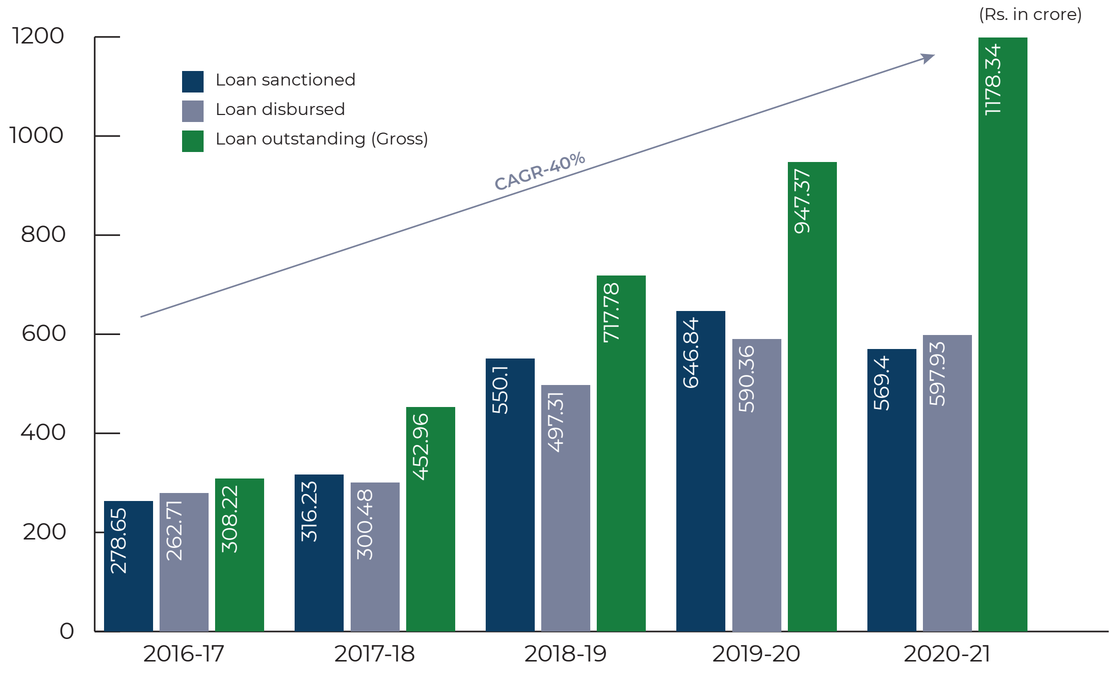
- The revenue from operations grew by 10.52% from Rs.104.70 crore as on 31.03.2020 to Rs.115.72 crore as on 31.03.2021.
- The total assets of the company increased by 22% to Rs.1171.27 crore as at the end of 31 March 2021, from Rs.959.29 crore as the end of 31 March 2020.
- The Profit before Tax (PBT) during 2020-21 stood at Rs.31.52 crore which contracted for the first time with a growth reduction of 17.69%, as compared to Rs.38.29 crore as on 31 March 2020, primarily due to impact of 'Expected Credit Loss' (ECL) provision on adopting Ind AS.
- The Profit after Tax (PAT) during 2020-21 stood at Rs.16.60 crore, as against Rs.28.19 crore during 2019-20, due to application of ECL model.

The following are some of the operational highlights of the company during the last five years:

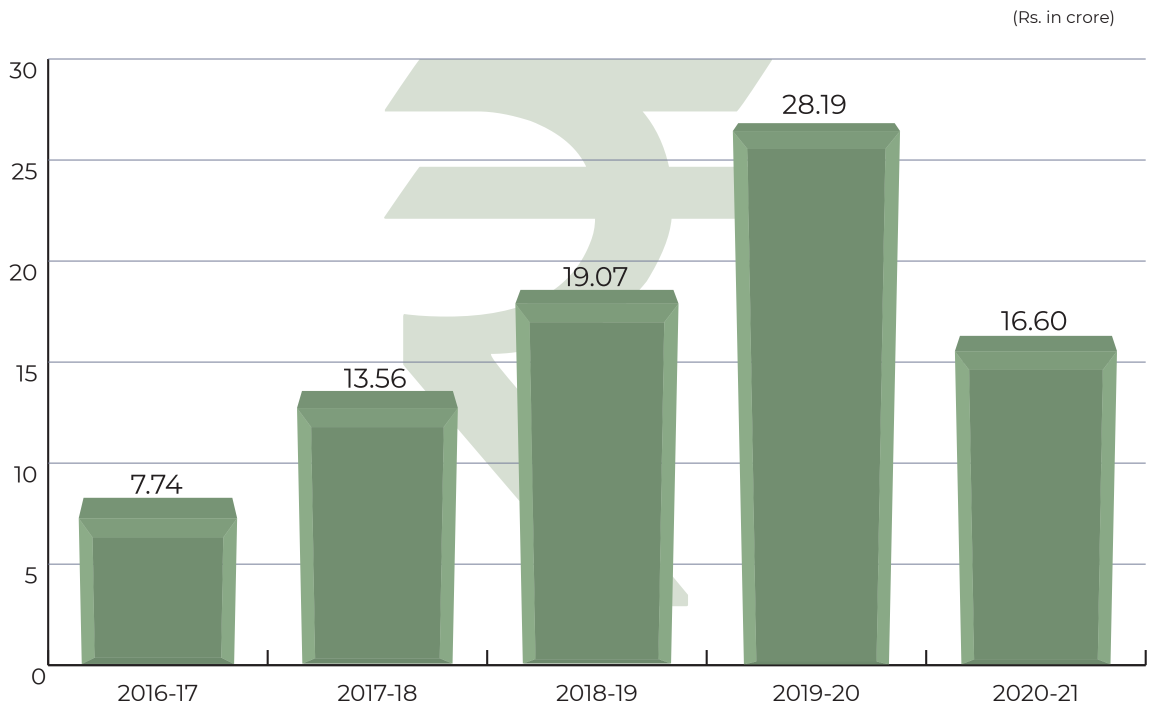
(Rs. in crore)

Particulars	2016-17	2017-18	2018-19	2019-20 (Ind AS)	2020-21 (Ind AS)
States covered	11	15	20	20	21
Loan sanctioned	278.65	316.23	550.10	646.84	569.40
Loan disbursed	262.71	300.48	497.31	590.36	597.93
Loan outstanding (Gross)	308.22	452.96	717.78	947.37	1178.34
Profit after Tax	7.74	13.56	19.07	28.19	16.60
Networth	78.17	88.38	148.58	255.34	271.94
CRAR	24.71	20.66	21.93	26.78	23.48

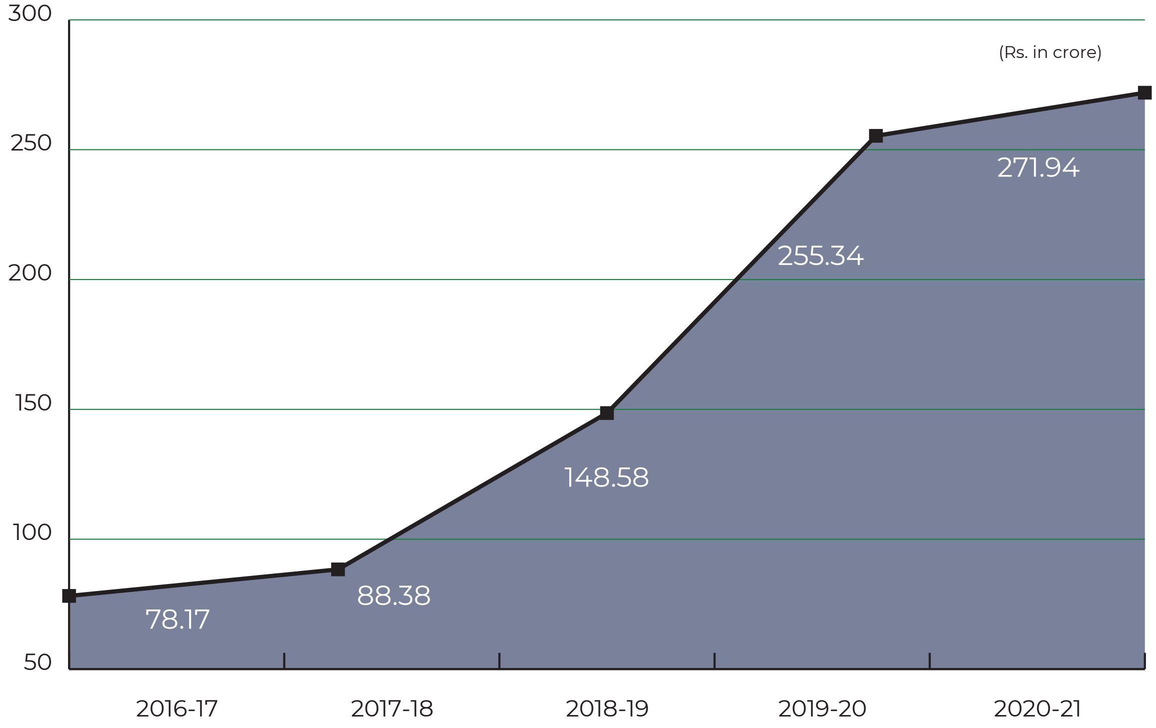
Operational highlights over 5 years



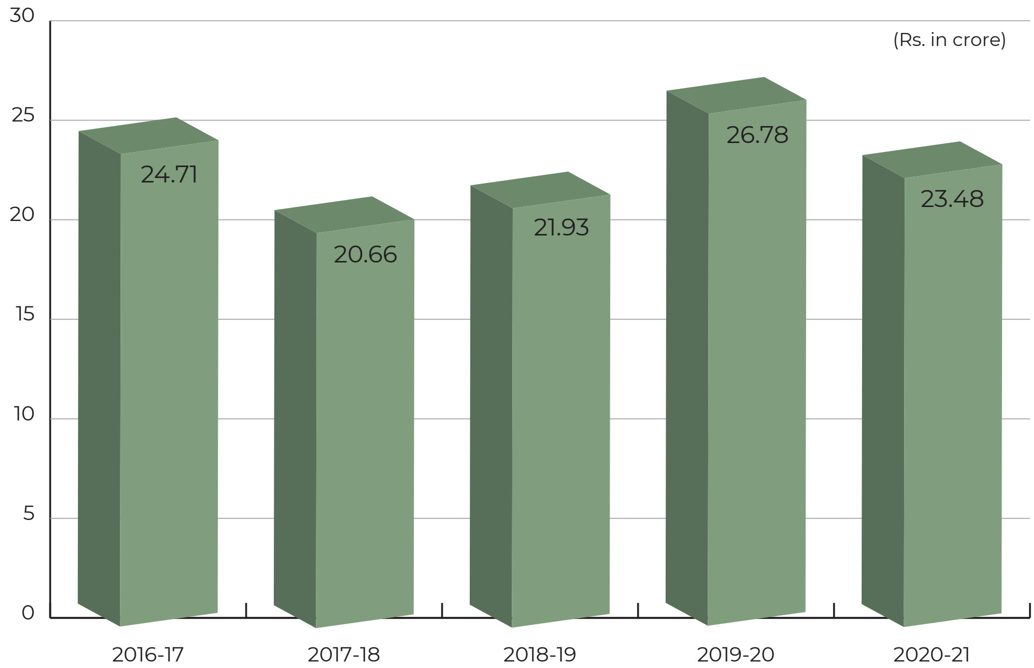
Profit after Tax



Networth



Capital Adequacy Ratio



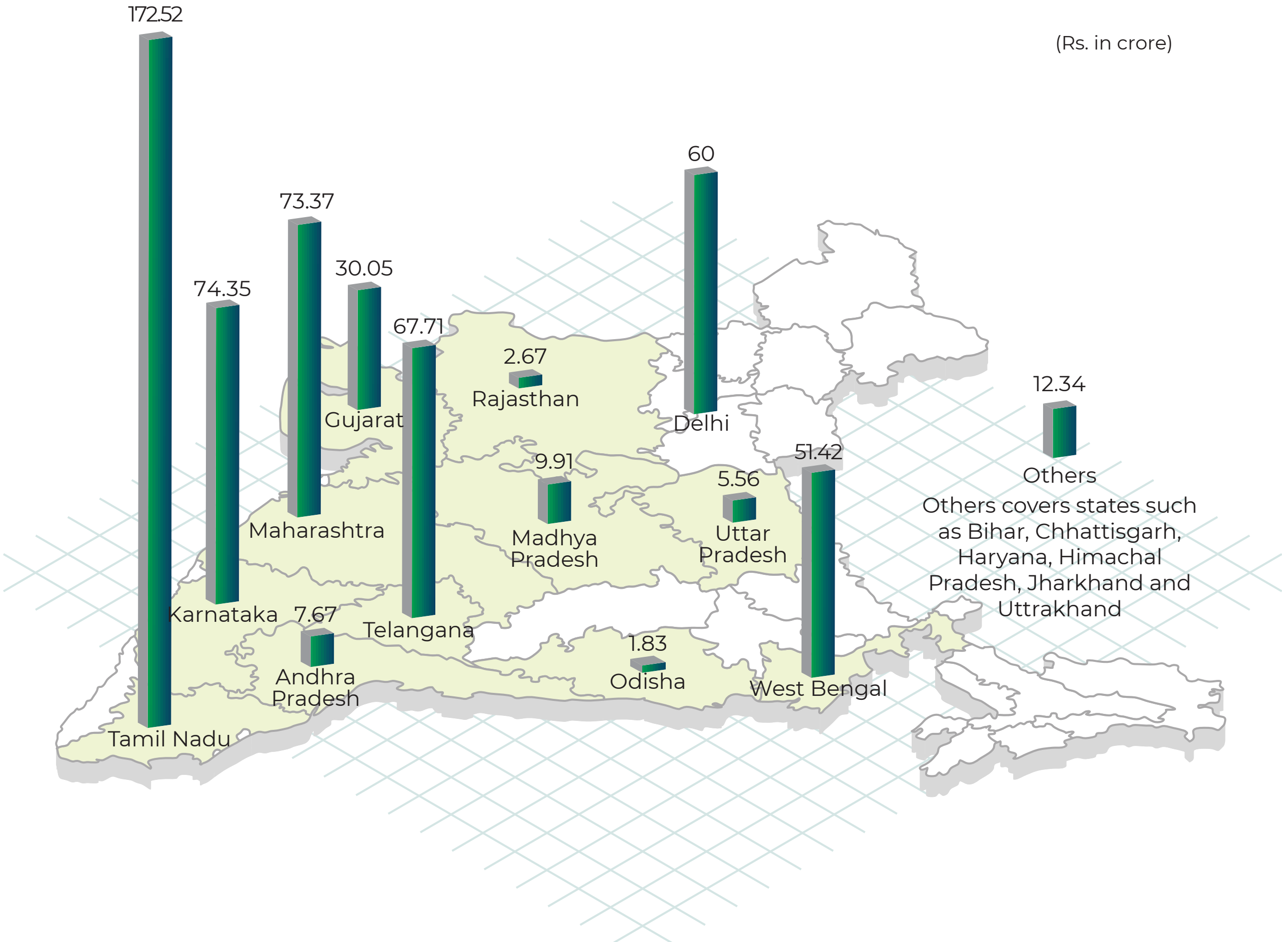
Outreach

NABKISAN has become a pan-India Company and direct credit operations have now reached 21 states viz., Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, Uttar Pradesh and West Bengal.

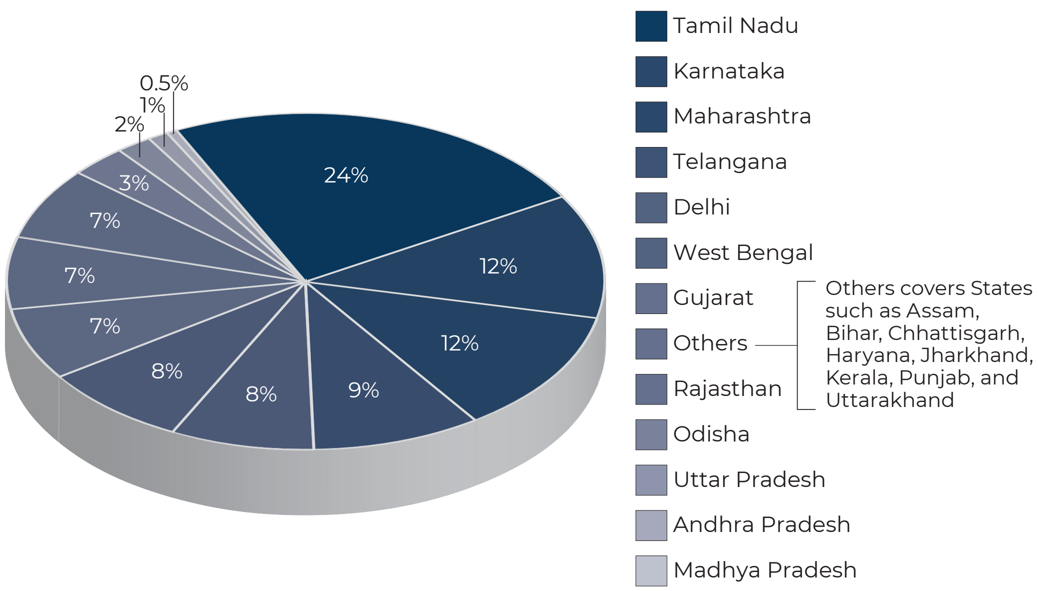
The State wise business portfolio in terms of loan sanctioned, loan disbursed and loan outstanding during the financial year 2020-21 is given below:

Sl.No.	State	Loan sanctioned (Rs. in crore)	Loan disbursed (Rs. in crore)	Loan outstanding (Rs. in crore)
1	Andhra Pradesh	7.67	6.84	11.01
2	Assam	0.00	0.00	2.71
3	Bihar	0.35	0.29	0.36
4	Chattisgarh	1.28	0.40	10.85
5	Delhi	60.00	60.00	98.82
6	Gujarat	30.05	46.41	81.55
7	Haryana	10.00	10.00	28.25
8	Himachal Pradesh	0.12	0.00	0.00
9	Jharkhand	0.41	0.51	13.02
10	Karnataka	74.35	68.72	136.86
11	Kerala	0.00	15.20	16.03
12	Madhya Pradesh	9.91	6.22	5.60
13	Maharashtra	73.37	65.74	142.77
14	Odisha	1.83	1.65	37.30
15	Punjab	0.00	0.00	8.51
16	Rajasthan	2.67	1.32	78.47
17	Tamil Nadu	172.52	172.57	283.12
18	Telangana	67.71	67.87	104.56
19	Uttar Pradesh	5.56	5.82	26.86
20	Uttarakhand	0.18	0.10	0.15
21	West Bengal	51.42	68.27	91.54
	Total	**569.40**	**597.93**	**1178.34**

State-wise loans sanctioned during 2020-21



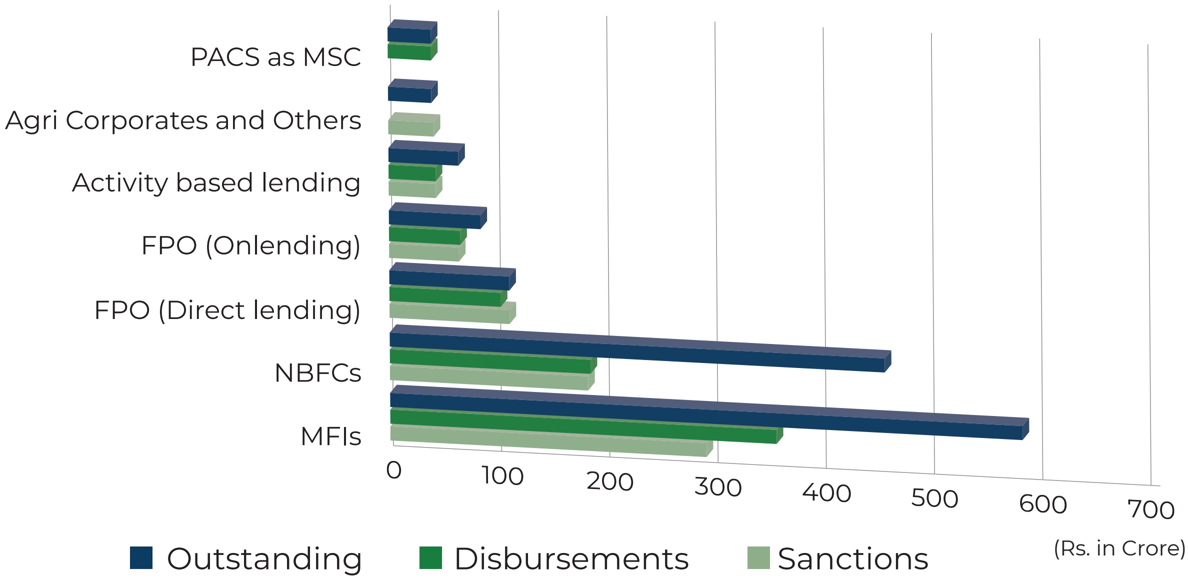
State-wise loan outstanding as on 31 March 2021



Sector wise portfolio

(Rs. in crore)

Sector	Sanctions	Disbursements	Outstanding
Activity based lending through NGOs/Trusts/Sec8 Companies	6.00	6.00	28.28
Panchayat Level Federations (PLFs)	-	-	-
NBFCs	155.00	155.00	443.38
Micro Finance Institution	295.00	337.00	576.78
Farmers' Producer Organizations (FPOs) - Direct lending - Onlending	 78.40 30.00	 69.13 30.30	 75.49 50.20
PACS as MSC	-	0.50	1.76
Agri Corporates and Others	5.00	-	2.45
Total	**569.40**	**597.93**	**1178.34**



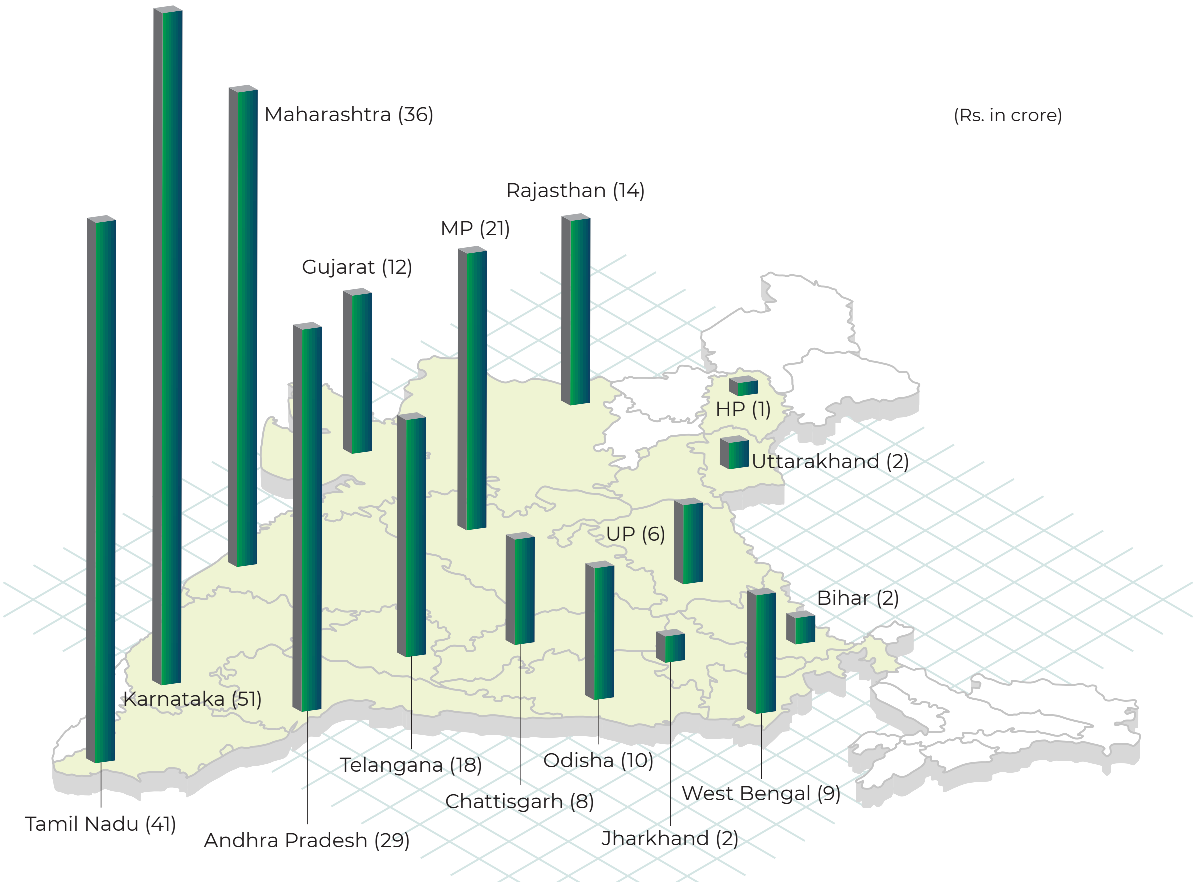
New clients & Diversification of Business

During the year, 13 MFIs, 10 NBFCs, 1 Agri corporate and 2 entities for activity-based lending were supported under the bulk lending portfolio. Out of this, 5 MFI and 3 NBFC are new clients. Around 52% of the total sanctions during the year was for MFI clients and support to NBFCs constituted 27% of the total sanctions.

Initiatives for supporting Producer Organisations

The Company emerged as one of the leading financial institution in terms of funding Producer Organisations (POs) with coverage of 262 FPOs lent directly with assistance of Rs.78.40 crore, with 40% growth over 2019-20 in terms of amount and 62% growth in terms of number of FPOs sanctioned. 3 agencies were supported during the year in on-lending model with assistance of Rs.30 crore covering 45 FPOs. Further, 173 new FPO clients were added including one new Off-Farm PO.

State-wise distribution of FPOs (Direct lending) as on 31 March 2021



NABKISAN, apart from extending financial assistance, has been taking up various initiatives for supporting farmer producer companies through policy advocacy, awareness creation, capacity building etc. Some of these developmental activities taken up during the year are as under:

- MD, NABKISAN signed a Memorandum of Understanding with Commissioner, Agricultural Marketing and Agri Business, Government of Tamil Nadu on 21 August 2020 for implementation of the three schemes for financing of FPCs in Tamil Nadu in the presence of Chairman, NABARD; Chairman, NABKISAN and CGM, NABARD, Tamil Nadu Regional Office and senior officials of NABARD, NABKISAN and Government of Tamil Nadu.
- A Memorandum of Understanding was signed by MD, NABKISAN on 27 November 2020 with Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture, DAC & FW, Government of India for implementation of Agriculture Infrastructure Fund.
- CFO handled a session on TN FPO schemes for the FPOs of Tamil Nadu in a programme organized by Department of Agricultural Marketing and Agri Business, Government of Tamil Nadu on 13 August 2020 and also briefed during the FPO webinar conducted by TNSFAC on 05 January 2021 on 'Preparing FPCs for Scaled up Business and Collective Farming'.
- Top management of NABKISAN attended the review meeting with POPI & FPOs of

Assam chaired by CGM, NABARD, Assam Regional Office on 18 August 2020.

- CFO made a presentation on 'Support to Producers Organisation for term loan and working capital requirements' during the FPO Financing Session - Awareness on Government Schemes, Bank Loan and Private Funding organised by CII for TN FPOs.
- CFO spoke on Financial Planning & Credit Discipline during the Webinar on Credit Opportunities for FPOs organised by NABKISAN & Centre of Excellence, Government of Karnataka for the FPOs of Karnataka on 28 August 2020.
- CFO attended the 9th Regional Advisory Group Meeting at NABARD, TN RO and made a presentation on FPOs - Challenges in formation of farmer collectives and marketing on 10 December 2020.
- CFO attended a meeting with District Collector, Perambalur district, Tamil Nadu along with Development Commissioner, Madras Export Processing Zone & Additional Director, DGFT, South Zone and explained on capacity building and funding opportunities for FPOs of Perambalur district as part of the DEPC meeting on 23 December 2020.
- CFO & COO handled sessions on Recent Policy Thrust, Credit Guarantee Fund for financing FPOs and Role of NABKISAN & ROs and Financial Plan, Rating & Credit Linkage for NABARD officers in the training programme on Business Development Plan and Sustainability of POs organised by NBSC on 21 & 28 December 2020 respectively.
- MD & CFO visited Uttar Pradesh RO, Lucknow and had meeting with CGM & FSDD team of the RO to strategise for improving FPO business in the State on 19 January 2021. MD & CFO also attended the meeting with DDMs & FPOs of Uttar Pradesh on 11 February 2021 regarding financing of FPOs in Uttar Pradesh by NABKISAN.
- CFO had a meeting with Shri Muralidharan, IAS, Managing Director, TNSFAC regarding the progress in implementation of GoTN schemes for FPOs on 06 January 2021.
- First meeting of Committee on FPC Financing (CFF) was held on 07 January 2021 at Secretariat, Chennai, chaired by APC & Principal Secretary to Government, Agriculture Department, Goverment of Tamil Nadu where schemes implemented by NABKISAN with financial support from Goverment of Tamil Nadu was reviewed.
- CFO made a presentation on FPOs - Challenges and Issues in the Programme for DGM & GMs of NABARD organised by Centre for Advanced Financial Learning and Research of RBI on 28 January 2021.
- MD, COO & CFO had a meeting with ASA, Bhopal regarding the issues faced with their FPOs on 03 February 2021.
- COO handled session on 'Financing of FPOs – Discussion on case exercises' on 08 March 2021 which was organised by College of Agriculture Banking (CAB), Pune.
- MD made a presentation in the 'Seminar on FPO for Bankers and stakeholders' at NABARD Regional Office, Patna, Bihar on 18 March 2021.
- MD & CFO addressed during the State level FPO conclave of 130 FPOs & POPIs organized by NABARD, Odisha RO at Bhubaneshwar during 25-26 March 2021.
- A webinar was conducted by BDMs of Tamil Nadu in association with NeRL on NABKISAN's eNWR product for FPOs of Tamil Nadu on 07 August 2020.

- A webinar on commodity derivatives for FPOs of Odisha as part of World Investor Week programmes supported by SEBI was conducted on 25 November 2020. Similar programmes were conducted for the FPOs of Tamil Nadu and Rajasthan (on 26 November 2020), Madhya Pradesh, Andhra Pradesh/Telangana & Karnataka (on 27 November 2020) and Maharashtra (on 28 November 2020).
- Capacity building programme of more than 50 FPOs in Tamil Nadu and Gujarat was conducted through CSR funds.

Technology initiatives

During the year, digital technologies were deployed by the Company towards strengthening NABKISAN's real-time operations and execution platform. A new loan product was developed to create variable loan instalments based on the projected future cash flows of the borrower. In pursuance of RBI Circular on COVID-19 – Regulatory Package dated 27 March, 2020, moratorium feature was introduced in finflux loan management and accounting software.

NABKISAN has shifted its email from G-Suite to Office-365 platform and has procured bank statement analysis software Perfios, which aids in analysis of transaction details of borrowing entity. DR drill was also carried out on 31st March 2021.

Human Resources

Capacity building of employees was facilitated by deputing BDMs to virtual training programmes organized by CRISIL. IT officers were imparted specialized training in the areas of Office 365 and Data Analytics for applying those tools in the technology adopted in NABKISAN. The Business Development Managers also participated in various webinars and workshops held to sensitise FPOs on commodity derivative markets and exchange platforms (Futures and Options), value chain financing, strategy planning for leading agriculture post Covid-19, etc.

Top Management of NABKISAN organized a virtual training for all BDMs and NABARD Officers on 01 August 2020, wherein CFO addressed on the Working Capital assessment of FPOs and clarified on all operational issues. Faculty support was also provided by NABKISAN team to leading training establishments like BIRD, CAB-Pune, CAFRAL, VAMNICOM etc., during the year.

NABKISAN extended its reach to States of Odisha, Andhra Pradesh, Rajasthan and Uttar Pradesh by recruiting one BDM in each of the States. The Corporate lending portfolio could see a boost with the strengthening of the vertical by appointment of AVP (Credit).

Welfare measures such as Group Medical Insurance, payment of performance incentives/ bonus to all the staff of NABKSIAN were put in place.

Other Initiatives

- As a SEBI recognised Certified Derivatives Trainer, NABKISAN conducted several programmes for training FPOs on futures trading (NCDEX platform), benefitting 150 FPOs.
- As part of CSR initiatives, the Company has extended assistance of Rs.21 lakh for Farm based Livelihood Education and Learning School to BAKDIL in Samin Rongalgre village under Songsak block in East Garo hills district, Meghalaya through NABFoundation.

- Support of Rs.10.73 lakh was extended to Handicraft Training Center Ketunga, Nimidh for installation of Rooftop Solar PV system and purchase of 3 e-rickshaws for transportation of goods and passengers.
- Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund was made to the tune of Rs.8.85 lakh.
- Assistance of Rs.10 lakh was extended to orphan girls at Hansraj Children Home at Udaipur through Rajasthan Bal Kalyan Samiti (RBKS).
- A Booklet titled 'FPO Tales' consisting of Success stories of 20 FPOs across the country was released during the year.

Corporate Governance

The Board consists of 11 Directors as on 31 March 2021 including six nominee Directors and five Independent Directors. All the Directors of the Board are highly experienced in their areas of specialisation whose knowledge, experience and guidance are valuable to the Company. Necessary disclosures have been obtained from all the Directors regarding their Directorship in other companies and have been taken on record by the Board.

The Board met six times during the financial year 2020-21. The Board of Directors had met with the gap not exceeding one hundred twenty days between two meetings, as per the provisions of the Companies Act, 2013. The details of Board and Committee Meetings during the financial year 2020-21 are as under:

Board/Committee Meetings	No. of meetings held during 2020-21
Board Meetings	06
Loan Committee	07
Audit Committee Meeting	02
Corporate Social Responsibility Committee	02
Internal Complaints Committee for Prevention of Sexual Harassment (POSH) at Workplace	01
Risk Management Committee	03
IT Strategy Committee	02
Independent Directors Meeting	01

Impact of covid-19 pandemic

The challenging operating environment during the year caused disruptions across the company's business verticals. The spread of the virus to rural areas on a relatively higher scale as compared to the first wave posed a challenge on the company's growth outlook.

However, NABKISAN responded by ensuring business continuity and adopting a COVID-appropriate behaviour. With gradual learnings in dealing with the pandemic and easing of restrictions, business posted a progressive growth to reach nearly pre-covid levels in the latter half of the year.

For stress in asset quality witnessed in FPO vertical, need based restructuring was done, for which necessary provisions were also made, which had an impact on the bottom line. 144 clients including 69 FPO clients were extended moratorium to the tune of Rs.117.54 crore.

Way Forward for 2021-22

With a view to diversify, build quality portfolio and retain the leadership position in FPO lending space, the Company is intended to explore new geographies during the year ahead, with focus on building sustainable agri business enterprises. In addition to the existing debt instruments, the Company will be looking at new instruments like Pooled Loan Issuance, Covered Loans etc.

The roadmap ahead for 2021-22 includes the following initiatives:-

- Supporting rural and agri business start-ups in agriculture, allied and identified sectors under Catalytic Capital Fund (CCF)
- Focus on higher lending under FPO sector with target of 350 FPOs to be credit linked and support new FPOs formed under Central sector scheme on formation and promotion of 10,000 FPOs.
- Implement three schemes for FPO financing in Tamil Nadu, operate Credit Guarantee Scheme of Odisha and Rabo Foundation Portfolio Guarantee Scheme.
- Increase the offtake of pledge financing eNWR product for FPOs in partnership with NeRL.
- Support CSR projects in thematic areas like Natural Resource Management, agri value chain projects, social sector projects for improving education in tribal areas, health, sanitation of girl child and building woman livelihoods.
- Increase the share of FPO portfolio and retail portfolio to 15% of total loan outstanding.
- Spread geographical outreach to potential States
- Step up sanctions under Agriculture Infrastructure fund
- Explore business under special refinance scheme of NABARD for Watershed/Wadi areas
- Enable FPOs to avail assistance under the Agri-Market Infrastructure Fund (AMIF) for development of marketing and farm-level value addition infrastructure for FPOs.

Onion Storage - Chauranginath FPC, Ahmednagar, Maharashtra

Success Story

DNT Farmers Producer Company Limited, Telangana

Name of the FPO	DNT Farmers Producer Company Limited.
Established	14.9.2017
District	Adilabad
State	Telangana
Promoting institution	Dhan Foundation
Shareholder farmers	635
Share capital	Rs.15.28 lakh
NKFL Loan	Rs.18 lakh
Turnover	Rs. 240 lakh
Business Activities	Purchase and sale of agriculture inputs, procurement and sale of Cotton, Soybean Godown for storage and Custom hiring centre (Tractor with Agriculture implements)
Convergences	NABARD, Telangana Tribal welfare corporation and Line departments

FPC was identified by Telangana Tribal Welfare Department (ITDA/ TRICOR) under FPO asset creation program under which support was provided for construction of 720 MT godown, purchase of two tractors and agriculture implements with the total cost of Rs. 60.00 lakh. The support was provided by TRICOR in the form of grant up to 60% of the project cost. Remaining 30% was term loan from NKFL and 10%, FPC contribution.

FPC has given the godown on lease to Arya Collateral & warehousing Services Company for a lease rent of Rs. 30,000/month for 9 months and implementing the CHC activity successfully.

Thus the FPC could effectively converge various schemes of the Government and NABKISAN's loan facility to create requisite infrastructure in a cost effective manner.

Traditional paddy grading

Notice of AGM

NABKISAN FINANCE LIMITED

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

NOTICE

Notice is hereby given that the 24th Annual General Meeting of the shareholders of the company will be held at 04.00 p.m. on Monday, the 27th day of September 2021 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 financial statements of the Company including the Balance Sheet as at March 31, 2021, the statement of profit and loss, the cash flow statement for the year ended on that date and the reports of the Board of Directors and Auditors 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 139 (5) and other applicable provisions, if any, of the Companies Act, 2013, the appointment of Statutory Auditors of the company for the year 2021-22 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".

3. To re-appoint Shri.S.Arunraj, IAS, Director, who retires by rotation and if thought fit to pass, with or without modification, the following Ordinary Resolution:

   "RESOLVED THAT pursuant to Section 152 (6) and other applicable provisions if any of the Companies Act, 2013, Shri.S.Arunraj, IAS, Director who retires by rotation be and is hereby re-appointed as Director of the company".

Special Business

4. Appointment of Shri. Satyanarayana Jonnalagadda as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri. Satyanarayana Jonnalagadda (DIN:09091020), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 20.07.2021 under Section 161(1) of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose the candidature of Shri. Satyanarayana Jonnalagadda for the office of Director be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Act, The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Shri. Satyanarayana Jonnalagadda (DIN: 09091020), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of three years with effect from today, i.e., 27.09.2021."

5. Appointment of Shri. Emmanuel V Murray as an Independent Director

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri. Emmanuel V Murray (DIN: 06471699), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 20.07.2021 under Section 161(1) of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules 2014, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose the candidature of Shri. Emmanuel V Murray for the office of Director be and is hereby appointed as a Director of the Company."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Act, The Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Shri. Emmanuel V Murray (DIN: 06471699), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of three years with effect from today, i.e., 27.09.2021."

For and on behalf of the Board
For NABKISAN Finance Ltd

Sd/-
Suseela Chintala
Managing Director

Place: Mumbai
Date: 27.08.2021

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 24th 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.

For and on behalf of the Board
For NABKISAN Finance Ltd

Sd/-
Suseela Chintala
Managing Director

Place: Mumbai
Date: 27.08.2021

Explanatory Statement Pursuant To Section 102 Of The Companies Act, 2013

Item No.4

Pursuant to the provisions of section 149 of the Act, and Companies (Appointment and Qualification of Directors) Rules, 2014 which came in to effect from April 1, 2014, Public Companies having paid up share capital of ten crore rupees or more shall have at least two directors as independent directors, not liable to retire by rotation. The company, as on date, has three Independent Directors on its Board and now it is proposed to appoint two more Directors, viz., Shri Satyanarayana Jonnalagadda and Shri Emmanuel V Murray as Independent Directors.

Shri Satyanarayana Jonnalagadda was appointed as Additional Director by the Board w.e.f. 20.07.2021. The company has received notice in writing from NABARD, a member under Section 160 of the Act signifying his intention to propose the candidature of Shri. Satyanarayana Jonnalagadda for the office of Director.

Shri Satyanarayana Jonnalagadda, non-executive director of the Company, has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act.

In the opinion of the Board, Shri Satyanarayana Jonnalagadda fulfils the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Shri Satyanarayana Jonnalagadda as Independent Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Except Shri Satyanarayana Jonnalagadda, being the appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out in item no.4.

A brief profile of Shri Satyanarayana Jonnalagadda, to be appointed as Independent Director is given below:

Name	**Shri Satyanarayana Jonnalagadda**
Date of Birth	01.09.1960
Age	60 years
Educational Qualification	• Master of Science in Agriculture from Bapatla Agricultural College, Andhra Pradesh - Specialisation in Genetics and Plant Breeding • Bachelors of Science in Agriculture from Bapatla Agricultural College, Andhra Pradesh • CAIIB

Past Employment	Indian Overseas Bank • General Manager, New Delhi, June 2017 – Aug 2020 • Deputy General Manager, New Delhi, July 2016 – June 2017 • Chief Regional Manager, Vijayawada, November 2012 – July 2016 • Assistant General Manager, Defence Colony Branch, New Delhi, May 2011 – Oct 2012 • Assistant General Manager, Rashtrapathi Road Branch, Secunderabad, May 2008 – April 2011 • Senior Manager and Chief Manager, Guntur & Vijayawada, June 2000 – April 2008 • Assistant Chief Officer, Regional office, Hyderabad, July 1993 – May 2000
Career Profile	• Developed and managed a profitable portfolio for the banking operations of the Delhi zone (largest zone among all zones of Indian Overseas Bank) consisting of 8 regions and 525 branches in North India with Business mix of around Rs.80,000 Crore. • Worked in coordination with branch's senior officials and devised strategies for new business, development tactics and revised existing schemes for customer retention. • Improved retail lending particularly housing. improved recovery performance of the bank by recovering chronic NPAs. • Managed cost effectiveness and maximized profitability of banking operations.
Career Profile	• Headed Delhi Zonal Audit office as DGM and supervised inspection activities of the Bank. • Developed new inspection tools for the Bank for early detection and reporting of deficiencies occurred at Branch level. • Prepared a monthly report for management to help identify problems and establish resolutions. • Handled 96 branches of Vijayawada region of IOB in Coastal Andhra and Rayalaseema regions of Andhra Pradesh which is predominantly agricultural area. • Identified new business areas by opening new branches and launched new business programs to increase the bank's revenue. • Worked as Branch head and improved business mix from Rs.330 Cr to Rs.4000 Cr during this period by mobilising big corporate groups like L&T Hyderabad Metro(Rs.2000 Cr), GMR group(Rs.650 Cr), Sneha poultry (Rs.250 Cr) etc. • Granted poultry advances to the extent of Rs.350 Cr to many poultry units. • Handled priority credit department in Regional office, Hyderabad consisting branches in Telangana.
Key Achievements	• Sanctioned many SHGs and Poultry loans. • Headed one of the biggest prestigious branches of IOB, New Delhi and handled many corporate accounts like IFFCO, BHEL and many export oriented units with forex turnover of Rs.2500 Cr. • Handled Lead bank and SLBC matters of the bank and used to coordinate with NABARD and RBI. • Worked as Member of Panel for Resolution of Disputes (PRD) of Reserve Bank of India, New Delhi from July 2018 to August 2020.
Trainings Undergone	• Advanced Management programme towards next orbit conducted by MDI, Gurgaon held in Europe. • Programme on Mentoring of Mentors conducted by MDI, Gurgaon. • Exposure on SME conducted by college of Agricultural Banking, Pune held in Thailand and Vietnam. • Special recognition to Best performing Managers conducted in Singapore. • Participatory Rural Appraisal for Micro planning conducted by NIRD, Hyderabad. • Leadership organisation development conducted by ASCI.

Item No.5

Pursuant to the provisions of section 149 of the Act, and Companies (Appointment and Qualification of Directors) Rules, 2014 which came in to effect from April 1, 2014, Public Companies having paid up share capital of ten crore rupees or more shall have at least two directors as independent directors, not liable to retire by rotation. The company, as on date, has three Independent Directors on its Board and now it is proposed to appoint two more Directors, viz., Shri Satyanarayana Jonnalagadda and Shri. Emmanuel V Murray as Independent Directors.

Shri Emmanuel V Murray was appointed as Additional Director by the Board w.e.f. 20.07.2021. The company has received notice in writing from NABARD, a member under Section 160 of the Act signifying his intention to propose the candidature of Shri. Emmanuel V Murray for the office of Director.

Shri Emmanuel V Murray, non-executive director of the Company, has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act.

In the opinion of the Board, Shri Emmanuel V Murray fulfils the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and he is independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of Shri. Emmanuel V Murray as Independent Director is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Director shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday. Except Shri Emmanuel V Murray, being the appointee, none of the Directors and Key Managerial Personnel of the Company is concerned or interested, financial or otherwise, in the resolution set out in item no.5.

A brief profile of Shri Emmanuel V Murray, to be appointed as Independent Director is given below:

Name	**Shri Emmanuel V Murray**
Date of Birth	13 July 1961
Age	60 years
Educational Qualification	• B. Com (Honours) (Gold Medalist) • PG Diploma in Rural Management (IRMA) • M. Phil (I) (Development Studies) (CESS) • Fellow of IIBF.
Past Employment	1983 -1985 – Worked with NDDBs Oilseeds & Vegetable Oil Project in Project Finance. 1986 – 2011 - 25 years with NABARD, starting as Grade B officer, and took VRS as GM. Worked across various departments ranging from Project Finance, Planning, Finance and Accounts, Personnel Administration and Training. Was a Faculty Member at NBSC & CAB, RBI. Worked across various geographies including Orissa, Nagaland, Telangana and Himachal Pradesh, including a 3-year stint as DDM. 2011 to 2016 - 5 years as head of business operations (ED and later DMD) of Maanaveeya Development & Finance Ltd, the wholly owned Indian subsidiary of Oikocredit of the Netherlands. Handled end-to-end operations from origination to collection, except resource mobilisation. Portfolio of @ Rs.600 Crore in MFIs, Education, Renewable Energy, Agri and SME Finance with about 100 institutions of various forms, for profit & not for profit. 2016 to Ongoing – 4+ years, working as a Consultant (Designation – Senior Advisor) with Caspian Impact Investment Advisor (www.caspian.in) in the Agri Ecosystem Development space, through partnerships with Agri Startups and Incubators, and other agencies in the sector, independent of Caspian's business verticals. Member of the Credit Committee of Caspian Debt, Caspian's NBFC. The portfolio of Caspian Debt includes, MFIs, SME finance cos, Cleantech, Education, Healthcare etc. Helped develop a loan product for Agri Startups in early stage, with a present portfolio of 5 and plans to do about 20 more this year.

Present Employment	Working as a Consultant (Designation – Senior Advisor) with Caspian Impact Investment Advisor (www.caspian.in) in the Agri Ecosystem Development space, through partnerships with Agri Startups and Incubators, and other agencies in the sector, independent of Caspian's business verticals. Member of the Credit Committee of Caspian Debt, Caspian's NBFC.
Career Profile	• Worked across various departments of NABARD • Worked as a Faculty Member at NBSC & CAB, RBI. • Handled end-to-end operations from origination to collection, except resource mobilization as head of Business Operations of Manaveeya Development & Finance Ltd.
Key Achievements	Member of evaluation/diagnostic panel & mentor for Pusa Krishi, a-IDEA, SCIFI IIM Lucknow, Bala Vikasa International Centre, AIC IIIT Hyderabad Foundation, Social Alpha, Startup Oasis, ALEAP, IIT Bombay Eureka programme, Villgro Philippines. Member of Advisory Group of SAFIN, Advisory Board of DevBhumi FPC and some Agri Startups. Panel member for evaluation of BIRAC BIG Grant programme. All of these positions/ services are pro-bono. Have been part of some NABCONS assignments, notably Evaluation of MANAGE and Study on the Revival of Coop Sector in AP. Prepared a 'Guidebook on Lending to FPOs' for GIZ.

For and on behalf of the Board
For NABKISAN Finance Ltd

Sd/-
Suseela Chintala
Managing Director

Place: Mumbai
Date: 27.08.2021

Maize procurment by OPCL

Turmeric procurement - Surya FPCL

Annual General Body Meeting 2020-21

MD's meeting with Tribal Welfare Corporation of Telangana

Success Story

Gramachetana Savayava Krushi mattu Januvara Utpadakara Souharda Sahakari Niyamit, Karnataka

Name of the FPO
Gramachetana Savayava Krushi mattu Januvara Utpadakara Souharda Sahakari Niyamit

Established
28/09/2013

District
Bagalkote

State
Karnataka

Promoting institution
Future Greens Samasthe

Shareholder farmers
270

Share capital
Rs. 2.16 lakh

NKFL Loan
Rs. 50 lakh

Turnover
Rs. 117.47 lakh

Business Activities
- Food grain processing and marketing
- Input business -supply of seeds
- Livestock marketing (Supply of ram, lamb, sheep, goat and buyback of its meat, ghee)

Convergences
Direct Market access through private agencies

FPO possess 99% women SHGs as its shareholders. FPO has network of seed saver groups in sourcing indigenous seeds. FPO with low share capital base has large network of farmers, with one institutional shareholder and high turnover. NABKISAN loan was provided for expanding their grains milling unit. The produce is entirely organically sourced, processed and marketed in their own brand name ‘Simply Satvik’. FPO is now enjoying the popularity of the brand among the urbanites through their own outlets established in Bengaluru and in retail shelves.

Members’ supply to FPCs is increasing year-on-year and they are able to earn at least 2% more income than the prevailing market rates.

During the pandemic induced lockdown, the FPO utilised the retail outlets of ‘Future Greens’ for selling their product. The society is in dialogue with the research wing at Indian Institute of Millet Research (IIMR), Hyderabad for their upcoming instant product mix.

Thus, credit facility from NABKISAN has enabled the FPO to shore up its operations and to diversify its activities to cater to the need of their members.

Directors Report

NABKISAN FINANCE LIMITED

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

It is the privilege of the Directors to present the 24th Annual Report on the business and operations of the company together with the Audited Financial Statements for the year ended March 31, 2021. It gives us immense pleasure to inform that the company has registered improved business performance during the year and has surpassed the targets set for the year under review.

FINANCIAL HIGHLIGHTS

Our Company's performance during the financial year 2020-21 is summarized below:

(Rs. Crore)

Particulars	2019-20 (Ind AS)	2020-21 (Ind AS)	Growth %
Gross Income	104.71	115.90	11
Profit before tax	38.29	31.52	(18)
Profit after tax	28.19	16.60	(41)

OPERATIONAL HIGHLIGHTS

- Loan outstanding increased to Rs.1178.34 cr (Rs.947.37 cr during 2019-20), registering a robust growth of 24.38%
- While sanctions recorded a negative growth of 11.97 %, disbursements recorded a marginal growth of 1.28 % over last year with the sanctions being Rs.569.40 cr (Rs.646.84 cr) and disbursements being Rs.597.93 cr (Rs.590.36 cr).
- The total income increased from Rs.104.71 cr in 2019-20 to Rs.115.90 cr in 2020-21 registering a growth of 10.69%.
- PBT and PAT had fallen by 17.69% and 41.11% respectively to Rs.31.52 cr (Rs.38.29 cr) and Rs.16.60 cr (Rs.28.19 cr) due to Ind AS Expected Credit Loss and Deferred Tax.
- Owned funds increased to Rs.271.94 cr (Rs.255.34 cr) indicating a growth of 6.50%.

IMPACT OF COVID-19 ON THE BUSINESS OPERATIONS

The challenging operating environment during the year caused disruptions across the company's business verticals. The spread of the virus to rural areas on a relatively higher scale as compared to the first wave posed a challenge on the company's growth outlook.

However, NABKISAN responded by ensuring business continuity and adopting a COVID-appropriate behaviour. With gradual learnings in dealing with the pandemic and easing of restrictions, business posted a progressive growth to reach nearly pre-covid levels in the latter half of the year.

For stress in asset quality witnessed in FPO vertical, need based restructuring was done, for which necessary provisions were also made, which had an impact on the bottom line. 144 clients including 69 FPO clients were extended moratorium to the tune of Rs.117.54 crore.

CAPITAL STRUCTURE

There is no change in the capital structure of the company during the year 2020-21.

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring orderly and efficient conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanisms, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures.

MANAGEMENT

Directors & Key Managerial Personnel as on 31st March 2021 and changes during the year

Shri. Shaji K V Chairman & Nominee Director	Deputy Managing Director - NABARD, HO, Mumbai
Shri. Nilay D Kapoor Nominee Director	Chief General Manager, NABARD, HO, Mumbai
Shri. T. Ramesh Nominee Director	Chief General Manager, NABARD, HO, Mumbai
Shri.Amrendra Kumar Shahi Nominee Director	GM (RBD), Indian Bank, Chennai
Shri. S.Arunraj, IAS Nominee Director	Deputy Secretary to Government (Budget), Finance Dept., Chennai
Shri. Vijay Sardana Independent Director	Member, Commodity Derivatives Advisory Committee, Securities and Exchange Board of India (SEBI), Mumbai
Shri. Ashok Kumar Yadav Independent Director	Retired IAS Officer
Shri. Arindom Datta Independent Director	Rabo India Securities Pvt. Limited - Asia Head, Sustainability Banking, Rabobank Group
Shri. Alok Bhargava Independent Director	Management Consultant
Shri. Deepak Singhal Independent Director	Sector Expert, Ex Executive Director of RBI
Smt. Suseela Chintala	Managing Director & CEO, NABKISAN
Dr. K.S.Mahesh	Chief Financial Officer, NABKISAN
Smt. M. Bhuvaneswari	Company Secretary, NABKISAN

During the year, the following changes have taken place in the Board of Directors and Key Managerial Personnel:

- Shri.Amrendra Kumar Shahi, General Manager (RBD), Indian Bank, Chennai was appointed as Nominee Director w.e.f. 19.03.2021, in place of Shri.T.Dhanaraj, General Manager (RBD), Indian Bank.
- Smt.Reeta Harish Thakkar, IAS, Special Secretary to Government, Finance Department, Government of Tamil Nadu was appointed as Nominee Director of NABKISAN w.e.f. 01.10.2020 in place of Dr.R.Anandakumar, IAS, Special Secretary to Government, Finance Department.
- Shri.Arunraj, IAS, Deputy Secretary to Government, Finance Department, Government of Tamil Nadu was appointed as Nominee Director of NABKISAN w.e.f. 08.01.2021 in place of Smt.Reeta Harish Thakkar, IAS, Special Secretary to Government, Finance Department.

Changes that have taken place in the Board of Directors and Key Managerial Personnel after 31.03.2021:

- Dr.K.S.Mahesh, CFO, NABKISAN was appointed as Nominee Director in place of Shri.T.Ramesh, CGM, NABARD w.e.f. 11.05.2021.
- Shri.Vijay Sardana has ceased to be Director w.e.f. 28.06.2021 on expiry of his term of office.
- Shri.Ashok Kumar Yadav has ceased to be Director w.e.f. 28.06.2021 on expiry of his term of office.
- Shri.B.Suribabu, GM (RBD), Indian Bank was appointed as Nominee Director in place of Shri.Amrendra Kumar Shahi, General Manager (RBD), Indian Bank w.e.f. 14.07.2021.
- Shri. Satyanarayana Jonnalagadda and Shri. Emmanuel V Murray were appointed as Additional Directors w.e.f. 20.07.2021 and their candidature were proposed for appointment as Independent Directors.

Retirement by rotation

Shri. S.Arunraj, IAS, Director retires by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Review of Performance of Chairman, Non-Independent Directors and the Board as a whole

The independent directors in their meeting has reviewed the performance of non-independent directors and the Board as a whole, the performance of the Chairperson of the company taking into account the views of executive directors and non-executive directors and assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Code of Conduct

Your Company has in place a comprehensive Code of Conduct ("the Code") applicable to Directors and Senior Management Personnel. The Code gives guidance and support needed for ethical conduct of business and compliance of law.

Independent Directors

Your Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that he/ she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and are not disqualified from continuing as Independent Directors.

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.

(e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTION

All the related party transactions are in compliance with the applicable provisions of the Act. The details of the transaction with related party as required under Section 134 (3) (h) of the Companies Act, 2013 are furnished in **Annexure I** and forms part of this report.

AUDITORS

Internal Audit

Shri.K.Sridhar, Chartered Accountant, Senior Manager- Audit of NABKISAN had carried out the Internal Audit from 01st April 2020 to 31st March 2021. The reports of the internal auditor were placed before the Audit Committee at their meetings at regular intervals.

Statutory Audit

In pursuance of Section 139 of the Companies Act, 2013, the Comptroller & Auditor General of India had appointed M/s. G Balu Associates LLP, Chartered Accountants, Chennai as Statutory Auditors of the Company for the financial year 2020-21.

Reporting of Frauds by Auditors:

During the year under review, the Statutory Auditors and the Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

Supplementary Audit by C&AG

Comptroller and Auditor General of India vide their report dated 04.08.2021 **(Annexure II)** have forwarded their certificate under Section 143(6)(b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31st March 2021.

Secretarial Audit

Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration) Rules, 2014 inter-alia requires every Public Company having a paid-up share capital of fifty crore rupees or more to annex with its Board's report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form.

The Board of Directors appointed Smt. P. R. Sudha, Practicing Company Secretary as Secretarial Auditor to conduct Secretarial Audit of the Company for Financial Year 2020-21 and her report is annexed to this Board report vide **Annexure III**.

Dividend

The Board of Directors of the company have recommended that no dividend be paid for the financial year ended 31st March 2021 in view of Covid 19 pandemic and the extended lockdown situation.

Reserves

The company has transferred Rs.3.32 Crore to special reserve u/s 45-IC of RBI Act, 1934 as against Rs.6.52 Crore transferred during the previous financial year. The company has made a profit after tax of Rs.16.60 Crore during the financial year ended 31st March 2021.

Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments

The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

(Rs. Crore)

Particulars	Corporate vertical	Non-corporate vertical	Total
Neither Past due nor impaired	1,002.53	112.64	1,115.18
Past due but not impaired			
0 - 30 days past due	6.71	9.18	15.89
31 – 60 days past due	11.99	9.66	21.65
61 – 90 days past due	12.38	0.64	13.02
Impaired (more than 90 days)	7.38	5.21	12.59
Total Gross Carrying value as at reporting date	1,041.00	137.34	1,178.34

(PLF Vertical has been written off entirely by the entity during the year)

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is not into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

BOARD AND ITS COMMITTEES

Board Meetings

The Board of directors met six times during the year 2020-21 on 29th May 2020, 29th June 2020, 21st September 2020, 29th September 2020, 22nd January 2021 and 24th February 2021.

Committees of the Board

The Board has constituted various committees to support the Board in discharging its responsibilities. As on March 31, 2021, the company has eleven (11) Committees viz:

(1) **Audit Committee**

In terms of Section 177 of the Companies Act, 2013, the Board had constituted an Audit Committee. The Audit Committee met two times during the year 2020-21 on 29th May 2020 and 12th February 2021.

The present committee consists of - Smt. Suseela Chintala, Managing Director & CEO, Shri. Deepak Singhal, Independent Director and Shri.Alok Bhargava, Independent Director.

(2) **Loan Committee – Composition & Meetings**

The present Loan Committee comprises of Shri.Nilay D Kapoor, Director, Nominee Director of Indian Bank, Shri. Emmanuel V Murray, Additional Director, Shri.Arindom Datta, Independent Director, Smt.Suseela Chintala, Managing Director & CEO, Dr.K.S.Mahesh, Director & CFO and Shri.S.Ramesh, COO, Convener.

During the year ended March 31, 2021, seven (7) meetings of the Committee were held on 04th May 2020, 11th September 2020, 19th October 2020, 17th December 2020, 29th January 2021, 25th February 2021 and 12th March 2021.

(3) **CSR Committee – Composition & Meetings**

The present CSR Committee comprises of Shri.Nilay D Kapoor, Director, Shri.Alok Bhargava, Independent Director, Shri Deepak Singhal, Independent Director, Smt.Suseela Chintala, Managing Director & CEO and Dr.K.S.Mahesh, Director & CFO.

During the year ended March 31, 2021, two meetings of the Committee were held on 27th November 2020 and 24th March 2021.

(4) **Nomination and Remuneration Committee – Composition & Meetings**

The present Nomination and Remuneration Committee comprises of Shri. Nilay D Kapoor, Director, Shri. Arindom Datta, Independent Director and Shri Deepak Singhal, Independent Director.

No meeting of the committee was held during the year ended March 31, 2021.

(5) Risk Management Committee – Composition & Meetings

The present Risk Management Committee comprises of Shri.Nilay D Kapoor, Director, Shri. Arindom Datta, Independent Director and Shri. Alok Bhargava, Independent Director.

During the year ended March 31, 2021, three meetings of the Committee was held on 24th June 2020, 27th November 2020 and 22nd February 2021.

(6) **IT Strategy Committee – Composition & Meetings**

The present IT Strategy Committee comprises of Shri.Alok Bhargava, Independent Director, Smt.Suseela Chintala, Managing Director & CEO, Shri.S.Ramesh, COO and Shri. Sameer Kr. Prayaga, AVP (IT).

During the year ended March 31, 2021, two meetings of the Committee were held on 03rd September 2020 and 25th February 2021.

(7) **Investment Committee – Composition & Meetings**

The present Investment Committee comprises of Shri.Nilay D Kapoor, Director, Shri. Satyanarayana Jonnalagadda, Additional Director, Smt.Suseela Chintala, Managing Director & CEO, Dr.K.S.Mahesh, Director & CFO and Shri.S.Ramesh, COO.

During the year ended March 31, 2021, one meeting of the Committee was held on 11th September 2020.

(8) **Share Transfer Committee – Composition & Meetings**

The present Share Transfer Committee comprises of Shri.Nilay D Kapoor, Director, Smt. Suseela Chintala, Managing Director & CEO and Dr.K.S.Mahesh, Director & CFO.

No meeting of the committee was held during the year ended March 31, 2020.

(9) **Asset Liability Committee – Composition & Meetings**

The present Asset Liability Committee comprises of Smt. Suseela Chintala, Managing Director & CEO, Dr.K.S.Mahesh, Director & CFO and Shri.S.Ramesh, COO.

During the year ended March 31, 2021, five meetings of the Committee were held on 30th April 2020, 26th June 2020, 31st July 2020, 31st October 2020 and 29th January 2021.

(10) Human Resource Committee – Composition & Meetings

The present Human Resource Committee comprises of Shri.Nilay D Kapoor, Director, Shri. Satyanarayana Jonnalagadda, Additional Director and Smt.Suseela Chintala, Managing Director & CEO.

Four meetings of the committee were held during the year on 29th May 2020, 17th September 2020, 27th November 2020 and 24th March 2021.

(11) Business Development Committee – Composition & Meetings

The present Business Development Committee comprises of Shri.Shaji KV, Chairman, Shri. Emmanuel V Murray, Additional Director, Smt.Suseela Chintala, Managing Director & CEO and Dr.K.S.Mahesh, Director & CFO.

During the year ended March 31, 2021, one meeting of the Committee was held on 04th December 2020.

(**12) Internal Complaints Committee for Prevention of Sexual Harassment (POSH) at Workplace**

The present POSH Committee comprises of Smt.Suseela Chintala, Managing Director & CEO, Shri. S. Ramesh, COO, Smt. Sheba Sangeetha, VP and External Member – Ms. Snehal Verkar.

During the year ended March 31, 2021, one meeting of the Committee was held on 31st March 2021.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As prescribed under the Companies (Corporate Social Responsibility) Rules, 2014, the initiatives undertaken by the Company on CSR activities during FY 2020-21 are set out in the prescribed format under Annexure IV and forms part of this report.

INFORMATION ON ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE AS PER SECTION 134 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. Foreign Exchange outgo during the year in terms of actual outflows –Euro equivalent to INR 589677.78 towards payment of Guarantee fees to M/s. Stichting Rabo Foundation, Netherlands.

Vigil Mechanism:

The Company has formulated a vigil mechanism through Whistle Blower Policy to deal with instances of unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or ethics policy and the policy is also available on the Company's website.

Risk Management

The Board of Directors has adopted the Risk Management Policy based on the recommendation of the Risk Management Committee in order to assess, monitor and manage risk throughout the Company. Risk is an integral part of any business, and sound risk management is critical for the success of any organization. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment to monitor and mitigate the risk through internal audit recommendations including those relating to strengthening of the Company's risk management policies and systems.

Sexual harassment policy for women under The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company has in place a formal policy for prevention of sexual harassment of its employees at workplace. The Company is in compliance with the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and has adopted a policy on sexual harassment to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining to sexual harassment, thereby providing a safe and healthy work environment.

Further, during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in accordance with Section 134 (3)(a) of the Companies Act, 2013 in the prescribed format (MGT-9) is placed on the website of the company.

DEPOSITS FROM PUBLIC

During the year under review, your Company did not accept any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

EMPLOYEE BENEFITS

a) The Managing Director is on deputation from NABARD. His/her remuneration including provident fund, gratuity and leave Salary is reimbursed to NABARD on the basis of the advice received from NABARD.

b) The services of two Deputy General Managers, two Assistant General Managers and one Assistant Manager of NABARD are utilized by NABKISAN on a placement basis. As per the terms of placement, 100% of the remuneration paid to these officials on placement are being reimbursed to NABARD based on the advice received from NABARD and the same is charged to the Statement of Profit and Loss.

c) Liability in respect of leave encashment has been provided as per the policy of the Company amounting to INR 3,61,004/-.

d) **Defined Contribution Plans** – Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Amount (INR)
Employer's Contribution to Provident Fund (#)	10,88,421
Employer's Contribution to Superannuation Fund	-
Employer's Contribution to Pension Scheme	-

 # the entity has been registered with the provident fund authorities during the year and had made the contribution retrospectively w.e.f. 1st December 2018 voluntarily and the corresponding payments has been recognised as an expense in the statement of profit and loss. (Amount contributed for the period Dec 18 to Mar 20 – Rs. 508838)

e) **Defined Benefit Plan –**

1. Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	2020 – 21
Defined Benefit Obligation at beginning of the year	18,50,332
Current Service Cost	1,66,229
Actuarial (Gain)/Loss	-
Interest Cost	14,600
Benefits Paid	-
Defined Benefit Obligation at end of the year	20,31,161

2. Reconciliation of opening and closing balances of fair value of Plan Assets

Particulars	2020 – 21
Fair value of Plan Assets at beginning of the year	-
Return on Plan Assets	-

Employer Contribution	20,31,161
Benefits Paid	-
Fair value of Plan Assets at end of the year	20,31,161

3. Reconciliation of fair value of Assets and Obligations

Particulars	2020 – 21
Fair value of Plan Assets	20,31,161
Present value of obligation	20,31,161
Amount recognised in Balance Sheet [Surplus/(Deficit)]	-

4. Actuarial Assumptions

Particulars	2020 – 21
	2006-08 – ultimate
Discount Rate (per annum)	7% p.a.
Expected rate of return on Plan Assets (per annum)	7% p.a.
Rate of escalation in Salary (per annum)	5% p.a.

During the year, the company has made an initial contribution of INR 20,16,561/- based on actuarial valuation towards Gratuity liability with LIC India under employee group gratuity scheme and the fund shall be maintained by the Employee Group Gratuity Trust which is yet to incorporated. The Balance of Gratuity provision amounting to INR 5,80,796/- (refer note -13) is towards employees of NABARD as detailed in (b) above. The difference of the contribution made to LIC and amount accrued till the previous reporting period has been recognised as an expense in the statement of profit and loss.

SECRETARIAL STANDARDS

During the year under review, the Company has complied with the provisions of the applicable Secretarial Standards issued by Institute of Companies Secretaries of India. The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively.

FUTURE OUTLOOK

The Board of Directors of the company has approved the following business plan of the company for the financial year 2021-22:

Rs. in Crore

S. No	Activity	Target for sanction	Target for disbursement
1	Activity based lending through NGOs/ Trusts / Sec 8 Companies	5.00	5.00
2	NBFCs	405.00	405.00
3	Micro Finance Institutions (MFIs)	250.00	250.00
4	Farmers' Producer Organizations (FPOs) Direct Lending On-lending	 100.00 20.00	 95.00 20.00
5	Agri Corporates and Others	20.00	20.00
	TOTAL	**800.00**	**795.00**

The Company foresees significant scope for expansion of business in the Agri-corporate sector during the year, besides lending to Farmer Producer Organizations (FPOs). Thrust will continue to be provided for financing of FPOs so as to integrate the small farmers with the agriculture market value chain and become sustainable business enterprises over a period of time. The company will continuously explore the scope for leveraging technology in a cost effective manner to reach out to the POs in interiors and meet their credit needs. Risk diversification measures have been initiated to address the concentration and sectoral risks as long term mitigation measures.

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, the client institutions and the other shareholders of the company.

For and on behalf of the Board
For NABKISAN Finance Ltd

Sd/-
Suseela Chintala
Managing Director

Place: Mumbai
Date: 27.08.2021

Annexure I

FORM NO. AOC -2
(PURSUANT TO CLAUSE (H) OF SUB-SECTION (3) OF SECTION 134 OF THE ACT AND RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. - NIL

S. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis

S. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	National Bank for Agriculture and Rural Development (NABARD), Parent Company
b)	Nature of contracts/arrangements/transaction	Availing of refinance facility (unsecured loan)
c)	Duration of the contracts/arrangements/transaction	---
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Rs. 835,90,52,442/-
e)	Date of approval by the Board	31/05/2021
f)	Amount paid as advances, if any	--

Sd/-
Suseela Chintala
Managing Director

Annexure II

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NABKISAN FINANCE LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements ofNABKISAN Finance Limited for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General oflndia under section 139 (5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 13.07.2021 which supersedes their earlier Audit Report dated 31.05.2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements ofNABKISAN Finance Limited for the year ended 31 March 2021 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revision(s) made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

Place: New Delhi
Date: 04.08.2021

(Keerti Tewari)
Director General of Audit (AF & WR)
(Agriculture, Food & Water Resources)
New Delhi

Annexure III

FORM NO.MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to section 204(1) of the companies act, 2013 and rule no.9 Of the companies (appointment and remuneration of managerial personnel) rules, 2014]

To

The Members,
NABKISAN Finance Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by NABKISAN Finance Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of NABKISAN Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2021 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by The NABKISAN Finance Limited for the financial year ended on 31.03.2021 according to the provisions of :

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) Secretarial standards (SS-1, SS-2, SS-3) issued by the Institute of Company Secretaries of India;
(iii) Reserve Bank of India Act, 1934 and notifications issued by RBI from time to time.

NABKISAN Finance Limited is a subsidiary of National Bank for Agriculture and Rural Development (NABARD) (holding 87.48% of the shares of NABKISAN Finance Limited as on 31.03.2021) and hence is a Government Company.

NABKISAN Finance Limited has been granted certificate of registration No.B-07.00712 dated 25th September 2014 under Section 45 IA of the Reserve Bank of India Act, 1934 to carry on the business of non-banking financial institution without accepting public deposits.

During the period under review and as per the explanations and clarifications given to me and the representation made by the Management, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above except instances which would not materially affect the operations of the Company.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. In the instances where notice is given for less than seven days, the provisions of Companies Act, 2013 and the Rules prescribed therein have been complied with. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the Management, were unanimous and therefore there were no dissenting views that were required to be recorded.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the Statutory auditor as proposed by Comptroller and Auditor General of India (CAG) is appointed by the company u/s 139 (5) of the Companies Act, 2013. But in the Company Master Data maintained by the Ministry of Company Affairs, the Company Sub-category appears as "Non-Govt Company".

I further report that

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and have relied on the report of statutory auditors and financial statements.

4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. The compliance by the Company of the applicable financial laws like direct and indirect taxes and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subject to review by statutory financial audit, CAG and other designated professionals.

Place: **CHENNAI**
Date: **27.8.2021**

Sd/-
P.R. SUDHA
FCS No.6046
CP No.:4468
UDIN No F0046C000827108

MD's visit to Uttarakhand

Annexure IV

CORPORATE SOCIAL RESPONSIBILITY REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

With the applicability of Section 135 of the Companies Act, 2013, the Board at its meeting held on the 27th June 2016, had constituted the Corporate Social Responsibility Committee (CSR) to formulate, envisage and oversee the activities to be undertaken by the Company as specified in Schedule VII and to monitor the policy from time to time.

The CSR Committee met on 19th August 2016 to consider and recommend to the Board the CSR policy for their approval. The recommended CSR policy was approved by the Board at its meeting held on the same day.

The CSR policy of the company can be viewed from its website: www.nabkisan.org.

2. Composition of the CSR Committee:

The present constitution of the CSR Committee is as follows:

- Shri.Nilay D Kapoor, Director
- Shri.Alok Bhargava, Independent Director
- Shri Deepak Singhal, Independent Director
- Smt.Suseela Chintala, Managing Director & CEO and
- Dr.K.S.Mahesh, Director & CFO

3. Average net profit of the company for last three financial years:

Particulars	Amount (in Rs.)
Profits/(Loss) before Tax for the FY 2017-18	19,28,48,711/-
Profits/(Loss) before Tax for the FY 2018-19	27,59,54,493/-
Profits/(Loss) before Tax for the FY 2019-20	44,00,82,234/-
Total Profits for 3 years	**90,88,85,438/-**
Average of the Above profits	30,29,61,813/-

4. Prescribed CSR expenditure (two percent of the amount as in Item 3 above):

2% of average profit – Rs.60,59,236/-

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year - Rs.60,59,236/-.

Total amount spent for the financial year - Rs.60,59,236/-

(b) Amount unspent, if any: NIL

(c) Manner in which the amount is spent during the financial year is detailed below:

Sl No	CSR Projects Identified	Sector	State and district of Project coverage	Project wise outlay	Amt spent		Cumulative Exp	Direct or through agency
					Direct Exp	Overheads		
1	Completion of Farm Based Livelihood Education & Learning School to BAKDIL, through NABFoundation, Section 8 Company owned by NABARD	Promoting education and skill development	Meghalaya	Rs.21,00,000	Rs.21,00,000	-	Rs.21,00,000	Through NABFoundation
2	Capacity Building of FPOs	Promoting education and skill development	Tamil Nadu & Gujarat	Rs.10,00,000/-	Rs.10,00,000/-	-	Rs.10,00,000/-	payAgri Innovations Private Limited
3	Installation of Rooftop Solar PV System at Handicraft Training Centre and purchase of 3 e-rickshaws for transportation of goods and passengers	Promotion and development of traditional art and handicrafts	Ketunga, Nimidih, Jharkhand	Rs.10,73,620/-	Rs.10,73,620/-	-	Rs.10,73,620/-	Ambalika NGO
4	Supporting orphan girls at Hansraj Childrens' Home	Setting up homes and hostels for women and orphans	Udaipur	Rs.10,00,000/-	Rs.10,00,000/-	-	Rs.10,00,000/-	Rajasthan Bal Kalyan Samiti (RBKS)
5	Contribution to PM Cares Fund	Contribution to PM Cares Fund	-	Rs.8,85,616/-	Rs.8,85,616/-	-	Rs.8,85,616/-	Direct

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report:

The entire CSR budget of Rs.60,59,236/- for the financial year 2020-21 has been spent.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR Projects and activities in compliance with our CSR objectives.

Sd/-
Suseela Chintala
MD & CEO

Sd/-
Nilay D Kapoor
Director

Sd/-
Deepak Singhal
Independent Director

Sd/-
Alok Bhargava
Independent Director

Sd/-
Dr.K.S.Mahesh
Director & CFO

Place: Mumbai
Date: 27.08.2021

Success Story

KUTCH FISH PRODUCER COMPANY LIMITED, Gujarat

Name of the FPO	Established	District	State	Promoting institution	Shareholder farmers
Kutch Fish Producer Company Limited. (KFPCL)	2013	Kutch	Gujarat	Self-Promoted	526

Share capital	NKFL Loan	Turnover	Business Activities
Rs. 5 Lakh	Rs. 50 Lakh	Rs. 410 Lakh	Procurement and Marketing of Dry and Fresh Fish

KFPCL aggregates fish from its members and the pooled fish is sold to the wholesalers. This pooling of fish has given KFPCL a stronger position for bargaining rates in the market and other merchants also raised the fish prices setting the KFPCL rates as benchmark.

The FPC has increased its members' base to 526 and share capital to Rs. 5 lakh in the last six months. FPC also extends need based financial assistance to member fishermen for boat repairs and maintenance. These are interest free support and adjusted against the savings/fish produce procured from the members. Currently, KFPCL has fishermen spread over 18 bandars (harbours) from nine villages of three talukas of Kutch district.

The credit facility extended by NABKISAN has enabled the FPC to increase its procurement activities and the fishermen members were able to realise the sale proceeds instantaneously.

Independent Auditor's Report

To the Members of M/s NABKISAN FINANCE LIMITED

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of M/s **NABKISAN FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including other comprehensive income), and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

The C & AG Audit have pointed out subsequent to our completion of audit on 31.05.2021 that

a) in the Opinion Para, instead of profit/loss, it should have been correctly stated as 'profit',

b) though the Statement of Changes in Equity is not included by the Company in its financial statements, Auditor, in his Report under the head 'Opinion' and 'Report on Other Legal and Regulatory Requirements', has stated that the financial statements of the Company comprised of Statement of Changes in Equity

c) As per the agreed terms and conditions of MoU, the Company should have deposited the funds received from GoTN under the three schemes in interest-bearing account and such interest accruals under the fund will be appropriated towards servicing of the scheme, Standard Assets and NPA Provisions. However, the company, instead of depositing the amount received from GoTN in interest-bearing account, utilized the funds for its business and a notional interest calculated at 4 per cent amounting to Rs 56,97,369 (i.e., after netting off interest of Rs 5,34,538 earned on Fixed deposits for a shorter period) is provided in the account.

   However, in Annexure C to the Auditor's Report, in the third point of remark relating to Directions under section 143(5) of Companies Act, 2013, it is reported that the funds are used as per operational guidelines and MoU which was shared with the audit team and there are no deviations in their use. Thus, above remarks are not factual to that extent and the above deviations should have been reported

d) and in third point of Annexure C to the Independent Auditor's Report, the year in which the Company is going to utilise Catalytic Capital Fund received from NABARD on 31st March 2021 needs to be disclosed.

Hence the auditor's report is revised to rectify the same.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and profit (including other comprehensive income), and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note No.51 to the standalone financial statements which describes the management's assessment of the uncertainties and impact of COVID-19 pandemic on the company's operations and the financial results. In view of these uncertainties, the impact on the Company's financial statements is significantly dependent on future developments.

Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report together with the annexure thereto, Report on Corporate Governance and Business Responsibility Report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation ,structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

a) We have sought and 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 so far as it appears from our examination of those books

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,2014.

e) As per notification No GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 164(2) of the Companies Act2013 with respect to disqualification of directors is not applicable to the company.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   I. The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to in the Notes to financial statements.

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

III. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

IV. As required by Section 143 (5) of the Companies Act, 2013, refer the Annexure C, the report onthe Directions issued by the Comptroller and Auditor General of India.

For G Balu Associates LLP
Chartered Accountants
FRN No. 000376S/S200073

Ravishankar R
Partner
Membership No. 026819
UDIN No: 21026819AAAAID7656

Place: Chennai
Date: 13th July 2021

ANNEXURE – A TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of M/s NABKISAN FINANCE LIMITED ('the Company') on the standalone financial statements for the year ended 31st March 2021. We report that:

(i) **(a)** The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, and on the basis of the examination of the records of the Company, there are no immovable properties held by the Company.

(ii) The company is a non-banking finance company hence clause 3(ii) of the order relating to inventory is not applicable.

(iii) The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnership or other parties, covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Sec 185 and 186 of the Companies Act,2013 with respect to the Loans and Investments made, and guarantees and securities provided by it, as applicable.

(v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.

(vi) According to information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act for the products and services of the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.

(vii) **(a)** According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income tax, Goods and Service tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. Reference is invited to Note No 31 (d) regarding the applicability of PF to the company during the year and the remittances made thereafter.

(b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.

(viii) According to the records of the Company examined by us and the information and explanation given to us, the company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the Balance Sheet date.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and any term loans from banks. Accordingly, paragraph 3(ix) of the order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the company by its officers or employees has not been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has reimbursed for managerial remuneration to the directors of the company to its holding company NABARD.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.

(xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS)24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies(Accounts) Rules, 2014.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.

(xvi) The Company has obtained Certificate and registered under Section 45-IA of the Reserve Bank of India Act 1934 vide no .B-07.00712.

For G Balu Associates LLP
Chartered Accountants
FRN No. 000376S/S200073

Ravishankar R
Partner
Membership No. 026819
UDIN No: 21026819AAAAID7656

Place: Chennai
Date: 13th July 2021

ANNEXURE - B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s NABKISAN FINANCE LIMITED ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting with reference to financial statements

A company's internal financial control over financial reporting with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at 31 March 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For G Balu Associates LLP
Chartered Accountants
FRN No. 000376S/S200073

Ravishankar R
Partner
Membership No. 026819
UDIN No: 21026819AAAAID7656

Place: Chennai
Date: 13th July 2021

ANNEXURE - C TO THE AUDITORS' REPORT

Comments with regard to Directions under sections 143(5) of Companies Act, 2013 issued by the Comptroller and Auditor General of India (CAG)

S. No	Directions	Remarks
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implication of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes. There are no accounting transactions outside IT systems.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to company's inability to repay the loan? If yes, the financial impact may be stated .Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	There are no such cases applicable to the company during the FY 2020-21.
3	Whether funds (grants/subsidy etc.) received / receivable from specific schemes from Central/ State Government or its agencies were properly accounted for / utilised as per the term and conditions? List the cases of deviation.	Yes. Funds were received from (i) GoTN under the 3 schemes Mezzanine Capital Assistance, Credit Guarantee & Revolving Fund, (ii) Govt. of Odisha , which was received during the last week of March 2021 and is to be utilized during 2021-22, and (iii) Catalytic Capital Fund, during the year and have been properly accounted as per the term and conditions. C&AG Audit had pointed out certain deviations in the utilization of funds received in case of (i) above as reproduced in para (c) in the Opinion para of our Independent Auditor's Report, and in the case of (iii) above, they have asked to disclose the year in which the Company is going to utilize the Funds received. Hence the following are stated in this connection. (i). Regarding the deviation pointed out by C&AG Audit, in respect of Funds received from GoTN under the 3 schemes Mezzanine Capital Assistance, Credit Guarantee & Revolving Fund, the following are the submissions from the Company.

		C&AG Audit has pointed out that as per the terms and conditions laid down in MoU, the company is supposed to keep the funds in an interest-bearing account and such interest accruals shall be added to the corpus. The main objective here is that the corpus should be strengthened with the interest earned and not kept idle. As NBFCs are prohibited from opening Savings Bank account as per RBI guidelines, the only other option left is placing in FDs. The corpus funds were initially kept in Fixed Deposits with Banks. These deposits were made for shorter term only as the company has to meet its disbursement commitment promptly under the scheme. The FDs for shorter period carries very low interest rate (3.00% p.a., and below) and further the company may also be forced to pre-close the FD for making disbursements to FPCs under the scheme. Such pre-closure may result in loss of interest to the Fund, hence under the circumstances, the company has decided to utilize the funds for its business, mainly focused on lending to FPCs. Also, the company has provided a notional interest on the amount unutilised for the respective periods @ 4% p.a., which is the coupon rate for Non – Convertible debenture under MCA scheme. This rate is much higher than the SB account or short-term FD rates (3.00 % p.a., and below).The deviation is only procedural. Hence the said deviation is only procedural and apart from that, the funds were used as per the operational guidelines. In the case of (iii) Catalytic Capital Fund received from NABARD on 31st March 2021 and the same has to be used within 3 years from the date of acceptance of the sanction letter.

For G Balu Associates LLP
Chartered Accountants
FRN No. 000376S/S200073

Ravishankar R
Partner
Membership No. 026819
UDIN No: 21026819AAAAID7656
Place: Chennai

Date: 13th July 2021

Success Story

Pragati Yuva Kendram Farmers Producers company Limited, Andhra Pradesh

Name of the FPO	Pragati Yuva Kendram Farmers Producers company Limited
Established	25-07-2016
District	Spsr Nellore
State	Andhra Pradesh
Promoting institution	KPL MACTS
Shareholder farmers	1559
Share capital	Rs. 18.59 lakh
NKFL Loan	Rs 19.80 lakh
Turnover	Rs. 84.98 lakh
Business Activities	Trading of fruits, vegetables and flowers
Convergences	NABARD, Horticulture and other line departments

The FPC was formed with the objective of making the small and marginal flower and vegetable farmers self-reliant and market competitive, as the SPSR Nellore district lacked proper production system and also organized markets.

With the support of NABKISAN loan, PYK expanded their business operations in the district and begun sending flowers and Vegetables to Chennai and Hyderabad. With increased member base, the FPC could reach a turnover of Rs. 85 lakh during the last year, which resulted in doubling of income level of 95% of the members.

During covid induced lock down, FPC supplied packed vegetables, with the support of e-commerce application named 'Green bliss Agro'. Whatapp groups were created among farmer, traders and FPO management for smooth implementation.

Thus the FPC could stabilize its operations by effective convergence of NABKISAN loan and various government schemes, which resulted in increased price realization for the farmer members.

NABKISAN Finance Limited

NABARD Regional office building, No.48 Mahatma Gandhi Road, Nungambakkam, Chennai - 600034

Balance sheet as at 31st March 2021

(Amount in Rs.)

	Particulars	Note	As at 31st March, 2021	As at 31st March, 2020	As at 01st April, 2019
	ASSETS				
1	**Financial assets**				
(a)	Cash and cash equivalents	1	212,436,758	216,945,767	53,777,196
(b)	Bank balances other than (a) above	2	36,700	36,700	33,675
(c)	Loans	3	11,385,758,379	9,329,036,876	7,081,305,194
(d)	Investments	4	83,131,000	-	-
(e)	Other financial assets	5	446,584	116,745	40,796
2	**Non - Financial assets**				
(a)	Current Tax assets (net)	6	11,800,552	18,336,839	13,814,037
(b)	Deferred tax assets (net)	7	12,708,091	26,857,370	13,686,769
(c)	Property, plant and equipment	8	1,513,295	1,533,929	301,107
(d)	Other intangible assets	9	-	91,351	247,966
(e)	Other non - financial assets	10	4,835,309	-	-
	TOTAL - ASSETS		**11,712,666,670**	**9,592,955,577**	**7,163,206,740**
	LIABILITIES AND EQUITY				
1	**Financial Liabilities**				
(a)	Borrowings (Other than Debt Securities)	11	8,413,515,262	7,025,780,560	5,707,689,893
(b)	Other financial liabilities	12	555,669,413	4,942,714	4,208,615
2	**Non - Financial Liabilities**				
(a)	Provisions	13	941,800	2,123,101	1,884,067
(b)	Other non-financial liabilities	14	23,103,534	6,702,884	4,503,015
3	**Equity**				
(a)	Equity Share capital	15	1,376,279,320	1,376,279,320	868,544,500
(b)	Other Equity	16	1,343,157,341	1,177,126,998	576,376,650
	Total Liabilities and Equity		**11,712,666,670**	**9,592,955,577**	**7,163,206,740**

The accompaying notes form an integral part of the Financial Statements

Vide our report of even date
For **G Balu Associates LLP**
Chartered Accounts
FRN No. 000376S/S200073

For NABKISAN Finance Limited

Sd/-
Suseela Chintala
Managing Director & CEO
(DIN : 03348782)

Sd/-
Nilay Dharmanarayan Kapoor
Director
(DIN : 07622987)

Sd/-
Ravishanker R
Partner
Membership No. 026819
Place : Mumbai
Date : 31.05.2021
ICAI UDIN No: 21026819AAAAHN4066

Sd/-
Dr. K. S. Mahesh
Director & Chief Financial Officer
(DIN : 09170623)
(PAN : ABUPK6307P)

Sd/-
M. Bhuvaneswari
Company Secretary
(PAN : ANAPB3714D)

NABKISAN Finance Limited

NABARD Regional office building, No.48 Mahatma Gandhi Road, Nungambakkam, Chennai - 600034

Statement of Profit and Loss for the period ended 31st March 2021

(Amount in Rs.)

	Particulars	Note No	As at 31st March, 2021	As at 31st March, 2020
I	**Revenue from Operations**			
	Interest Income	17	1,157,158,421	1,047,043,346
	Others		-	-
	Total Revenue from operations		**1,157,158,421**	**1,047,043,346**
II	Other Income	18	1,886,913	66,786
III	**Total Income (I + II)**		**1,159,045,334**	**1,047,110,132**
IV	**Expenses**			
	Finance Costs	19	489,172,272	532,233,763
	Impairment on financial instruments	20	248,864,177	73,581,502
	Employee Benefits Expenses	21	19,255,748	11,280,320
	Depreciation, amortization and impairment	8&9	625,796	686,528
	Others expenses	22	85,931,246	46,400,491
	Total Expenses		**843,849,238**	**664,182,604**
V	Profit / (loss) before exceptional items and tax (III - IV)		315,196,096	382,927,527
VI	Exceptional Items		-	-
VII	Profit / (loss) before tax (V - VI)		315,196,096	382,927,527
VIII	**Tax Expense:**			
	- Current Tax		135,362,840	114,165,370
	- Previous year Tax		(346,366)	-
	- Deferred Tax	7	14,149,278	(13,170,601)
IX	Profit / (loss) for the period (VII -VIII)		166,030,344	281,932,758
X	Profit/(loss) from discontinued operations			
XI	**Profit/(loss) for the period (IX+XII)**		**166,030,344**	**281,932,758**
XII	Other Comprehensive Income			
(a)	(i) Items that will not be reclassified to profit or loss			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Sub-total (a)		-	-
(b)	(i) Items that will be reclassified to profit or loss			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Sub-total (b)		-	-
	Other Comprehensive Income (A + B)		-	-
XIII	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)		**166,030,344**	**281,932,758**
XIV	Earnings per equity share (refer Note - 23)			
	- Basic		0.97	2.17
	- Diluted		0.97	2.17

The accompanying notes form an integral part of the Financial Statements

Vide our report of even date
For **G Balu Associates LLP**
Chartered Accounts
FRN No. 000376S/S200073

For NABKISAN Finance Limited

Sd/-
Suseela Chintala
Managing Director & CEO
(DIN : 03348782)

Sd/-
Nilay Dharmanarayan Kapoor
Director
(DIN : 07622987)

Sd/-
Ravishanker R
Partner
Membership No. 026819
Place : Mumbai
Date : 31.05.2021
ICAI UDIN No: 21026819AAAAHN4066

Sd/-
Dr. K. S. Mahesh
Director & Chief Financial Officer
(DIN : 09170623)
(PAN : ABUPK6307P)

Sd/-
M. Bhuvaneswari
Company Secretary
(PAN : ANAPB3714D)

NABKISAN Finance Limited

NABARD Regional office building, No.48 Mahatma Gandhi Road, Nungambakkam, Chennai - 600034

Cash Flow statements

(Amount in Rs.)

Particulars	As at 31st March 2021	As at 31st March 2020
I. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before exceptional items and taxes	315,196,096	382,927,527
Add: Non-cash Expenses		
Depreciation, amortization and Impairment	625,796	686,528
Impairment on Financial Instruments	248,864,177	73,581,502
Bad debts written off	49,366,906	987,060
(Profit) / Loss on sale of Plant, Property & Equipment, Intangibles	5,089	32,658
Less: Income considered separately		
Income from Investment activities	(12,764,305)	(12,384,597)
Operating profit before working capital changes	**601,293,759**	**445,830,679**
Changes in -		
- Loans and Advances	(2,260,257,598)	(2,323,637,413)
- Financial Assets & Non-Financial Assets	(92,977,484)	(3,267,632)
- Financial Liabilities & Non-Financial Liabilities	567,127,349	2,933,968
- Provisions	(1,181,301)	239,034
Cash generated from operations	**(1,185,995,275)**	**(1,877,901,364)**
Income taxes paid (net of refunds)	(135,362,840)	(114,165,370)
Net Cash Inflow / (outflow) from operating Activities	(1,321,358,115)	(1,992,066,734)
II. CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of Property, plant and equipment and intangible assets	(519,900)	(1,795,393)
- Proceeds from sale of Property, plant and equipment	1,000	-
- Purchase of investments	(83,131,000)	
- Proceeds from sale of investments at FVTPL		
- Income from Term deposits with Banks	11,668,452	12,384,597
- Income from Investments	1,095,853	-
- Increase in Earmarked balances with banks	-	3,025
Net Cash Inflow / (outflow) from Investment Activities	**(70,885,595)**	**10,592,229**
III. CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from issue of Equity shares	-	868,226,543
- Net Proceeds from Borrowings (Other than Debt Securities)	1,387,734,702	1,318,090,667
- Dividend paid (including tax on dividend)	-	(41,674,134)
Net Cash Inflow / (outflow) from Financing Activities	**1,387,734,702**	**2,144,643,076**
NET Increase / (Decrease) in Cash and Cash Equivalents	(4,509,009)	163,168,571
Cash and Cash Equivalents at the beginning of the year	216,945,767	53,777,196
Cash and Cash Equivalents at the End of the year	**212,436,758**	**216,945,767**

The accompaying notes form an integral part of the Financial Statements

Vide our report of even date
For **G Balu Associates LLP**
Chartered Accounts
FRN No. 000376S/S200073

For NABKISAN Finance Limited

Sd/-
Suseela Chintala
Managing Director & CEO
(DIN : 03348782)

Sd/-
Nilay Dharmanarayan Kapoor
Director
(DIN : 07622987)

Sd/-
Ravishanker R
Partner
Membership No. 026819
Place : Mumbai
Date : 31.05.2021
ICAI UDIN No: 21026819AAAAHN4066

Sd/-
Dr. K. S. Mahesh
Director & Chief Financial Officer
(DIN : 09170623)
(PAN : ABUPK6307P)

Sd/-
M. Bhuvaneswari
Company Secretary
(PAN : ANAPB3714D)

NABKISAN FINANCE Limited

Notes forming part of Financial statements for the year ended 31st March 2021

BRIEF PROFILE –

"NABKISAN FINANCE Limited" (CIN: U65191TN1997PLC037525) is a subsidiary of NABARD and incorporated under the Companies Act 1956. The company is a "Non-banking Financial Company" (NBFC) registered with "Reserve Bank of India" (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in lending and related activities. The company received the Certificate of Registration from the Reserve Bank of India (RBI) on 18.04.2002, enabling the company to carry on business as a Non-Banking Financial company without accepting public deposits.

The Company's registered office is at NABARD Regional office building, No.48 Mahatma Gandhi Road, Nungambakkam, Chennai - 600034.

SIGNIFICANT ACCOUNTING POLICIES:

1. Statement of compliance and basis for preparation and presentation of Financial Statements

(a) **Statement of compliance –**

The Financial statements of the Company upto 31.03.2021 and for the year have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. In addition, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied along with the compliance with other statutory promulgations which requires a different treatment.

The company's financial statements up to and for the year ended 31st March 2020 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards specified under section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The Reserve Bank of India (RBI) for NBFCs to the extent applicable, collectively referred as "Previous GAAP"

(b) **Basis of preparation –**

The Financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Fair value measurements under Ind AS 113 are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at reporting date

- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

(c) **Presentation of Financial Statements –**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Companies Act, 2013 ("the Act") applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the RBI regulations.

These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 38.

(d) **Functional and presentation currency** –

Amounts in the financial statements are presented in Indian Rupees (INR or Rs.) which is also the company's functional currency. All amounts are rounded off to the nearest Rupees (unless stated otherwise) as permitted by Schedule III to the Companies Act, 2013.

2. Significant accounting policies –

i. Revenue recognition –

(a) Recognition of interest income on loans –

Interest income is recognized in Statement of profit and loss using the effective interest method for all financial instruments measured at amortized cost, debt instruments measured at Fair Value through Other Comprehensive Income (FVOCI) and debt instruments designated at Fair Value through Profit or Loss (FVTPL). The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is recorded as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the Statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset.

If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

(b) Dividend and Interest income on investments –

- Dividends are recognized in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.
- Interest income from investments is recognized when it is certain that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(c) Other operational revenue –

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

ii. Property, Plant and Equipment (PPE) –

- PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any.
- Cost includes all direct cost related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.
- Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.
- Assets held for sale or disposals are stated at the lower of their net book value and net realizable value.
- Depreciation on PPE is provided on Written Down Value basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis.
- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- PPE is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset)

is recognised in other income / netted off from any loss on disposal in the Statement of profit and loss in the year the asset is derecognized.

- The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and their value in use.

iii. Intangible assets –

Intangible assets are identified non-monetary assets without physical existence. Intangible assets with finite useful lives that are acquired separately are capitalized and carried at cost less accumulated amortization and accumulated impairment losses.

Amortization is recognised on Written Down Value basis over the estimated useful life of the asset. Intangible assets are recognised in books only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost can be measured reliably.

The cost of the intangible asset shall include the purchase price, including non-refundable duties and taxes, all the directly attributable costs to bring the intangible to the present location, working condition and intended use. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an assets net selling price and the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

iv. Financial Instruments –

a) Recognition and Measurement –

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in Statement of profit and loss.

b) Classification of financial assets-

On initial recognition, a financial asset is classified as measured at

- Amortized cost;

- FVOCI - debt instruments;
- FVOCI - equity instruments;
- FVTPL

Amortized cost - The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures Bank balances, Loans, Trade receivables and other financial instruments at amortized cost.

FVOCI - debt instruments - The Company measures its debt instruments at FVOCI when the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset meet the SPPI test.

FVOCI - equity instruments - The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 109 Financial Instruments and are not held for trading.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

c) Subsequent measurement of financial assets –

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment are recognised in Statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to Statement of profit and loss on disposal of the investments.

Dividend income received on such equity investments are recognised in Statement of profit and loss. Equity investments that are not designated as measured at FVOCI are designated as measured at FVTPL and subsequent changes in fair value are recognised in Statement of profit and loss. Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of profit and loss.

d) Financial liabilities and equity instruments –

Classification as debt or equity – Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments – An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by Company are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities – Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

Financial guarantee contracts – A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 - Financial Instruments and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 - Revenue.

e) Derecognition –

Financial assets – The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities – A financial liability is derecognized when the obligation in respect of the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in Statement of profit and loss.

f) **Offsetting –** Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

g) **Derivative financial instruments** – The derivative financial instruments include foreign exchange forward contracts, currency swaps and interest rate swaps, to manage borrowing exposure to foreign exchange and interest rate risks.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognised at fair value at the date the contracts are entered into and are

subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognised in Statement of profit and loss.

h) **Impairment of financial instruments** –

Equity instruments are not subject to impairment under Ind AS 109.

The Company recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL.

Credit-impaired financial assets – A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

Evidence of credit impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender of the borrower, for economic or contractual reasons relating to the

borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

Significant increase in credit risk –

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default (PD) will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e., the loss allowance is measured as the lifetime ECL in respect of all retail assets.

Purchased or originated credit impaired (POCI) financial assets –

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Company recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favorable change for such assets creates an impairment gain.

Definition of default – Definition of default is critical for determination of ECL. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Company considers both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal, which is not relevant for retail lending.

Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently to credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics.

i) Write offs -

The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the debtor/ borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

v. Employee benefits –

- **Short term employee benefits** – Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
- **Defined Contribution Plans** – The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment.
- **Defined Benefit Plan**– The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days basic salary for every completed year of service as per the Payment

of Gratuity Act, 1972. The gratuity liability amount is contributed to the approved gratuity fund formed exclusively for gratuity payment to the employees. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognized in the period in which they occur in Other Comprehensive Income

- **Leave encashment / compensated absences / sick leave** – The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date based on an independent actuarial valuation.

vi. **Finance costs** – Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at Amortised cost. Financial instruments include bank term loans, Refinance from Financial institutions, non-convertible debentures, fixed deposits mobilized, commercial papers, subordinated debts and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

vii. **Taxation - Current and deferred tax** –

Income tax expense comprises of current tax and deferred tax. It is recognised in Statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

Current tax – Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax – Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

viii. **Impairment of assets other than financial assets** –

The Company reviews the carrying amounts of its tangible and intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in Statement of profit and loss.

ix. **Provisions** –

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

x. Cash and cash equivalents –

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

xi. Earnings Per Share –

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

xii. Prior Period and Exceptional Items –

Items of Income or Expenditure pertaining to the previous reporting period has been adjusted to Reserves and Surplus of the corresponding reporting period. Exceptional items having material impact on the financial statements of the Company are disclosed separately.

xiii. Use of Estimates and judgements and Estimation of Uncertainty –

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

The preparation of financial statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and statement of Profit and Loss. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The Company's management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognized prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities –

- **Effective Interest Rate (EIR) Method** –

  The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given / taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

- **Impairment of Financial Assets** –

  The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

  Elements of the ECL model that are considered accounting judgements and estimates include:

  - The Company's criteria for assessing if there has been a significant increase in credit risk
  - Development of ECL model, including the various formulae and the choice of inputs
  - It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary.

- **Contingent liabilities** –

  The reliable measure of the estimates and judgments pertaining to litigations and the regulatory proceedings in the ordinary course of the Company's business are disclosed as contingent liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

xiv. First - Time adoption of Ind AS – mandatory exceptions and optional exemptions –

The Company has prepared the opening balance sheet as per Ind AS as at April 1st 2019 ("the transition date") by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS and applying Ind AS in measurement of recognized assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

Optional Exemptions availed by the Company –

Deemed Cost for Property, Plant and Equipment and Intangible Assets –

Ind AS 101 permits a first time adopter to elect to continue the carrying value for all of its property plant and equipment as recorded in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustment for decommissioning liabilities.

Accordingly, the Company has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

Ind AS mandatory exceptions adopted by the Company –

a) **Classification and Measurement of Financial Assets** – Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that existed on the date of transition.

b) **Estimates** – An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April, 1st 2019 are consistent with the estimates as at the same date made in conformity with the previous GAAP.

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NABARD Regional office building, No.48 Mahatma Gandhi Road, Nungambakkam, Chennai - 600034

Notes forming part of Financial Statements

(Amount in Rs.)

Note No	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 01st April, 2019
1	**Cash and Cash equivalents**			
	- Cash on Hand	905	2,801	3,729
	- **Balance with Banks** (In current accounts)			18,261,309
	Indian Overseas Bank	753,310	2,825,379	
	Axis Bank	100,093	274,264	
	HDFC Bank	62,561,615	13,671,356	
	- **Deposits with Banks**			
	Deposits	149,000,000	200,000,000	35,500,000
	Interest accrued on deposits	20,835	171,967	12,158
	Total	**212,436,758**	**216,945,767**	**53,777,196**

2	**Bank balance other than cash and cash equivalents**			
	- Earmarked balances with banks	36,700	36,700	33,675
	- Balances with banks-held as margin money or security deposit against borrowings, gurantee/other commitments			
	Total	**36,700**	**36,700**	**33,675**

3	**Loans**			
	Measured at Amortised cost ***(refer - Note 24)***			
	Secured Loans and Advances	11,783,366,762	9,473,742,258	7,150,104,845
	Less: Impairment allowance	(397,608,383)	(144,705,382)	(68,799,651)
		11,385,758,379	**9,329,036,876**	**7,081,305,194**
	Measured at Fair value through OCI	-	-	-
	Measured at Fair value through Profit and Loss	-	-	-
	Total	**11,385,758,379**	**9,329,036,876**	**7,081,305,194**

4	Investments			
	- Measured at Amortised cost			
	Investments in debentures under Government of Tamil Nadu scheme	83,131,000	-	-
	(Ref - Note No - 28)			
	- Measured at Fair value through OCI	-	-	-
	- Measured at Fair value through PL	-	-	-
	Total	**83,131,000**	**-**	**-**

5	**Other Financial assets**			
	- Desposits and advances	435,952	116,745	40,796
	- Interest accrued on Investments	10,632		
	Total	**446,584**	**116,745**	**40,796**

6	**Current Tax assets**			
	- Advance Tax & With holding taxes receivable	147,163,392	132,502,209	98,428,537
	Less: Income tax provision	(135,362,840)	(114,165,370)	(84,614,500)
	Total	**11,800,552**	**18,336,839**	**13,814,037**

7	**Deferred Tax assets (refer 25)**			
	Opening	26,857,370	13,686,769	125,691
	C.Y Additions	(14,149,278)	13,170,601	13,561,078
	Closing	**12,708,091**	**26,857,370**	**13,686,769**

8	**Other non-financial assets**			
	- Goods and Services Tax (GST) Receivable	4,835,309		
	Total	**4,835,309**	**-**	**-**

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Note - 8 & 9 - Plant, Property and Equipment & Intangible assets Schedule as at 31st March 2021

Amount (in Rs.)

Particulars	Gross Block				Depreciation Block				Net Carrying Value	
	As at 01.04.2020	Additions	Disposal/ Written off	As at 31.03.2021	As at 01.04.2020	Additions	Withdrawn	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Plant, Property and Equipment										
- Land	-			-				-	-	-
- Building	-			-				-	-	-
- Furniture & Fixtures	1,670,513	-	-	1,670,513	401,035	328,237		729,272	941,241	1,269,478
- Office Equipments	107,790	-	-	107,790	99,173	282		99,455	8,335	8,617
- Servers & Networks	-		-	-	-			-	-	-
- Laptop & Desktops	937,648	519,900	121,779	1,335,769	681,814	205,925	115,690	772,049	563,720	255,834
Subtotal (A)	**2,715,951**	**519,900**	**121,779**	**3,114,072**	**1,182,022**	**534,445**	**115,690**	**1,600,777**	**1,513,295**	**1,533,929**
Intangible assets										
- Software	1,283,950	-	-	1,283,950	1,192,599	91,351		1,283,950	-	91,351
Subtotal (B)	**1,283,950**	**-**	**-**	**1,283,950**	**1,192,599**	**91,351**	**-**	**1,283,950**	**-**	**91,351**
Total (A + B)	**3,999,901**	**519,900**	**121,779**	**4,398,022**	**2,374,621**	**625,796**	**115,690**	**2,884,727**	**1,513,295**	**1,625,280**
As at 31st March 2020	**2,857,672**	**1,795,393**	**653,164**	**3,999,901**	**2,308,599**	**686,528**	**620,506**	**2,374,621**	**1,625,280**	**549,073**

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Notes forming part of Financial Statements

(Amount in Rs.)

Note No	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 01st April, 2019
11	**Borrowings (other than Debt Securities)**			
	Loan from related parties (unsecured) (Refer - note 27)			
	- Loan from NABARD	8,359,052,442	6,918,155,795	5,640,570,063
	Loan from unrelated parties (unsecured) (Refer - note 27)			
	- Loan from NSTFDC	10,381,344	20,230,000	-
	Interest Accrued but not due on Borrowings	44,081,476	87,394,765	67,119,830
	Total	**8,413,515,262**	**7,025,780,560**	**5,707,689,893**

12	**Other Financial Liabilities**			
	Government of Tamil Nadu Scheme (Refer - note 28)			
	- Mezzanine Capital - TN Scheme	125,000,000	-	-
	- Notional Interest on Mezzanine capital - TN scheme	1,238,265	-	-
	Revolving Fund - TN Scheme			
	-- Revolving Fund Utilised	40,014,000	-	-
	-- Revolving Fund Untilised	190,386,000	-	-
	Credit Guarantee Fund - TN Scheme			
	-- CG Fee Received	50,000	-	-
	-- CG Fund Allocated	1,600,000	-	-
	-- CG Fund Untilised	85,900,000	-	-
	Notional Interest on Credit Guarantee and Revolving Fund - TN scheme	4,993,542	-	-
	Credit Guarantee Fund - Odisha Scheme (refer Note - 29)	50,000,000	-	-
	NABARD (Related party) - Catalytic Capital Fund (refer Note - 30)	50,000,000	-	-
	Guarantee Fee payable (net)	3,376,931	2,098,539	1,367,465
	Subsidy Reserve Fund	3,073,975	2,807,475	2,807,475
	Unpaid Dividend 2015-16	9,175	9,175	11,225
	Unpaid Dividend 2016-17	9,175	9,175	11,225
	Unpaid Dividend 2017-18	9,175	9,175	11,225
	Unpaid Dividend 2018-19	9,175	9,175	-
	Total	**555,669,413**	**4,942,714**	**4,208,615**

13	**Provisions**			
	Provision for Employee Benefit			
	Gratuity (refer note - 31)	580,796	1,972,496	1,736,979
	Leave Encashment	361,004	150,605	147,088
	Total	**941,800**	**2,123,101**	**1,884,067**

14	**Other non-financial liabilities**			
	- Withholding and Other Taxes Payable	3,484,940	1,211,682	2,020,574
	- Outstanding Expenses	2,979,112	4,628,722	2,482,441
	- Income received in advance	1,393,293	862,480	-
	- Provision for Interest on Interest charged during moratorium to be refundable (Refer note - 45)	15,246,188	-	-
	Total	**23,103,534**	**6,702,884**	**4,503,015**

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Notes forming part of Financial Statements for the year ended March 31, 2021

(Amount in Rs.)

Note No	Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 01st April, 2019
15	**Share Capital**			
	Authorized Capital	2,000,000,000	2,000,000,000	1,000,000,000
	20,00,00,000 Equity Shares of Rs.10/- each			
	Issued,Subscribed & Fully Paid up:	1,376,279,320	1,376,279,320	868,544,500
	13,76,27,932 Equity Share of ₹10/-each			
	TOTAL	**1,376,279,320**	**1,376,279,320**	**868,544,500**

a. Reconciliation of the number of equity shares outstanding at the beginning and end of the year

Number of Shares

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 01st April, 2019
Number of Shares outstanding at the beginning of the year	137,627,932	86,854,450	86,854,450
Add : Issued during the year	-	50,773,482	-
Less : Shares bought back during the year	-	-	-
Number of Shares outstanding at the end of the year	**137,627,932**	**137,627,932**	**86,854,450**

b. Reconciliation of the equity share capital outstanding at the beginning and end of the year

(Amount in Rs.)

Particulars	As at 31st March, 2021	As at 31st March, 2020	As at 01st April, 2019
Equity Share Capital Outstanding at the beginning of the year	1,376,279,320	868,544,500	868,544,500
Add : Share Capital Issued during the year	-	507,734,820	-
Less : Shares bought back during the year	-	-	-
Equity Share Capital Outstanding at the end of the year	**1,376,279,320**	**1,376,279,320**	**868,544,500**

c. Rights, preferences and restrictions attaching to each class of shares including restrictions on distribution of dividends and repayment of capital

The Company has only one class of equity shares having par value of Rs.10 per share. Each share holder is entitled to one vote per share. The distribution of dividend is in proportion to the number of equity shares held by each share holder.

Repayment of capital will be in proportion to number of equity shares held.

d. Details of shareholder holding more than 5 %

	Number of Shares					
	%	**31st March 2021**	**%**	**31st March 2020**	**01st April 2019**	**%**
1. National Bank for Agriculture & Rural Development	87.48%	120,400,050	87.48%	12,04,00,050	7,16,66,700	82.51%
2. Government of Tamil Nadu	6.67%	9,180,000	6.67%	91,80,000	91,80,000	11%

e. For a period of years, immediately preceeding the Balance sheet

Aggregate number & class of shares :

- Allotted as fully paid up pursuant to contract(s) without payment being received in cash : NIL
- Allotted as fully paid up by way of bonus shares: NIL
- Bought back : NIL

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Note No - 16 - Other Equity

Amount in Rs.

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Effective portion of Cash Flow Hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Total
			Statutory reserves	Capital reserves	Securities premium	Special Reserve	Reserve fund	Retained earnings						
Opening balance as at 01st April 2020	-	-	-	-	515,172,554	179,413,964	-	482,540,480	-	-	-	-	-	1,177,126,998
Adjustment for changes in accounting policies & Prior period items														
Add: Profit for the year	-	-	-	-	-	-	-	166,030,344						166,030,344
Add: Other Comprehensive Income for the year	-	-	-	-	-	-	-	-						-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**515,172,554**	**179,413,964**	**-**	**648,570,823**	**-**	**-**	**-**	**-**	**-**	**1,343,157,341**
Additions						-								-
Appropriation to Statutory Reserve*						33,206,069		(33,206,069)						-
Transactions with owners in their capacity as owners														-
Less: Dividend distributed during the year								-						-
Less: Dividend Distribution Tax (DDT)								-						-
Balance at the 31st March 2021	**-**	**-**	**-**	**-**	**515,172,554**	**212,620,033**	**-**	**615,364,755**	**-**	**-**	**-**	**-**	**-**	**1,343,157,341**

Other Equity (19-20)

Amount in Rs.

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus						Debt instruments through OCI	Equity instruments through OCI	Effective portion of Cash Flow Hedges	Revaluation surplus	Exchange differences on translating the financial statements of a foreign operation	Total
			Statutory reserves	Capital reserves	Securities premium	Special Reserve	Reserve fund	Retained earnings						
Restated balance as at 01st April 2019 (Refer note)	-	-	-	-	154,680,831	114,209,146	-	307,486,673						576,376,650
Adjustment for changes in accounting policies & Prior period items														
Restated balance														
Add: Profit for the year	-	-	-	-	-	-	-	281,932,758						281,932,758
Add: Other Comprehensive Income for the year	-	-	-	-	-	-	-	-						-
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**154,680,831**	**114,209,146**	**-**	**589,419,432**	**-**	**-**	**-**	**-**	**-**	**858,309,409**
Additions					360,491,723	-								360,491,723
Appropriation to Statutory Reserve*						65,204,818		(65,204,818)						-
Transactions with owners in their capacity as owners														-
Less: Dividend distributed during the year								(34,568,482)						(34,568,482)
Less: Dividend Distribution Tax (DDT)								(7,105,652)						(7,105,652)
Balance at the 31st March 2020	**-**	**-**	**-**	**-**	**515,172,554**	**179,413,964**	**-**	**482,540,480**	**-**	**-**	**-**	**-**	**-**	**1,177,126,998**

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Notes to Statement of Profit and Loss

Amount in Rs.

Note	Particulars	For the year ended 31st March 2021				For the year ended 31st March 2020			
		On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss	Total
17	**Interest Income**								
	- Interest on Loans		1,144,394,117		1,144,394,117		1,034,658,749		1,034,658,749
	- Interest income from investments		1,095,853		1,095,853				-
	- Interest on deposits with Banks		11,668,452		11,668,452		12,384,597		12,384,597
	- Other interest Income		-		-		-		-
	Total	-	**1,157,158,421**	-	**1,157,158,421**	-	**1,047,043,346**	-	**1,047,043,346**

Note	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
18	**Other Income**		
	Miscellaneous Income	276,482	3,986
	Pofit on sale of Assets	-	62,800
	Interest on IT refund	1,610,431	
	Total	**1,886,913**	**66,786**

Notes to Statement of Profit and Loss

Amount in Rs.

Note	Particulars	For the year ended 31st March 2021		For the year ended 31st March 2020	
		On Financial Liabilities measured at fair value through OCI	On Financial Liabilities measured at Amortised Cost	On Financial Liabilities measured at fair value through OCI	On Financial Liabilities measured at Amortised Cost
19	**Finance Costs**			-	-
	Interest on Borrowings				
	NABARD Refinance Loans		482,950,250	-	531,669,017
	Interest on NSTFDC Loans		524,653	-	564,746
	Notional Interest on TN Corpus Fund		5,697,369	-	-
	Total	**-**	**489,172,272**	**-**	**532,233,763**

Note	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
20	**Impairment allowance**		
	Impairment allowance on Loans	248,864,177	73,581,502
	Total	**248,864,177**	**73,581,502**

Note	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
21	**Employee Benefit Expenses**		
	Salaries and wages	16,859,090	10,766,960
	Contribution to provident and other funds	1,923,681	303,998
	Staff Welfare	472,977	209,362
	Total	**19,255,748**	**11,280,320**

Amount in Rs.

Note	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
22	**Other expenses**		
	Auditors Remuneration		
	- Concurrent Audit Fee		
	- Statutory Audit Fee	150,000	150,000
	- Tax Audit Fee	20,000	20,000
	- Others	-	25,000
	Bad Debts Written Off	49,366,906	987,060
	Bank Charges	13,256	25,396
	Books and Periodicals	2,886	7,650
	Business Promotion	52,298	107,560
	CSR Expenses (Note - 44)	5,889,788	3,893,402
	Directors Sitting Fee	770,000	1,556,314
	Insurance	14,340	11,250
	Legal & Professional Charges	975,247	1,723,170
	Loss on Sale of Fixed Assets	5,089	32,658
	Office Expenses	157,329	383,028
	Profession Tax	22,000	4,500
	TN Scheme - Operating Expenses	8,262	-
	Communication charges	44,463	99,574
	Printing & Stationery	396,528	563,639
	Professional charges - NABARD Dep. Staff	25,828,289	26,040,782
	Rates & Taxes	1,104,491	2,831,250
	AGM Expenses	14,485	4,772
	Rent	158,744	263,839
	Repairs & Maintenance	368,562	434,737
	Training Expenses	45,000	-
	ROC expenses towards increase in authorised share capital	-	5,250,000
	Travelling & Conveyance	523,284	1,984,911
	Total	85,931,246	46,400,491

NOTE – 23 – EARNINGS PER SHARE (EPS) –

Amount in Rs.

Particulars	2020-2021	2019-2020
Net Profit after tax as per statement of Profit & Loss	16,60,30,344	28,19,32,759
Less : Transfer to Statutory Reserve	(3,32,06,069)	(6,52,04,818)
Profit available to Equity Shareholders	13,28,24,275	21,67,27,941
Weighted average No. of Equity shares (no.'s)	13,76,27,932	9,97,55,909
Basic Earnings per share	0.97	2.17
Diluted Earnings per share	0.97	2.17

NOTE – 24 – CREDIT RISK MANAGEMENT –

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on days past due monitoring at period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

Credit Quality of Financial Loans and Investments –

The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount.

Amount in Rs.

Particulars	31st March 2021	31st March 2020	1st April 2019
Gross carrying value of Loans and Advances – Corporate vertical			
Neither Past due nor impaired	10,02,53,39,857	8,08,30,53,289	5,84,66,69,885
Past due but not impaired			
0 - 30 days past due	6,71,24,129	-	-
31 – 60 days past due	11,99,08,669	14,24,18,715	-
61 – 90 days past due	12,38,16,368	-	-
Impaired (more than 90 days)	7,38,16,458	7,39,60,465	-
Total Gross Carrying value as at reporting date	**10,41,00,05,481**	**8,29,94,32,468**	**5,84,66,69,885**

Amount in Rs.

Particulars	31st March 2021	31st March 2020	1st April 2019
Gross carrying value of Loans and Advance – Non-corporate vertical			
Neither Past due nor impaired	1,12,64,13,374	97,49,85,505	1,11,81,39,414
Past due but not impaired			
0 - 30 days past due	9,18,20,459	3,51,01,806	4,50,69,556
31 – 60 days past due	9,66,37,836	3,67,50,597	1,44,43,994
61 – 90 days past due	63,95,612	95,46,223	3,02,97,653
Impaired (more than 90 days)	5,20,85,082	6,87,37,525	4,42,94,458
Total Gross Carrying value as at reporting date	**1,37,33,52,363**	**1,12,51,21,656**	**1,25,22,45,075**

Amount in Rs.

Particulars	31st March 2021	31st March 2020	1st April 2019
Gross carrying value of Loans and Advance – PLF			
Neither Past due nor impaired	-	-	38,79,313
Past due but not impaired			
0 - 30 days past due	-	-	1,67,876
31 – 60 days past due	-	-	-
61 – 90 days past due	-	-	5,05,882
Impaired (more than 90 days)	-	4,92,07,789	4,66,36,814
Total Gross Carrying value as at reporting date	**-**	**4,92,07,789**	**7,15,01,04,845**

(PLF Vertical has been written off entirely by the entity during the year)

The Company reviews the credit quality of its loans based on the ageing of the loan at the period end. Since the company is not into retail lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence the Company has calculated its ECL allowances on a collective basis.

INPUTS CONSIDERED IN ECL MODEL –

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Months Past Due status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

The Company has computed expected credit losses based on a provision matrix which uses historical credit loss experience of the Company as per simplified approach specified in Ind AS 109.

a) **Default** – The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

b) **Exposure at default** – "Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future Expected Cash flows (Principal and Interest) for future years has been used as exposure for Stage 2.

c) **Estimations and assumptions considered in the ECL model** –

- "Loss given default" (LGD) is common for all three Stages and is considered based on RBI circular, which suggest for in the absence of clear past trends for computing LGD, it can be considered at 65%.
- "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on the basis of average of the last 60 months yearly movement of default rates for respective products and no future adjustment are made for macro-economic factors and for Stage 3 considered at 100%.

d) Measurement of ECL – As prescribed under para 5.5 in Ind AS 109, 12-months ECL is computed for financial instruments which are in Stage – I, and Life time ECL for those in Stage – II & III.

Policy for write off of Loan Assets – The gross carrying amount of a financial asset is written off when there is no realistic prospect of further recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

IMPAIRMENT LOSS –

The expected credit loss allowance provision for Loans and Advances – Corporate vertical is determined as follows –

Amount in Rs.

Particulars	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit Impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2021	10,09,24,63,986	24,37,25,037	7,38,16,458	***10,41,00,05,481***
Expected credit loss rate	1.11%	59.49%	100%	***3.18%***
Carrying amount as at 31 March 2021 (net of impairment provision)	***9,98,03,73,942***	***9,87,32,567***	-	***10,07,91,06,508***
Gross Balance as at 31 March 2020	8,08,30,53,289	14,24,18,715	7,39,60,465	***8,29,94,32,468***
Expected credit loss rate	0.05%	9.54%	57.09%	***0.72%***
Carrying amount as at 31 March 2020 (net of impairment provision)	***8,07,90,40,911***	***12,88,25,004***	***3,17,38,172***	***8,23,96,04,087***
Gross Balance as at 1st April 2019	5,84,66,69,885	-	-	***5,84,66,69,885***
Expected credit loss rate	0.05%	-	-	**0.05%**
Carrying amount as at 1st April 2019 (net of impairment provision)	***5,84,39,53,427***	-	-	**5,84,39,53,427**

The expected credit loss allowance provision for Loans and Advances – Non-corporate vertical is determined as follows –

Amount in Rs.

Particulars	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit Impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2021	1,21,82,33,833	10,30,33,448	5,20,85,082	***1,37,33,52,363***
Expected credit loss rate	0.84%	19.28%	70.37%	***4.86%***
Carrying amount as at 31 March 2021 (net of impairment provision)	***1,20,80,43,482***	***8,31,64,595***	***1,54,34,876***	***1,30,66,42,953***

Gross Balance as at 31 March 2020	1,01,00,87,311	4,62,96,820	6,87,37,525	***1,12,51,21,656***
Expected credit loss rate	0.29%	19.56%	63.21%	***4.92%***
Carrying amount as at 31 March 2020 (net of impairment provision)	***1,00,71,77,096***	***3,72,40,881***	***2,52,91,558***	***1,06,97,09,534***
Gross Balance as at 1st April 2019	1,16,32,08,970	4,47,41,647	4,42,94,458	***1,25,22,45,075***
Expected credit loss rate	0.27%	19.32%	59.62%	***3.05%***
Carrying amount as at 1st April 2019 (net of impairment provision)	***1,16,00,28,900***	***3,60,97,777***	***1,78,87,195***	***1,21,40,13,871***

The expected credit loss allowance provision for Loans and Advances to PLF is determined as follows –

Amount in Rs.

Particulars	Performing Loans - 12 month ECL	Underperforming loans - 'lifetime ECL not credit Impaired'	Impaired loans - 'lifetime ECL credit impaired'	Total
Gross Balance as at 31 March 2021	-	-	-	-
Expected credit loss rate	-	-	-	-
Carrying amount as at 31 March 2021 (net of impairment provision)	-	-	-	-
Gross Balance as at 31 March 2020	-	-	4,92,07,789	***4,92,07,789***
Expected credit loss rate	-	-	59.88%	***59.88%***
Carrying amount as at 31 March 2020 (net of impairment provision)	-	-	***1,97,42,910***	***1,97,42,910***
Gross Balance as at 1st April 2019	40,47,189	5,05,882	4,66,36,814	***5,11,89,885***
Expected credit loss rate	1.78%	4.55%	59.52%	***54.41%***
Carrying amount as at 1st April 2019 (net of impairment provision)	***39,75,342***	***4,82,868***	***1,88,79,686***	***2,33,37,896***

ANALYSIS AND RECONCILIATION OF EXPOSURE AND ECL –

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Loans and Advances corporate vertical is, as follows –

Gross Exposure Reconciliation – Amount in Rs.

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at 1st April 2019	5,84,66,69,885	-	-	**5,84,66,69,885**
- Transfers to Stage I	-	-	-	-
- Transfers to Stage II	(17,96,39,614)	17,96,39,614	-	-
- Transfers to Stage III	(8,28,90,533)	-	8,28,90,533	-
Loans that have been derecognised during the year	(77,81,83,066)	-	-	**(77,81,83,066)**

New Loans originated during the year	4,79,95,11,947			**4,79,95,11,947**
Write-off's	-	-	-	**-**
Recoveries	(1,52,24,15,330)	(3,72,20,899)	(89,30,068)	**(1,56,85,66,298)**
Gross carrying amount balance as at 31st March 2020	**8,08,30,53,289**	**14,24,18,715**	**7,39,60,465**	**8,29,94,32,468**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage I	**-**	**-**	**-**	**-**
- Transfers to Stage II	(13,01,60,552)	13,01,60,552	**-**	**-**
- Transfers to Stage III	**-**	**-**	**-**	**-**
Loans that have been derecognised during the year	(17,94,10,449)	-	-	**(17,94,10,449)**
New Loans originated during the year	4,76,12,64,041	-	-	**4,76,12,64,041**
Write-off's	**-**	**-**	**-**	**-**
Recoveries	(2,44,22,82,343)	(2,88,54,230)	(1,44,007)	**(2,47,12,80,580)**
Gross carrying amount balance as at 31st March 2021	**10,09,24,63,986**	**24,37,25,037**	**7,38,16,458**	**10,41,00,05,481**

Reconciliation of ECL Balance – Amount in Rs.

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at 1st April 2019	27,16,458	-	-	**27,16,458**
- Transfers to Stage I	-	-	-	**-**
- Transfers to Stage II	(62,453)	62,453	-	**-**
- Transfers to Stage III	(43,155)	-	43,155	**-**
Loans that have been derecognised during the year	(6,25,170)	-	-	**(6,25,170)**
New Loans originated during the year	21,34,027			
Write-off's	-	-	-	**-**
Remeasurement	(1,07,329)	1,35,31,258	4,21,79,137	**5,56,03,066**
Gross carrying amount balance as at 31st March 2020	**40,12,378**	**1,35,93,711**	**4,22,22,292**	**5,98,28,381**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage I	**-**	**-**	**-**	**-**
- Transfers to Stage II	(46,219)	46,219	**-**	**-**
- Transfers to Stage III	**-**	**-**	**-**	**-**
Loans that have been derecognised during the year	(2,18,346)	-	-	**(2,18,346)**
New Loans originated during the year	54,70,303	-	-	**-**
Write-off's	-	-	-	**-**

Remeasurement	10,28,71,929	13,13,52,540	3,15,94,166	**26,58,18,635**
Gross carrying amount balance as at 31st March 2021	**11,20,90,045**	**14,49,92,470**	**7,38,16,458**	**33,08,98,972**

Considering the prudence and the futuristic macro indicators, the entity has made an additional provision of INR 15,54,24,583 on five of the corporate accounts towards the contingencies.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Loans and Advances Non-corporate vertical is, as follows –

Gross Exposure Reconciliation – Amount in Rs.

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at 1st April 2019	1,16,32,08,970	4,47,41,647	4,42,94,458	**1,25,22,45,075**
- Transfers to Stage I	-	-	-	**-**
- Transfers to Stage II	(4,62,14,186)	4,62,14,186		**-**
- Transfers to Stage III	(3,60,25,839)	(1,83,76,936)	5,44,02,775	**-**
Loans that have been derecognised during the year	(29,16,79,385)	(9,21,435)	(1,81,93,711)	**(31,07,94,531)**
New Loans originated during the year	45,82,97,736	1,31,410	-	**45,84,29,146**
Write-off's	-	-	-	**-**
Recoveries	(23,74,99,985)	(2,54,92,052)	(1,17,65,997)	**(27,47,58,034)**
Gross carrying amount balance as at 31st March 2020	**1,01,00,87,311**	**4,62,96,820**	**6,87,37,525**	**1,12,51,21,656**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage I	2,91,42,799	(2,91,42,799)	-	**-**
- Transfers to Stage II	(12,67,30,584)	12,67,30,584	-	**-**
- Transfers to Stage III	-	-	-	**-**
Loans that have been derecognised during the year	(22,87,17,311)	(1,71,54,021)	(35,33,463)	**(24,94,04,795)**
New Loans originated during the year	83,34,50,780	-	-	**83,34,50,780**
Write-off's	**-**	**-**	**-**	**-**
Recoveries	(29,89,99,162)	(2,36,97,136)	(1,31,18,980)	**(33,58,15,278)**
Gross carrying amount balance as at 31st March 2021	**1,21,82,33,833**	**10,30,33,448**	**5,20,85,082**	**1,37,33,52,363**

Reconciliation of ECL Balance – Amount in Rs.

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at 1st April 2019	31,80,071	86,43,871	2,64,07,263	**3,82,31,204**
- Transfers to Stage I	-	-	-	**-**
- Transfers to Stage II	(3,76,411)	3,76,411	-	**-**
- Transfers to Stage III	(4,58,371)	(35,86,422)	40,44,793	**-**

Loans that have been derecognised during the year	(10,80,347)	(2,02,278)	(1,07,33,912)	**(1,20,16,537)**
New Loans originated during the year	12,14,980	25,439	-	**12,40,419**
Write-off's	-	-	-	-
Remeasurement	4,30,293	37,98,918	2,37,27,824	**2,79,57,036**
Gross carrying amount balance as at 31st March 2020	**29,10,215**	**90,55,939**	**4,34,45,968**	**5,54,12,122**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage I	57,03,990	(57,03,990)	-	-
- Transfers to Stage II	(2,85,010)	2,85,010	-	-
- Transfers to Stage III	-	-	-	-
Loans that have been derecognised during the year	(7,64,047)	(33,51,949)	(23,14,163)	**(64,30,159)**
New Loans originated during the year	42,30,375			**42,30,375**
Write-off's	-	-	-	-
Remeasurement	(16,05,172)	1,95,83,843	(44,81,599)	**1,34,97,072**
Gross carrying amount balance as at 31st March 2021	**1,01,90,351**	**1,98,68,853**	**3,66,50,206**	**6,67,09,410**

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to Loans and Advances – PLF is, as follows –

Gross Exposure Reconciliation – Amount in Rs.

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at 1st April 2019	40,47,189	5,05,882	4,66,36,814	**5,11,89,885**
- Transfers to Stage I	-	-	-	-
- Transfers to Stage II	-	-	-	-
- Transfers to Stage III	(24,77,005)	(5,05,882)	29,82,887	-
Loans that have been derecognised during the year	(15,70,184)	-	-	**(15,70,184)**
New Loans originated during the year	-	-	-	-
Write-off's	-	-	-	-
Recoveries	-	-	(4,11,912)	**(4,11,912)**
Gross carrying amount balance as at 31st March 2020	-	-	**4,92,07,789**	**4,92,07,789**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage I	-	-	-	-
- Transfers to Stage II	-	-	-	-
- Transfers to Stage III	-	-	-	-

Loans that have been derecognised during the year	-	-	-	-
New Loans originated during the year	-	-	-	-
Write-off's	-	-	(4,92,07,789)	**(4,92,07,789)**
Recoveries	-	-	-	-
Gross carrying amount balance as at 31st March 2021	-	-	-	-

Reconciliation of ECL Balance –

Amount in Rs.

Particulars	Stage – I	Stage – II	Stage – III	Total
Gross carrying amount balance as at 1st April 2019	71,847	23,014	2,77,57,128	**2,78,51,989**
- Transfers to Stage I	-	-	-	-
- Transfers to Stage II	-	-	-	-
- Transfers to Stage III	(51,930)	(23,014)	74,945	-
Loans that have been derecognised during the year	(19,917)	-	-	**(19,917)**
New Loans originated during the year	-	-	-	-
Write-off's	-	-	-	-
Remeasurement	-	-	16,32,807	**16,32,807**
Gross carrying amount balance as at 31st March 2020	-	-	**2,94,64,879**	**2,94,64,879**
Changes due to loans recognised in the opening balance that have:				
- Transfers to Stage I	-	-	-	-
- Transfers to Stage II	-	-	-	-
- Transfers to Stage III	-	-	-	-
Loans that have been derecognised during the year	-	-	-	-
New Loans originated during the year	-	-	-	-
Write-off's	-	-	**(2,94,64,879)**	**(2,94,64,879)**
Remeasurement	-	-	-	-
Gross carrying amount balance as at 31st March 2021	-	-	-	-

During the year, the entity has written off entire PLF vertical.

CONCENTRATION OF CREDIT RISK –

Company's loan portfolio is predominantly to finance agriculture and allied activities. The Company manages concentration of risk primarily by nature of lending.

NOTE 25 – DISCLOSURE PURSUANT TO IND AS 12 "INCOME TAXES"

(a) Major components of tax expense / (income): Amount in Rs.

S.no	Particulars	2020-21	2019-20
(a)	Profit or Loss section:		
	(i) Current Income Tax:		
	- Current Income Tax Expense	13,53,62,840	11,41,65,370
	- Tax Expense of Prior Periods	(3,46,366)	-
		13,50,16,474	**11,41,65,370**
	(ii) Deferred Tax:		
	Tax expense on origination and reversal of temporary differences	1,41,49,278	(1,31,70,601)
	Effect of previously unrecognised tax losses used to reduce tax expense	-	-
		1,41,49,278	**(1,31,70,601)**
	Income tax expense reported in Profit or Loss [(i) + (ii)]	**14,91,65,752**	**10,09,94,769**
(b)	Other Comprehensive Income (OCI) section:		
	(i) Items not to be reclassified to profit or loss in subsequent periods	-	-
	(ii) Items to be reclassified to profit or loss in subsequent periods	-	-
	Income tax expense reported in Other Comprehensive Income [(i) + (ii)]	**-**	**-**
	Retained earnings:		
	- Current Income Tax	13,50,16,474	11,41,65,370
	- Deferred Tax	1,41,49,278	(1,31,70,601)
	Income tax expense reported in retained earnings	**14,91,65,752**	**10,09,94,769**

(b) Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate applicable in India:

Amount in Rs.

S.no	Particulars	2020-21	2019-20
(a)	Profit before tax	31,51,96,096	38,29,27,527
(b)	Corporate tax rate as per Income Tax Act 1961	25.17%	25.17%
(c)	Tax on Accounting profit (c)=(a)*(b)	7,93,28,553	9,63,75,200
(d)	(i) Tax on Income exempt from tax	-	-
	(ii) Tax on expenses not tax deductible:		
	(A) CSR expenses	14,82,342	9,79,891
	(iii) Tax effect on other items	(6,83,54,857)	(36,39,677)
	Total effect of tax adjustments [(i) -(ii) + (iii)]	(6,98,37,199)	(46,19,569)
(e)	Tax expense recognised during the year (e)=(c)-(d)	14,91,65,752	10,09,94,769
(f)	Effective tax Rate (f)=(e)/(a)	47.32%	26.37%

NOTE 26 – PROPERTY, PLANT & EQUIPMENTS AND INTANGIBLE ASSETS –

Property, Plant and Equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably.

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use.

The residual values, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life (three to eight years) or over its useful life using the Written Down Value method and is included in depreciation and amortisation in the statement of profit and loss.

In accordance with the accounting policies as stated in 2(iii), the entity had written off an amount of INR 91,351 during the year as there is no realisable value for the said intangibles.

Impairment of non-financial assets (Property, plant and equipment and intangible assets)

The carrying values of assets at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount.

The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

NOTE 27 – RE-FINANCE LOAN FROM NABARD –

The company has “Re-finance” arrangements with NABARD and NSTFDC, and the refinance is being availed by the company after disbursement of loan.

The “Re-finance” arrangements are unsecured in nature and there has been no default in repayment of loan installments and also interest. The interest rate wise refinance outstanding as on March 31, 2021 is summarized in the following table.

Amount in Rs.

Rate of Interest	Loan O/s
3.00%	22,36,667
4.60%	3,12,90,00,000
4.65%	40,00,00,000
5.70%	1,54,27,27,273
7.20%	6,34,73,500
7.60%	83,08,33,331
7.65%	6,18,75,000
7.70%	30,45,00,000
7.80%	64,00,00,000
7.90%	74,17,70,001
8.05%	11,90,00,000
8.20%	5,48,20,000

8.35%	2,25,00,000
8.50%	7,50,00,000
8.70%	12,96,50,005
8.75%	5,66,66,665
8.80%	18,50,00,000
5.00% (NSTFDC)	1,03,81,344
Total	**8,36,94,33,786**

NOTE – 28 – ASSISTANCE UNDER VARIOUS SCHEMES FROM GOVERNMENT OF TAMIL NADU –

During the year, the company has entered into a MoU with **'Commissioner, Department of Agriculture Marketing and Agri business, Government of Tamil Nadu'** to provide various financial assistance to the Farmer Producer Companies (FPC).

Under the MoU, the Government of Tamil Nadu has proposed an aggregate of INR 66.675 crore per year to the all the three schemes and grand totalling of INR 266.70 crore to all the three schemes for four years as follows–

a) Mezzanine Capital Assistance –

- An amount of INR 12.50 crore for each year for four years aggregating to INR 50 crore, which shall be utilised for long term resources for a period of 5 years and are made available for sustainable operations of FPC.
- Contribution shall be made in the form of debentures and redeemable at the end of 5th year will be appropriated towards share capital of the entity and in the event of shortfall in repayment of principal and interest and for other reasons accepted by Committee on Farmer Producer organisation Financing (CFF), the state Government will have to contribute amount equivalent to shortfall as share capital.
- During the year, company has received an amount of INR 12,50,00,000/- towards Mezzanine capital and has contributed an amount of INR 8,31,31,000/- by way of subscription to debentures of various FPO's. (Balance – 4,18,69,000/-).

b) Credit Guarantee –

- An amount of INR 12.50 crore for each year for four years aggregating to INR 50 crore to enable FPC's to access credit.
- The corpus of INR 12.50 crore per year is estimated on the basis of FPC's (1000 no's), guarantee cover up to INR 1 crore, implementation period of four years and Normal NPA (10%). In the event of changes in any of these factors resulting in additional liability by the fund implemented by the company, such additional liability shall be borne by the state government to the extent of their share of 50%.
- During the year entity has received an amount of INR 8,75,00,000/- out of which an amount of INR 16,00,000/- has been allocated and balance of INR 8,59,00,000/- was unutilised at the end of the reporting period.

c) **Revolving fund assistance –**

- An amount of INR 41.675 crore for each year for four years aggregating to INR 166.70 crore to provide concessional credit to FPC. The corpus fund will be blended by the company with their own resources to facilitate lending at concessional rate.
- During the year, the company has received an amount of INR 23,04,00,000/- under the said assistance out of which an amount of INR 4,00,14,000/- was utilised and balance of INR 19,03,86,000/- was unutilised at the end of the reporting period.

As per the terms and conditions laid down in MoU, the company is supposed to deposit the said amount upfront on receipt in an interest bearable account and such interest accruals shall be added to the corpus. The company, has not deposited the amount received under the scheme in an interest bearable account and therefore the company has provided a notional interest (after netting off interest accrued on Fixed deposits made if any against such receipts) on the amount unutilised for the respective periods under the three schemes as follows –

- Mezzanine Capital Assistance – INR 12,38,265/-
- Credit Guarantee – INR 33,87,843
- Revolving fund assistance – INR 16,05,699/-

NOTE – 29 – CREDIT GUARANTEE FUND - ODISHA SCHEME –

The company has entered into a MoU (dated 26th Feb 2019) with Department of Agriculture & Farmer's Empowerment, Government of Odisha for development of Farmer Producer Organisations (FPO's) and to provide collateral free assistance to FPO's in the state of Odisha.

Under the scheme, the State Government of Odisha has to make an interest free contribution of INR 10 crore to the company. During the year, the company has received an amount of INR 5 crore, which is yet to be utilised for the scheme.

NOTE – 30 – NABARD CATALYTIC CAPITAL FUND –

During the year, NABARD has sanctioned Catalytic Capital Fund of INR 7 crore as grant to provide financial assistance support to rural and agri-business start-ups. Out of the amount sanctioned an amount of INR 5 crore has been received by the company which is yet to be utilised at the end of the reporting period.

NOTE – 31 – EMPLOYEE BENEFIT EXPENSES

a) The Managing Director is on deputation from NABARD. His/her remuneration including provident fund, gratuity and leave Salary is reimbursed to NABARD on the basis of the advice received from NABARD.

b) The services of two Deputy General Managers, two Assistant General Managers and one Assistant Manager of NABARD are utilized by NABKISAN on a placement basis. As per the terms of placement, 100% of the remuneration paid to these officials on placement are being reimbursed to NABARD based on the advice received from NABARD and the same is charged to the Statement of Profit and Loss.

c) Liability in respect of leave encashment has been provided as per the policy of the Company amounting to INR 3,61,004/-.

d) **Defined Contribution Plans** – Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Particulars	Amount (INR)
Employer's Contribution to Provident Fund (#)	10,88,421
Employer's Contribution to Superannuation Fund	-
Employer's Contribution to Pension Scheme	-

the entity has been registered with the provident fund authorities during the year and had made the contribution retrospectively w.e.f. 1st December 2018 voluntarily and the corresponding payments has been recognised as an expense in the statement of profit and loss. (Amount contributed for the period Dec 18 to Mar 20 – Rs. 508838)

e) **Defined Benefit Plan –**

1. Reconciliation of opening and closing balances of Defined Benefit Obligation –

Amount in Rs.

Particulars	2020 – 21
Defined Benefit Obligation at beginning of the year	18,50,332
Current Service Cost	1,66,229
Actuarial (Gain)/Loss	-
Interest Cost	14,600
Benefits Paid	-
Defined Benefit Obligation at end of the year	20,31,161

2. Reconciliation of opening and closing balances of fair value of Plan Assets –

Amount in Rs.

Particulars	2020 – 21
Fair value of Plan Assets at beginning of the year	-
Return on Plan Assets	-
Employer Contribution	20,31,161
Benefits Paid	-
Fair value of Plan Assets at end of the year	20,31,161

3. Reconciliation of fair value of Assets and Obligations –

Amount in Rs.

Particulars	2020 – 21
Fair value of Plan Assets	20,31,161
Present value of obligation	20,31,161
Amount recognised in Balance Sheet [Surplus/(Deficit)]	-

4. **Actuarial Assumptions –**

Mortality table	2020 – 21
	2006-08 - ultimate
Discount Rate (per annum)	7% p.a.
Expected rate of return on Plan Assets (per annum)	7% p.a.
Rate of escalation in Salary (per annum)	5% p.a.

During the year, the company has made an initial contribution of INR 20,16,561/- based on actuarial valuation towards Gratuity liability with LIC India under employee group gratuity scheme and the fund shall be maintained by the Employee Group Gratuity Trust which is yet to incorporated. The Balance of Gratuity provision amounting to INR 5,80,796/- (refer note -13) is towards employees of NABARD as detailed in (b) above. The difference of the contribution made to LIC and amount accrued till the previous reporting period has been recognised as an expense in the statement of profit and loss.

NOTE – 32 - RELATED PARTY TRANSACTIONS –

Details of Related Parties and Nature of relationship:

Description of Relationship	As at March 2021	As at March 2020
Holding Entity	NABARD	NABARD
Managing Director	Smt. Suseela Chintala	Shri T.Venkatakrishna
Director and Chairman	Shri. Shaji KV	-
Director	Shri Nilay D Kapoor	Avinash C Shrivastava
Director	Shri. T.Ramesh	Niraj Kumar Verma
Key Managerial Personnel	Dr.K.S.Mahesh	Dr.K.S.Mahesh

Transactions with the related parties –

Name(s) of the related party	Nature of Relationship	Nature of Contracts / Arrangements / Transactions	For the Year Ended March 31, 2021	For the Year Ended March 31, 2020
NABARD	Holding Entity	Loan Received	5,41,13,75,000	4,52,25,00,000
		Loan Repaid	3,97,04,78,353	3,24,49,14,268
		Interest Paid	48,29,50,250	53,16,69,017
		Catalytic Capital Fund received	5,00,00,000	-
		Reimbursement of Salary of Deputed Staff (Managing Director Cum CEO, CFO, COO, VP, AVPs, other NABARD Staff)	2,58,28,289	2,60,40,782
		Rent	1,58,744	2,63,839

Balance outstanding as at 31st March 2021 -

Name(s) of the related party	Particulars	Balance as at 31st March 2021
NABARD	Loan outstanding (refer note -11)	8,35,90,52,442
	Catalytic Capital Fund (refer note - 12)	5,00,00,000

Compensation of Key Managerial Personnel

The compensation of directors and other member of Key Managerial Personnel during the year was as follows:

Particulars	2020-21	2019-20
a) Short-term benefits	1,26,17,233	1,28,25,033
b) Post employment benefits	-	-
c) Others	-	-
Total	**1,26,17,233**	**1,28,25,033**

NOTE – 33 – OPERATING SEGMENTS –

- There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company.
- The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.
- No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31 March 2021 or 31 March 2020.

Disclosure required in terms of Annexure XII of RBI Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (Updated on February 17, 2020) "Master Direction – Non Banking Financial Company – Systemically Important Non – Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016.

NOTE – 34 – RECONCILIATION OF MOVEMENT IN BORROWINGS TO CASH FLOWS FROM FINANCING ACTIVITIES

Amount in Rs.

Particulars	1st April 2020	Cash Flows (net)	Exchange fluctuation	Amortisation of loan origination costs	31st March 2021
NABARD refinance	6,91,81,55,795	1,44,08,96,647	-	-	8,35,90,52,442
NSTFDC refinance	2,02,30,000	(98,48,656)	-	-	1,03,81,344
Total	**6,93,83,85,795**	**1,43,10,47,991**	**-**	**-**	**8,36,94,33,786**

Particulars	1st April 2019	Cash Flows (net)	Exchange fluctuation	Amortisation of loan origination costs	31st March 2020
NABARD refinance	5,64,05,70,063	1,27,75,85,732	-	-	6,91,81,55,795
NSTFDC refinance	-	2,02,30,000	-	-	2,02,30,000
Total	**5,64,05,70,063**	**1,29,78,15,732**	**-**	**-**	**6,93,83,85,795**

NOTE – 35 – LIQUIDITY RISK MANAGEMENT –

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The

Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturity profile of non-derivative Financial liabilities and Financial Assets – (Rs. Lakh)

	Up to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 Months	Over 3 month & up to 6 Month	Over 6 Month & up to 1 Year	Over 1 year & up to 3 Years	Over 3 years & up to 5 Years	Over 5 Years	Total
Liabilities									
Borrowings (refinance)	-	-	4,928.37	15,961.15	18,813.54	43,377.50	613.78	-	83,694.34
Total	**-**	**-**	**4,928.37**	**15,961.15**	**18,813.54**	**43,377.50**	**613.78**	**-**	**83,694.34**
Assets									
Investments	-	-	-	-	-	-	-	831.31	831.31
Advances	1,830.30	4,941.25	7,003.05	14,990.31	25,928.31	56,869.06	5,121.05	1,135.45	1,17,818.78
Total	**1,830.30**	**4,941.25**	**7,003.05**	**14,990.31**	**25,928.31**	**56,869.06**	**5,121.05**	**1,966.76**	**1,18,650.09**

NOTE – 36 – MATURITY ANALYSIS OF ASSETS AND LIABILITIES –(RS. LAKH)

Particulars		31st March 2021			31st March 2020			1st April 2019		
	ASSETS	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
1	**FINANCIAL ASSETS**									
a	Cash and Cash Equivalents	2,124.16	-	2,124.16	2,167.74	-	2,167.74	537.65	-	537.65
b	Bank Balances other than (a) above	0.37	-	0.37	0.37	-	0.37	0.34	-	0.34
c	Loans	53,138.98	60,718.60	1,13,857.58	44,209.44	49,080.93	93,290.37	33,557.64	37,255.41	70,813.05
d	Investments	-	831.31	831.31	-	-	-	-	-	-
e	Other Financial Assets	0.11	4.35	4.46	1.72	1.17	2.89	0.12	0.41	0.53
2	**NON FINANCIAL ASSETS**									
a	Current Tax Assets (Net)	118.01	-	118.01	183.37	-	183.37	138.14	-	138.14
b	Deferred Tax Assets (Net)	-	128.37	128.37	-	268.57	268.57	-	136.87	136.87
c	Property, Plant and Equipment	-	15.13	15.13	-	15.33	15.33	-	3.01	3.01
d	Other Intangible Assets	-	-	-	-	0.91	0.91	-	2.48	2.48
e	Other Non - Financial Assets	48.35	-	48.35	-	-	-	-	-	-
	TOTAL - ASSETS			**1,17,126.66**			**95,929.56**			**71,632.06**

	LIABILITIES AND EQUITY									
1	FINANCIAL LIABILITIES									
a	Borrowings (Other Than Debt Securities)	39,703.06	44,432.09	84,135.15	33,329.01	36,928.79	70,257.81	27,076.23	30,000.66	57,076.90
b	Other Financial Liabilities	-	55.26	55.26	-	21.35	21.35	-	14.01	14.01
2	NON - FINANCIAL LIABILITIES									
a	Provisions	-	9.41	9.41	-	49.30	49.30	-	46.92	46.92
b	Current Tax Liabilities (Net)									
c	Other Non-Financial Liabilities	231.03	-	231.03	67.02	-	67.02	45.03	-	45.03
3	EQUITY									
a	Equity Share Capital	-	13,762.79	13,762.79	-	13,762.79	13,762.79	-	8,685.45	8,685.45
b	Other Equity	-	13,431.57	13,431.57	-	11,771.26	11,771.26	-	5,763.76	5,763.76
	TOTAL - LIABILITIES AND EQUITY			**1,17,126.66**			**95,929.56**			**71,632.06**

NOTE – 37 – FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS –

Following table illustrates the Fair value measurement of Financial Instruments -

As at 31st March 2021
Amount in Rs.

Particulars	Carrying Value	Fair value	Fair value		
			Level - I	Level - II	Level - III
Financial Assets					
a) Cash and cash equivalents	21,24,15,923	21,24,15,923	21,24,15,923	-	-
b) Bank Balances other than (a) above	36,700	36,700	36,700	-	-
c) Loans	11,38,57,58,380	11,38,57,58,380	-	-	11,38,57,58,380
d) Investments	8,31,31,000	8,31,31,000	-	-	8,31,31,000
e) Other Financial Assets	4,46,584	4,46,584	-	-	4,46,584
Total	**11,68,18,09,422**	**11,68,18,09,422**	**21,24,52,623**	**-**	**11,46,93,35,964**
Financial Liabilities					
a) Borrowings	8,41,35,15,262	8,41,35,15,262	-	8,41,35,15,262	-
b) Other Financial Liabilities	55,56,69,413	55,56,69,413	-	55,56,69,413	-
Total	**8,96,91,84,675**	**8,96,91,84,675**	**-**	**8,96,91,84,675**	**-**

As at 31st March 2020

Financial Assets

Amount in Rs.

a) Cash and cash equivalents	21,67,73,800	21,67,73,800	21,67,73,800	-	-
b) Bank Balances other than (a) above	36,700	36,700	36,700	-	-
c) Loans	9,32,90,36,876	9,32,90,36,876	-	-	9,32,90,36,876
d) Other Financial Assets	2,88,712	2,88,712	-	-	2,88,712
Total	**9,54,61,36,088**	**9,54,61,36,088**	**21,68,10,500**	**-**	**9,32,93,25,588**

Financial Liabilities

a) Borrowings	7,02,57,80,560	7,02,57,80,560	-	7,02,57,80,560	-
b) Other Financial Liabilities	21,35,239	21,35,239	-	21,35,239	-
Total	**7,02,79,15,799**	**7,02,79,15,799**	**-**	**7,02,79,15,799**	**-**

As at 1st April 2019

Financial Assets

Amount in Rs.

a) Cash and cash equivalents	5,37,65,038	5,37,65,038	5,37,65,038	-	-
b) Bank Balances other than (a) above	33,675	33,675	33,675	-	-
c) Loans	7,08,13,05,194	7,08,13,05,194	-	-	7,08,13,05,194
d) Other Financial Assets	52,954	52,954	-	-	52,954
Total	**7,13,51,56,861**	**7,13,51,56,861**	**5,37,98,713**	**-**	**7,08,13,58,148**

Financial Liabilities

a) Borrowings	5,70,76,89,893	5,70,76,89,893	-	5,70,76,89,893	-
b) Other Financial Liabilities	14,01,140	14,01,140	-	14,01,140	-
Total	**5,70,90,91,033**	**5,70,90,91,033**	**-**	**5,70,90,91,033**	**-**

NOTE – 38 – FIRST TIME ADOPTION OF IND AS –

First time adoption –

The accounting policies set out in (xiv) have been applied in preparing these financial statements for the year ended 31 March 2021, this disclosure explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and optional exemptions and mandatory exceptions that are availed.

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property plant and equipment and intangible assets - As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its "deemed cost" at that date

(ii) use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to: – fair value; – or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market). (iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

B. Mandatory exceptions

Accounting estimates - As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies. As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1st April 2019 and the financial statements as at and for the year ended 31st March 2020 to comply with Ind AS.

a) Comparative Balance sheet as at 1st April 2019 and 31st March 2020 – Amount in Rs.

Particulars No.		Note	As at 31st March 2020			As at 1st April 2019		
		Previous-GAAP	Adjustments	Ind AS	Previous-GAAP	Adjustments	Ind AS	
	ASSETS							
1	FINANCIAL ASSETS							
(a)	Cash and Cash Equivalents	1	21,67,73,800	-	21,67,73,800	5,37,65,038	-	5,37,65,038
(b)	Bank Balances other than (a) above	2	36,700	-	36,700	33,675	-	33,675
(c)	Loans	3	9,43,37,18,983	(10,46,82,107)	9,32,90,36,876	7,13,49,45,077	(5,36,39,883)	7,08,13,05,194
(d)	Other Financial Assets	4	1,16,745	-	1,16,745	40,796	-	40,796
2	NON FINANCIAL ASSETS		-	-				
(a)	Current Tax Assets (Net)	5	1,83,36,839	-	1,83,36,839	1,38,14,037	-	1,38,14,037

(b)	Deferred Tax Assets (Net)		11,56,388	2,57,00,982	2,68,57,370	1,86,683	1,35,00,086	1,36,86,769
(c)	Property, Plant and Equipment	6	15,33,929	-	15,33,929	3,01,107	-	3,01,107
(d)	Other Intangible Assets	7	91,351	-	91,351	2,47,966	-	2,47,966
(e)	Other Non - Financial Assets	8	-	-	-	-	-	-
	TOTAL - ASSETS		**9,67,79,36,702**	**(8,49,81,125)**	**9,59,29,55,577**	**7,20,40,96,537**	**(4,08,89,797)**	**7,16,32,06,740**

LIABILITIES AND EQUITY

1	**FINANCIAL LIABILITIES**							
(a)	Borrowings (Other Than Debt Securities)	9	7,02,57,80,560	-	7,02,57,80,560	5,70,76,89,893	-	5,70,76,89,893
(b)	Other Financial Liabilities	10	21,35,239	-	21,35,239	14,01,140	-	14,01,140
2	**NON - FINANCIAL LIABILITIES**			-		-	-	
(a)	Provisions		49,30,576	-	49,30,576	46,91,542	-	46,91,542
(b)	Current Tax Liabilities (Net)		-	-	-	-	-	-
(c)	Other Non-Financial Liabilities	11	67,02,884	-	67,02,884	45,03,015	-	45,03,015
3	**EQUITY**		-	-		-	-	
(a)	Equity Share Capital	12	1,37,62,79,320	-	1,37,62,79,320	86,85,44,500	-	86,85,44,500
(b)	Other Equity	13	1,26,21,08,123	(8,49,81,125)	1,17,71,26,998	61,72,66,447	(4,08,89,797)	57,63,76,650
	TOTAL - LIABILITIES AND EQUITY		**9,67,79,36,702**	**(8,49,81,125)**	**9,59,29,55,577**	**7,20,40,96,537**	**(4,08,89,797)**	**7,16,32,06,740**

b) Comparative Statement of profit and loss for the year ended 31st March 2020 – Amount in Rs.

	Particulars	Note	Previous GAAP	Adjustments	Ind AS
	INCOME				
I	**Revenue from Operations**				
	Interest Income	14	1,04,54,53,705	15,89,641	1,04,70,43,346
	Total Revenue from Operations		**1,04,54,53,705**	**15,89,641**	**1,04,70,43,346**
II	Other Income	15	1,24,51,383	(1,23,84,597)	66,786
III	**Total Income (I + II)**		**1,05,79,05,088**	**(1,07,94,956)**	**1,04,71,10,132**
IV	**EXPENSES**				
	Finance Costs	16	53,22,33,763	0	53,22,33,763
	Fees and Commission Expense	17	0	0	0
	Impairment on Financial Instruments	18	3,47,95,981	3,87,85,521	7,35,81,502
	Employee Benefits Expenses	19	1,12,80,320	-0	1,12,80,320
	Depreciation, Amortization and Impairment	6&7	6,86,528	-0	6,86,528
	Other Expenses	20	4,11,50,491	52,50,000	4,64,00,491
	Total Expenses (IV)		**62,01,47,083**	**4,40,35,521**	**66,41,82,604**
V	Profit / (Loss) Before Exceptional Items and Tax (III - IV)		43,77,58,005	(5,48,30,477)	38,29,27,528

VI	Exceptional Items		-	-	-
VII	Profit / (Loss) Before Tax (V - VI)		43,77,58,005	(5,48,30,477)	38,29,27,528
VIII	Tax Expense				
	- Current Tax		11,41,65,370	0	0
	- Previous year Tax			0	0
	- Deferred Tax		(1,07,225)	(1,30,63,377)	(1,31,70,601)
IX	**Profit / (Loss) for the Period (VII - VIII)**		**32,36,99,859**	**(4,17,67,100)**	**28,19,32,759**
X	**Other Comprehensive Income**				
(a)	(i) Items that will not be reclassified to Profit or Loss		-	-	-
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		-	-	-
	Sub Total (a)		**-**	**-**	**-**
(b)	(i) Items that will be reclassified to Profit or Loss		-	-	-
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		-	-	-
	SubTotal (b)		**-**	**-**	**-**
	Other Comprehensive Income (a + b)		**-**	**-**	**-**
XI	Total Comprehensive Income for the period (IX + X) (comprising Profit / (Loss) and Other Comprehensive Income for the period)		**32,36,99,859**	**(4,17,67,100)**	**28,19,32,759**

c) Material adjustments to the Statement of cash flows for the year ended 31st March 2020 –

Amount in Rs.

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flows from Operating activities	(1,41,63,40,467)	(57,57,26,267)	(1,99,20,66,734)
Net cash flows from Investing activities	1,05,89,203	3,026	1,05,92,229
Net cash flows from Financing activities	1,56,87,63,001	57,58,80,075	2,14,46,43,076
Net increase/(decrease) in cash and cash equivalents	**16,30,11,737**	1,56,834	**16,31,68,571**
Cash and cash equivalents at the beginning of the year	5,37,98,763	(21,567)	5,37,77,196
Cash and cash equivalents at the end of the year	21,68,10,500	1,35,267	21,69,45,767

d) Reconciliations between Ind-AS and Previous GAAP for equity and profit or loss are given below –

i) Profit reconciliation –

Amount in Rs.

Particulars	Year ended 31st March 2020
Profit after tax as reported under Previous GAAP	32,60,24,089
Adjustments :	
a) Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR	
- Financial Assets	(1,07,94,956)
- Financial Liabilities	-

b) Income accrued on Stage III (Impaired) assets	-
c) Impact on application of Expected Credit Loss method for loan loss provisions	(4,12,16,974)
d) Impact of recognition of Rental and other security deposits at Fair value	-
e) Others – Unamortised expenditure	(52,50,000)
f) Tax impact on above adjustments	1,31,70,601
Profit after tax as per Ind AS	
Other Comprehensive Income /(loss) (net of tax)	-
Total Comprehensive Income as per Ind AS	**28,19,32,759**

ii) Equity Reconciliation – Amount in Rs.

	Particulars	As at 31st March 2020	As at 1st April 2019
	Other Equity as reported under Previous GAAP	9,67,79,36,702	7,20,40,96,537
	Adjustments :		
a)	Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR		
	- Financial Assets	(4,02,30,433)	(3,31,65,264)
	- Financial Liabilities	-	-
b)	Income accrued on Stage III (Impaired) assets	-	-
c)	Impact on application of Expected Credit Loss method for loan loss provisions	(6,44,51,674)	(2,04,74,619)
d)	Impact of recognition of Rental and other security deposits at Fair value	-	-
e)	Others	(68,62,480)	(7,50,000)
f)	Tax impact on above adjustments	2,65,63,462	1,35,00,086
Total		(8,49,81,125)	(4,08,89,797)
Other Comprehensive Income /(loss) (net of tax)		-	-
Other Equity as per Ind AS		**1,17,71,26,998**	**57,63,76,650**

Material adjustments on adoption of Ind AS are explained below –

1. Interest income and expense measured using effective interest method –

a) Under Previous GAAP, origination fees and transaction costs charged to customers was recognised upfront. Under Ind AS, such fees and costs are amortised over the expected life of the loan assets and recognised as interest income using effective interest method. Under previous GAAP, interest income on non performing assets (i.e., loans that are 90 days past due) was not accrued. Under Ind AS interest income on such loans are recognised on their net carrying amount.

b) Under Previous GAAP, the transaction costs related to borrowings including fixed deposits accepted were recognised upfront in the Statement of profit and loss/ securities premium. Under Ind AS, such costs are amortised over the contractual term of the borrowing and recognised as interest expense using effective interest method in the Statement of profit and loss.

2. Impairment allowance for Expected Credit loss –
   Under Previous GAAP, the provisioning on overdue assets was as per management estimates, subject to the minimum provision required as per Master Direction - Non Banking Financial Company – Systematically important Non Deposit taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Under Ind AS, impairment allowance is calculated as per expected credit loss method.
3. Deferred tax adjustments – Deferred tax effect of all adjustments has been recognised on transition date and during the year ended 31st March 2020.
4. Unamortised expenditure – Expenditure incurred towards increase in the Authorised share capital has been charged off to the statement of profit and loss.

NOTE – 39 – CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Amount in Rs.

Particulars	31st March 2021	31st March 2020	1st April 2019
i) Contingent Liabilities			
Claims against the Company not acknowledged as debts	-	-	-
Guarantees	-	-	-
Total	**-**	**-**	**-**
ii) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	-
Loans sanctioned but not disbursed	10,41,63,000	20,31,00,000	31,79,00,000
Other commitments	-	-	-
Total	**10,41,63,000**	**20,31,00,000**	**31,79,00,000**

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions / contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

NOTE – 40 – CONSUMABLES

All the purchases towards stationery and other consumables have been made as per the requirement and consumed immediately, hence no material Inventory of consumables is available with the company. Accordingly, all the purchases made towards consumables has been charged off in the statement of profit & loss.

NOTE – 41 – DISCLOSURE UNDER MSME

There are no dues to any Micro and Small Enterprises to whom the company owes outstanding for more than 45 days as at the Balance Sheet date. The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company.

NOTE – 42 – FOREIGN CURRENCY TRANSACTIONS

Particulars	2020-21	2019-20
a. Earnings in Foreign Currency	Nil	Nil
b. Expenditure in Foreign Currency	Nil	Nil

NOTE – 43 – CAPITAL MANAGEMENT –

The Company's capital management strategy is to effectively determine, raise and deploy capital to create value for its shareholders. The same is done through a mix of either equity and/or convertible and/or combination of short term/long term debt as may be appropriate.

The company determines the amount of capital required based on operations, capital expenditure and strategic investment plans. The capital structure is monitored based on net debt to equity and maturity profile of overall debt portfolio.

The Company is subject to the capital adequacy requirements of the Reserve Bank of India (RBI). Under RBI's capital adequacy guidelines, the Company is required to maintain a capital adequacy ratio consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time, shall not exceed 100 percent of Tier I Capital.

The minimum capital ratio as prescribed by RBI guidelines and applicable to the Company, consisting of Tier I and Tier II capital, shall not be less than 15 percent of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

Amount in Rs.

Particulars	31st March 2021	31st March 2020	1st April 2019
Tier – I capital	2,70,62,92,619	2,52,63,40,852	1,43,09,45,619
Tier – II capital	-	-	-
Total	**2,70,62,92,619**	**2,52,63,40,852**	**1,43,09,45,619**
Aggregate of Risk Weighted Assets	11,52,38,45,176	9,43,21,20,805	7,24,05,56,301
Tier – I Capital ratio	23.48%	26.78%	19.76%
Tier – II Capital ratio	-	-	-
CRAR	**23.48%**	**26.78%**	**19.76%**

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned Fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II capital" includes the following –

a) preference shares other than those which are compulsorily convertible into equity.

b) revaluation reserves at discounted rate of fifty five percent;

c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets,

d) hybrid debt capital instruments; and

e) subordinated debt

to the extent the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets –

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be considered for reckoning the minimum capital ratio.

NOTE – 44 – EXPENDITURE UNDER CORPORATE SOCIAL RESPONSIBILITY –

The company is required to spend at least 2% of average profits of preceding three years during F.Y. 2020-21 which amounts to INR 60,59,236/-. The following proposals were approved for funding under CSR budget for the year 2020-21:

a) For completion of Farm Based Livelihood Education & Learning School to BAKDIL, through NAB-Foundation, Section 8 Company owned by NABARD – INR 21,00,000/-

b) Pay-Agri Innovations Private Limited for capacity building of FPOs – INR 10,00,000/-

c) Handicraft Training Center, Ketunga, Nimidih for installation of Rooftop Solar PV System and purchase of 3 e-rickshaws for transportation of goods and passengers – INR 10,73,620/-

d) Supporting orphan girls at Hansraj Children Home at Udaipur through Rajasthan Bal Kalyan Samiti (RBKS) – INR 10,00,000/-.

e) Contribution to PM CARES Fund – INR 8,85,616/-.

Amount in Rs.

Total Amount to be spent	60,59,236/-
Amount Sanctioned	60,59,236/-
Amount Spent during the year	60,59,236/-

An amount of INR 1,69,448/- excess provided during the previous year has been reversed during the year resulting in a net expenditure of INR 58,89,788 in the statement of profit and loss (Note No – 22)

NOTE – 45 – INTEREST ON INTEREST CHARGED DURING MORATORIUM –

The entity has charged an amount of INR 1,52,46,188/- towards Interest on Interest on various loan accounts opted for moratorium period granted by RBI i.e., from 1st March 2020 till 31st August 2020.

However, considering the RBI circular (RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22) dated 7th April 2021 and as confirmed by Supreme court Judgment, ***All lending institutions shall immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e., March 1, 2020 to August 31, 2020.***

Accordingly, the company has made the provision effecting the same (Note -14)

NOTE – 46 – LOAN RESTRUCTURING –

Details of the loans restructured during the year along with the revised terms are as follows –

a) **M/s Khowang Women Poultry Producer Company Ltd (KWPPCL), Assam –** The principal outstanding of INR 61,76,257 (Rupees Sixty one lakh seventy six thousand two hundred fifty seven only), secured by hypothecation of assets created out of the loan and by Rabo foundation guarantee cover, is restructured by extending the repayment period till 31 Dec. 2022, with a principal repayment moratorium of nine months carrying the same interest rate of 11% per annum, at monthly rests, payable on last working day of each quarter and principal repayable in quarterly instalments starting from 01 October 2021.

b) **Attaluru Palem Organic Farmers Producer Company Limited, Guntur district, Andhra Pradesh** – the principal outstanding of INR 48,72,555 (Rupees Forty eight lakh seventy two thousand five hundred fifty five only), secured by hypothecation of stock created out of the loan, cash collateral in the form of lien marked FDs to the extent of 15 % of loan sanctioned and Personal guarantee of all Directors be and is restructured by extending the repayment period till 01 May 2021, with a principal moratorium of 2 months, carrying the same interest rate of 11.45% p.a. at monthly rests presently, and principal repayable on 01 May 2021.

Disclosure with respect to the restructured accounts are as follows – Amount in Rs.

Type of Restructuring		Under CDR Mechanism			Under SME debt restructuring			Others			Total		
Asset Classification / Details		Stage - I	Stage - II	Stage - III	Stage - I	Stage - II	Stage - III	Stage - I	Stage - II	Stage - III	Stage - I	Stage - II	Stage - III
Restructured accounts as at 1st April 2020	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	2	-	-	2	-	-
	Amount Outstanding	-	-	-	-	-	-	1,05,98,674	-	-	1,05,98,674	-	-
	Provision thereon	-	-	-	-	-	-	34,292	-	-	34,292	-	-
Upgradations of restructured accounts	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the Financial Year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-

Upgradations of restructured accounts	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-
Restructured Accounts as on 31st March 2021	No. of borrowers	-	-	-	-	-	-	2	-	-	2	-	-
	Amount Outstanding	-	-	-	-	-	-	1,05,98,674	-	-	1,05,98,674	-	-
	Provision thereon	-	-	-	-	-	-	34,292	-	-	34,292	-	-

NOTE – 47 – DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION NO. DOR(NBFC).CC.PD NO.109/22.10.106/2019-20 DATED 13.03.2020

Amount in Rs.

Assets classification as per RBI Norms	Gross carrying amount as per Ind AS 109	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP Norms
a	b	c	d = b-c	e	f = c - e
A. Performing Assets					
Standard	11,56,22,04,163	22,58,15,900	11,33,63,88,263	20,27,86,008	*2,30,29,892*
Total (A)	**11,56,22,04,163**	**22,58,15,900**	**11,33,63,88,263**	**20,27,86,008**	***2,30,29,892***
B. Non-Performing Assets					
Sub-standard	10,49,28,195	6,92,61,970	3,56,66,225	7,51,20,753	*-58,58,783*
Doubtful Assets					
- Upto 1 year	-	-	-	-	-
- 1 to 3 years	11,20,17,603	10,01,25,192	1,18,92,411	10,07,18,689	*-5,93,497*
> 3 years	42,16,801	24,05,320	18,11,481	21,25,199	*2,80,121*
Total Doubtful	*11,62,34,404*	*10,25,30,512*	*1,37,03,892*	*10,28,43,888*	*-3,13,376*
Loss Assets	-	-	-		-
Total (B)	**22,11,62,599**	**17,17,92,482**	**4,93,70,117**	**17,79,64,641**	***-61,72,159***
Total (A + B)	**11,78,33,66,762**	**39,76,08,383**	**11,38,57,58,380**	**38,07,50,649**	***1,68,57,733***

NOTE – 48 – OTHER DISCLOSURES

1. **Disclosure with respect to INVESTMENTS** – The company does not have any investment outside India.

2. **EXPOSURES:**

(a) Derivatives

The Company did not have any exposure in derivatives as at March 31, 2020 and as at March 31, 2021.

(b) Securitization

The Company did not have any exposure in securitized assets as at March 31, 2020 and as at March 31, 2021.

(c) Exposure to Real Estate Sector

Amount in Rs.

Category	Current Year	Previous Year
Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	26,00,65,686	32,51,74,321

(d) Exposure to Capital Market

The Company did not have any direct or indirect exposure to the capital market as at March 31, 2020 and as at March 31, 2021.

3. Others –

DETAILS OF FINANCING OF PARENT COMPANY PRODUCTS - The company has not financed product of parent company during the year.

DETAILS OF SINGLE BORROWER LIMIT (SGL) / GROUP BORROWER LIMIT (GBL) EXCEEDED BY THE NBFC:

i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the non-banking financial company: Nil

ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet Exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the nonbanking financial company: Nil

4. Additional Disclosures –

1. Registration obtained from other financial sector regulators

Regulator	Registration Number	Date of Registration
Reserve Bank of India	B-07.00712	25.09.2014

2. Disclosure of Penalties imposed by RBI and other regulators

No penalty has been imposed by RBI and other regulators during current and previous year.

3. Concentration of Advances / Exposures : Amount in Rs.

Particulars	Amount
Total Advances to twenty largest borrowers	4,45,72,28,507
Percentage of Advances to twenty largest borrowers to Total Advances of the applicable NBFC	37.67%

4. Concentration of NPAs: Amount in Rs.

Particulars	Amount
Total Exposure to top four NPA accounts	22,34,91,565

5. Sector-wise NPAs:

Sl. No	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	10.95%
2	MSME	-
3	Corporate borrowers	0.65%
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	-

NOTE – 49 – DISCLOSURE OF COMPLAINTS:

	Particulars	No.
(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	Nil
(c)	No. of complaints redressed during the year	Nil
(d)	No. of complaints pending at the end of the year	Nil

NOTE – 50 – DECLARATION OF DIVIDENDS

Considering the ongoing Covid-19 pandemic, Reserve Bank of India (RBI) has restricted declaration of dividends on equity shares from the profits pertaining to the financial year ended 31st March 2020 vide circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020.

The apex bank has relaxed the restriction on dividend from the profits pertaining to the financial year ended 31st March 2021 vide circular RBI/2021-22/23 DOR.ACC.REC.7/21.02.067/2021-22 dated 22nd April 2021.

NOTE – 51 – EVENTS OCCURRING AFTER BALANCE SHEET DATE –

Non-adjusting Event – Covid-19

The COVID-19 pandemic has caused a huge disruption creating an unprecedented impact on the financial wellbeing of nations, corporations and individuals.

Going concern assumption –

An entity shall continue to prepare its financial statements on a going concern basis, only if events after the end of the reporting period (March 31, 2021) result in the going concern basis becoming appropriate. Accordingly, the management of the company has made an assessment of the existing or potential impact of Covid-19 and as there are no material uncertainties specifically related to the operations of the company which may cast significant doubt upon the entity's ability to continue as a going concern, preparation of the financial statements of the Company as a going concern basis is appropriate.

Measurement of Expected Credit Loss on Financial Assets –

Estimates and associated assumptions, especially for determining the impairment allowance of the Company on financial assets (loan receivables), are based on historical experience. The Company believes that the factors considered are reasonable under the current circumstances. Given the dynamic nature of the pandemic situation, these estimates are subject to uncertainty, further, these estimates may be affected based on the extent of severity and duration of the pandemic.

Fair value measurement & Impairment of non-financial assets –

Fair value measurements, particularly of financial instruments and investment property will need to be reviewed to ensure the values reflect the conditions at the balance sheet date. This will involve measurement-based on unobservable inputs that reflect how market participants would consider the effect of Covid-19 in their expectations of future cash flows related to the asset or liability at the reporting date.

At the reporting date, the Company did not hold any financial instruments, prices of which are subject to market volatility and fair value of the same was determined based on market prices.

At the reporting date, the Property, Plant and Equipment were stated at cost less depreciation thereof and as per the judgment of the company, there is no material uncertainty that has potentially led to an asset impairment on account of COVID 19.

NOTE – 52 – COMPARATIVES

Previous year figures are regrouped / reclassified wherever necessary to make them comparable with current year's classification / disclosure.

Vide our report of even date
For **G Balu Associates LLP**
Chartered Accounts
FRN No. 000376S/S200073

For NABKISAN Finance Limited

Sd/-
Suseela Chintala
Managing Director & CEO
(DIN : 03348782)

Sd/-
Nilay Dharmanarayan Kapoor
Director
(DIN : 07622987)

Sd/-
Ravishanker R
Partner
Membership No. 026819
Place : Mumbai
Date : 31.05.2021
ICAI UDIN No:
21026819AAAAID7656

Sd/-
Dr. K. S. Mahesh
Director & Chief Financial Officer
(DIN : 09170623)
(PAN : ABUPK6307P)

Sd/-
M. Bhuvaneswari
Company Secretary
(PAN : ANAPB3714D)

Success Story

Suwarnasandhi Farmers Producer Company Limited, Maharashtra

Name of the FPO	Established	District	State	Promoting institution	Shareholder farmers
Suwarnasandhi Farmers Producer Company Limited	15-01-2020	Ahmednagar	Maharashtra	Self Promoted	507

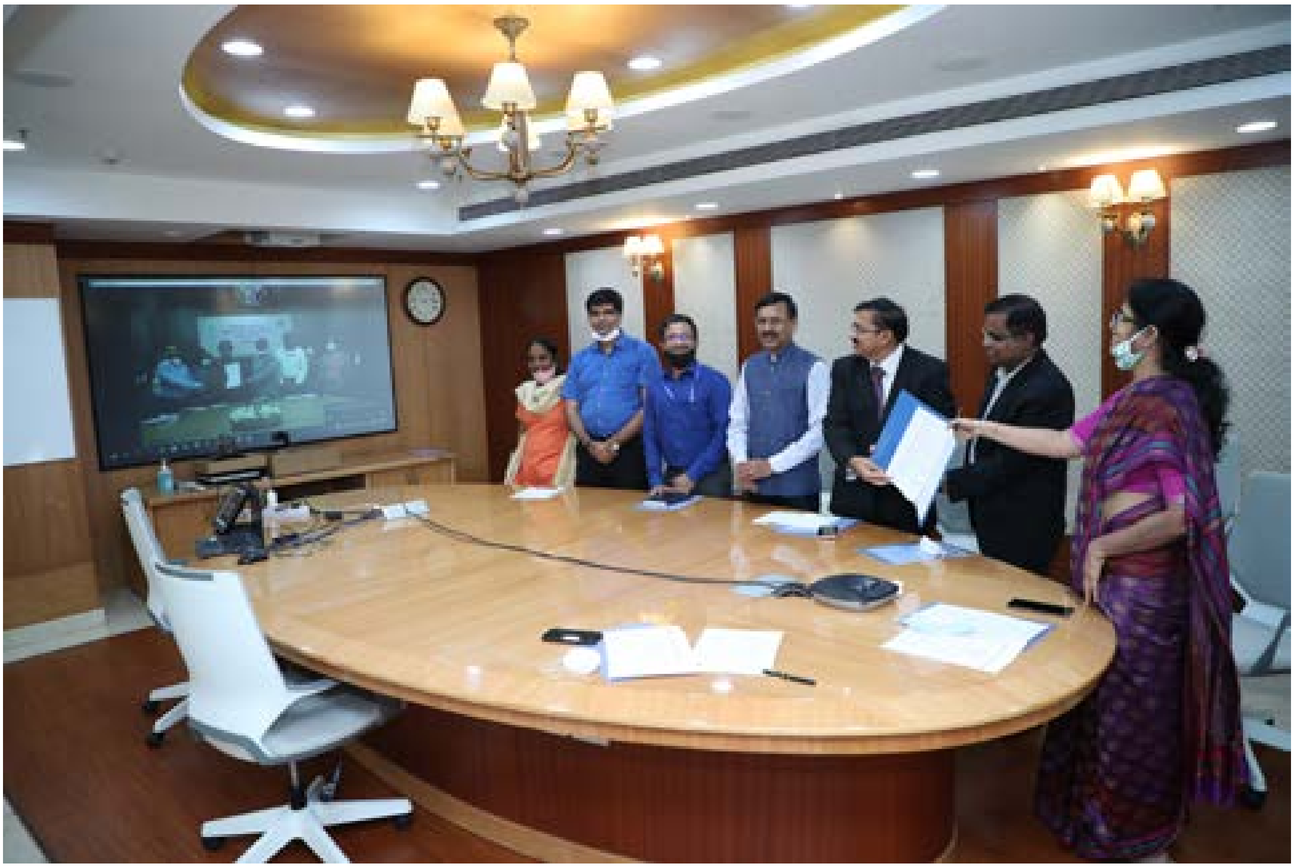
Share capital	NKFL Loan	Turnover	Business Activities	Convergences
Rs.7,21,000	Rs.15 lakh	Rs.28.40 lakh	Onion storage & Trading and Papad marketing	Agriculture Department and NAFED

The FPC was formed with the objective of making the small and marginal flower and vegetable farmers self-reliant and market competitive, as the SPSR Nellore district lacked proper production system and also organized markets.

With the support of NABKISAN loan, PYK expanded their business operations in the district and begun sending flowers and Vegetables to Chennai and Hyderabad. With increased member base, the FPC could reach a turnover of Rs. 85 lakh during the last year, which resulted in doubling of income level of 95% of the members.

During covid induced lock down, FPC supplied packed vegetables, with the support of e-commerce application named 'Green bliss Agro'. Whatapp groups were created among farmer, traders and FPO management for smooth implementation.

Thus the FPC could stabilize its operations by effective convergence of NABKISAN loan and various government schemes, which resulted in increased price realization for the farmer members.



Signing of MoU with Government of Tamil Nadu

Release of Success Storeis by Chairman, NABARD

Success Story

Pushkar Rural Agricultural Youth & Employment Producer Company Limited, Rajasthan

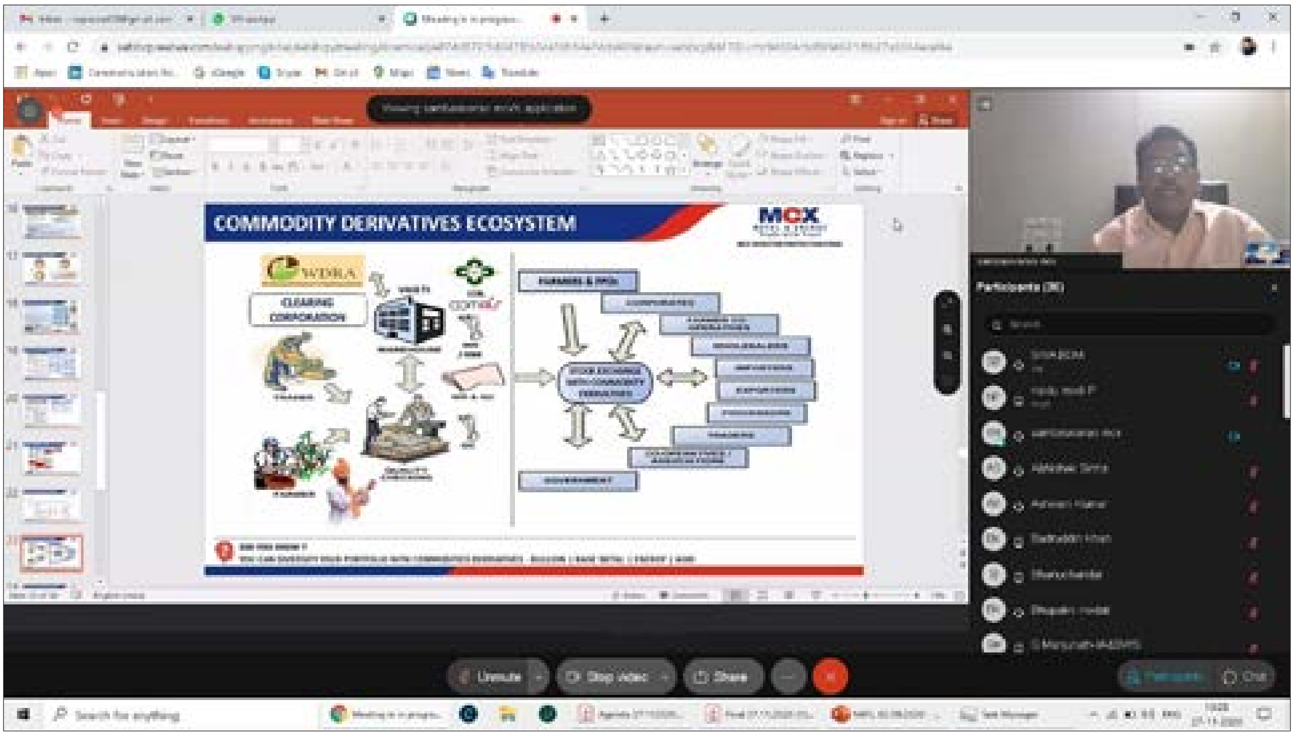
Name of the FPO	Established	District	State	Promoting institution	Shareholder farmers
Pushkar Rural Agricultural Youth & Employment Producer Company Limited	16-11-2015	Ajmer	Rajasthan	Krishak Vikas Sansthan (KVS) - Ajmer under NABARD	510

Share capital	NKFL Loan	Turnover	Business Activities	Convergences
Rs 5.10 lakh	Rs 25 lakh	FY 2020-21: Rs 70 Lakh	Procurement and processing of Rose & Aonla	With KVK Ajmer for training on Livestock Practices, Mushroom Cultivation, Napier Grass and Processing of aonla With National Research Centre Seed Spices (NRCSS) for training on dehydration of rose With Agriculture Department of the State for training on Fertilizer & Pest Management and subsidies under Drip Irrigation, Onion Storage and Solar Tunnel programme.

FPC procures rose and processes it to gulkand and rose water. Similarly, aonla is procured and processed to dry aonla, candy and aonla juice. FPC has developed various marketing tie-ups with Jain Irrigation, Jalgaon, and many other dealers in Jaipur, Mumbai and Hyderabad.

FPC procures rose at a rate, higher than the market rate which results in increased price realization for their farmer members. Through effective convergence with Government schemes, FPC could acquire facilities like onion storage and solar tunnel, which has given immense benefit to their members. During the covid induced lockdown, FPC extended their procurement to non-members also.

MD's visit to Atulya Farmers Producer Company



Training on Commodity Training - World Investor Week

ATTENDANCE SLIP

(To be presented at the entrance)

24th Annual General Meeting of NABKISAN Finance Limited to be held on 27th September 2021 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.

NABKISAN FINANCE 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 24th Annual General Meeting of NABKISAN Finance Limited to be held on 27th September 2021.

Folio No......................................

No. of Shares Held ....

Signed this .... day of 2021

Signature ....

(affix 1 Re. Revenue Stamp)

Swaroop Shetkari Farmers Producer Company Limited, Maharshtra

NABKISAN
FINANCE LIMITED
A Subsidiary of NABARD