

Board of Directors

Shri. R. Amalorpavanathan	-	Chairman
Smt. Padma Raghunathan	-	Director
Dr. P.M. Ghole	-	Director
Shri. R. Manimaran	-	Director
Shri. M. Arvind, IAS	-	Director
Shri. Sunil Haribhau Pote	-	Independent Director
Shri. Ashis Mondal	-	Independent Director
Shri. Vijay Sardana	-	Independent Director
Shri. Ashok Kumar Yadav	-	Independent Director
Shri. S. Dwivedi	-	Managing Director & CEO

Chief Financial Officer

Dr. K.S. Mahesh

Company Secretary

Smt. M. Bhuvaneshwari

Auditors

M/s. V. Senthilnathan & Co

Chartered Accountants

2nd Floor, 71/1, Sai Kripa Flats, 12th Avenue, Ashok Nagar, Chennai 600 083

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.

Regd. Office

Ground Floor, NABARD Tamilnadu Regional Office Building

No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034, Tamil Nadu.

Ph. No. (044) 2827 0138, 42138700

E-Mail : nabkisan.chennai@gmail.com Website : www.nabkisan.org

CIN : U65191TN1997PLC037525

Corp. Office

C/o NABARD Head Office, Ground Floor, 'D' Wing, C-24, 'G' Block,
Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.

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BOARD OF DIRECTORS

Shri R. Amalorpavanathan



Shri R. Amalorpavanathan has been with NABARD since 1984. During this long tenure, he has gained valuable experience in diverse areas, such as Project Finance, Banking, Institutional Development, Training and Financial Management. Prior to his elevation as Deputy Managing Director, Shri Amalorpavanathan headed the Business Initiatives Department at NABARD, Head Office. He had also headed Kerala Regional Office and National Bank Staff College (NBSC), Lucknow. He holds an engineering degree in Agriculture from Tamilnadu Agricultural University. He had obtained Post Graduate Diploma in Management from IIM, Bangalore and Masters in Development Management from Asian Institute of Management, Philippines. He is a Fellow in Engineering (Agricultural Engineering) and Chartered Engineer (Agricultural Engineering) from Institution of Engineers (India).

Smt. Padma Raghunathan, Director



Smt. Padma Raghunathan is a Chartered Accountant and she has been with NABARD since 1985. She is currently the Chief General Manager, NABARD, Tamilnadu Regional Office. She headed the Department of Refinance, Department of Subsidiaries and Strategic Investments and Finance Department of NABARD at Head Office, Mumbai apart from heading the Himachal Pradesh Regional Office of NABARD.

Dr. P.M. Ghole, Director



Dr. P.M. Ghole has a doctorate in Agriculture from Indian Agricultural Research Institute, New Delhi. He has been with NABARD since 1985. He is currently the Chief General Manager in Farm Sector Development Department of NABARD. He had served in various departments and also regional offices of NABARD. He headed the Punjab Regional Office of NABARD.

Shri R. Manimaran, Director



Mr. R. Manimaran, General Manager, Indian Bank served as a Director of NABKISAN for nearly 4 years. He is having 35 years of experience in various facets of Banking especially Rural and Agricultural Banking, Resources planning, Customer Service, Marketing, Corporate Communications & Internal Audit. He had served as Lead District Manager and Chairman of a Regional Rural Bank in Puducherry. He was on the Board of two RRBs viz Pallavan Grama Bank in Tamil Nadu and Saptagiri Grameena Bank in Andhra Pradesh as sponsor bank nominee. He holds a Bachelors Degree in Agricultural Engineering and Masters Degree (M.E.) in irrigation water management and he is a Certified Associate of Indian Institute of Bankers (CAIIB).

Shri M. Arvind, Director



M. Arvind, IAS, belongs to the 2011 batch of Indian Administrative Services and is currently working in the Finance Department, Govt of Tamil Nadu. He earlier served as the Deputy Secretary, Budget for the State Govt looking into the budget preparation and management, and maintaining the cash position of the State Govt. Before joining service, he had a brief work experience with the National Dairy Development Board, Anand and Cognizant Technology Solutions, Chennai. He is a Bachelor of Engineering in Electronics and Communication from the College of Engineering, (CEG) Guindy and holds a Post Graduate Diploma in Rural Management from the Institute of Rural Management, Anand (IRMA).

Shri Ashis Mondal, Independent Director

Shri Ashis Mondal is the founder Director of Action for Social Advancement (ASA). He has over 25 years of experience in development of livelihoods for small holders, particularly tribal and other marginalised groups through natural resources management. He has consulting experience with several organisations like the World Bank, FAO, Asian Development Bank, etc. He has worked for short term assignments in Afghanistan, Indonesia, Sri Lanka, Brazil and Argentina. He has served as a member of the National Advisory Council (NAC) of the Government of India from 2012 - 2014, Member, Agriculture Sector Innovation Council, Govt. of India since 2013 and Member, National Advisory Committee of Producer Organisation Development Fund of NABARD.

Shri Sunil Haribhau Pote, Independent Director

Shri Sunil Haribhau Pote is the President and Director of Yuva Mitra Multi Agro Services (P) Ltd, Nasik. He founded and established Yuva Mitra in 1995. He is an expert in the field of formation of farmer's producer company and water users association. He has been honoured with Vasundhara Mitra award in 2010 by Club Mahindra, Youth Icon By Sakal Group in 2014 and Jalyodha by Sakal Group in 2016.

Shri Vijay Sardana, Independent Director

Shri Vijay Sardana is the Vice-President & Head – Food Security & Agribusiness, Policies and Programs, UPL Group. He is a Member, Commodity Derivatives Advisory Committee, Securities and Exchange Board of India (SEBI). He also served as Executive Director of Centre for International Trade in Agriculture and Agrobased Industries (CITA). He is the Chairman, ASSOCHAM All India Committee on Direct Selling and a member in several committees. He is associated with World Economic Forum, Geneva / New York, World Business Council for Sustainable Development (WBCSD), Geneva, Initiative for Global Development (IGD), Washington, International Food Policy Research Institute (IFPRI), Washington, Grow Africa, Grow Asia etc. and has visited more than 30 countries for various assignments.

Shri Ashok Kumar Yadav, Independent Director

Shri Ashok Kumar Yadav, IAS (Retd) has been a Commissioner in Government of Haryana. During his 33 years of career, he had headed several organisations including as Managing Director of Haryana Cooperative Supply and Marketing Federation, Haryana Seeds Development Corporation, Cooperative Sugar Mills, Rohtak and Director General-cum-Secretary to Govt., Haryana, Social Justice & Empowerment Department. He was on the Board of Indian Potash Limited, IFFCO, NCML etc.

Shri S. Dwivedi, Managing Director

Shri S. Dwivedi is a Chief General Manager of NABARD and is on deputation as Managing Director & Chief Executive Officer of NABKISAN Finance Limited. He is a post graduate in Science and holds a Diploma in Micro finance. He has been with NABARD since 1985. He served as Faculty Member at College of Agricultural Banking, Pune. As a General Manager he worked in Risk Management and Corporate Planning Departments of NABARD, Head Office. He also served in various capacities in the Andhra Pradesh, West Bengal and Odisha Regional Offices of NABARD.

MANAGEMENT TEAM

Shri T. Venkatakrisna, Chief Operating Officer



Shri T. Venkatakrisna is a Deputy General Manager of NABARD, currently placed with NABKISAN. He holds a post graduate degree in Commerce and is a Certified Associate of Indian Institute of Bankers. He has 30 years of experience in credit planning and treasury operations in NABARD. Prior to joining NABKISAN he had a three year stint as a Chief Dealer in the Finance Department of NABARD. He has worked in Gujarat, Karnataka and Tamilnadu Regional Offices of NABARD

Dr. K.S. Mahesh, Chief Financial Officer



Dr. K.S. Mahesh is a Deputy General Manager of NABARD, currently placed with NABKISAN. He has a Doctorate in Horticulture from Indian Agricultural Research Institute, New Delhi and is a Certified Associate of Indian Institute of Bankers. He has 22 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.

Shri Sheetanshu Shekhar, Assistant General Manager



Shri Sheetanshu Shekhar is an Assistant General Manager of NABARD currently placed with NABKISAN. He is a graduate in Economics from Delhi University with Post Graduation in Rural Development. He has 19 years of experience in appraisal of rural infrastructure projects, project financing, micro credit, credit planning and FPO financing. Prior to joining NABKISAN he was serving as the District Development Manager of Munger, Bihar.

Smt. M. Bhuvanewari, Company Secretary



Smt. M. Bhuvanewari is the Company Secretary of NABKISAN for the last nine 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.

SUCCESS STORIES

Supported under the World Bank aided- Maharashtra Agricultural Competitiveness Project: Sai Pravara Shetkari Producer Company Ltd., Maharashtra



Sai Pravara Shetkari Producer Company Ltd. (SPSPCL) is a company of producers belonging to five blocks of Ahmednagar district in Maharashtra. 500 shareholders of the Farmer Producer Company (FPC) were incubated by Wipro as a part of the World Bank aided Maharashtra Agricultural Competitiveness Project (MACP) in February 2015. The company was formed with support from the Agriculture Technology Management Agency (ATMA). Grant Thornton (GT) has supported the FPC for developing the business plan and for strengthening the backward and forward linkages. The guidance from GT and appointment of an efficient manager has helped the

company to diversify its portfolio and start trading in maize, onion and agro-inputs from 2016-17.

The FPO has availed support and guidance from ATMA, Krishi Vigyan Kendra, Rahuri and Agriculture University, Rahuri and the Block Agriculture Office on cotton, maize and onion trading. The company has signed an arrangement with Thailand based Charoen Pokphand Foods Public Company Ltd. and ATMA acting as the mediating and coordinating agency for the market arrangement.

Out of the total turnover of Rs.124.68 lakh generated by the company in the year 2016-17, around 71% of total turnover came from pulses procurement and trading, 0.8% from input sales, 28% from maize and onion trading.

Patronage bonus attracting more farmers towards collectives: Dixal Vibhag Bagayat Sahakari Mandali Ltd., Gujarat

Estd: January 2000
District: Valsad
State: Gujarat
Promoted by: Bharatiya Agro Industries Foundation (BAIF)
NABKISAN Loan: Rs. 14 lakh and Rs.20 lakh

Dixal Vibhag Bagayat Sahakari Mandali Ltd. (DVBSML) is a cooperative society registered under Gujarat Co-operative Societies



Act 1961 with its members spread across 22 villages of Kaprada in Valsad district. The major activities undertaken by the Dixal Cooperative pertains to the Wadi yield enhancement, winter crop cultivation and supply of seeds and fertilizers.

126 members procured fertilizers and 484 members availed paddy seeds and yam tubers worth Rs.4.50 lakh from the cooperative during Kharif 2016. The cooperative has successfully taken up aggregation (its farmers receiving a 10% premium over local prices) & retail sales of vegetables with a total of 22.5 MT of vegetables at NABARD Residential Complex Mumbai. It has also organized the sale of 17.9 MT of vermi-compost produced by its SHGs.

The cooperative has availed working capital from NABKISAN for procurement and processing of raw cashew, fresh mango and other fruits and vegetables from members who bring their produce to procurement centres from where the produce is moved to the processing facility for pulping.

The society also distributes dividend/bonus according to the quantity of the produce supplied by member to the society. Last year, Rs.3 per kg of cashew was given to farmers as patronage bonus.

An Organic and NPM Fair Trade FPO– Chetna Organic Agriculture Producer Company Limited (COAPCL)

Chetna Organic Agriculture Producer Company Limited (COAPCL) is a Telangana based FPO since February 2009 and a professionally run/managed pan-India trading and marketing entity. It is fully owned by over 25,000 smallholder farmers (practicing ecological/organic agriculture) from 528 villages spread across 9 districts and organized into 10 local cooperatives from the rainfed & predominantly tribal regions of Vidarbha in Maharashtra, Adilabad & Karimnagar in Telangana and Kalahandi, Bolangir and Rayagada districts of South Odisha.

The objective of the company is to provide marketing channels and opportunities for sustainable (organic, non-pesticide) agriculture crops produced by its farmers. The cooperatives are equipped with all necessary licenses to trade in both primary and secondary agriculture produce (mainly organic cotton). They set up local mandis to procure and aggregate Organic and Fair Trade (OFT) Cotton and other NPM food crops from member SHGs, who in turn collect the produce at farm gate from individual farmers.

COAPCL, since its inception in 2009 and to date, has generated over ₹ 15.00 crore as additional income for its cotton farmer members through organic premium. Apart from this, it has generated ₹ 2.65 crore as fair-trade premium for community benefits and raised ₹ 7.00 crore as social premium (CSR) from buyers (brands) associated with the 'Chetna Organic & Fair Trade Cotton Supply Chain' for setting up community infrastructure, education support, women enterprises, health, product quality improvement and RLF conversion.



Chetna Organic Mart



Clean Organic Cotton Bales Processed by COAPCL

Estd: February 2009
State: Telangana
NABKISAN Loan: Rs.5 crore as Working Capital Term Loan

To meet the working capital requirements of the COAPCL for procurement and trading of the Organic cotton and other non-cotton produce from the members, NABKISAN has sanctioned Rs.5 crore loan assistance to COAPCL as Working Capital Term Loan for a period of three years.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The financial year 2017-18 had been significant to the company as the asset size reached within touching distance of milestone asset size of Rs.500 crore. The company had registered a growth of 47 % in the loan portfolio during the year, continuing the healthy growth in the portfolio as attained in the preceding financial year. This growth is significant considering the fact that the business model or processes have not undergone any major change while there is also increased retail lending to the focus areas viz., Producer Companies. NABKISAN Finance Limited has extended services across 15 states now.

Awards and Accolades

During the year, the company won the prestigious ET NOW BFSI Award 2018 (for Excellence in NBFC) as the fastest growing NBFC of the year. Further, CEO of the Company also received “100 Top Most Influential BFSI Leaders Citation” in the World BFSI Congress & Awards 2018.

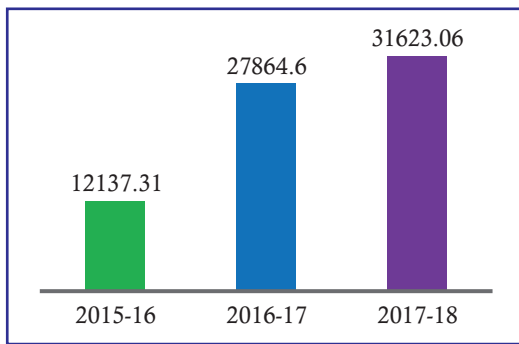
Operational Highlights

Some of the operational highlights of the company during financial year 2017-18 are as under:

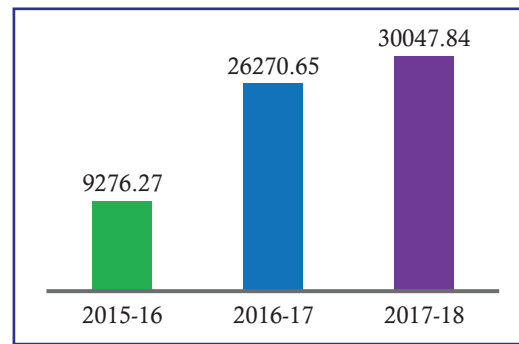
- The Profit before Tax (PBT) for the year ended 31 March 2018 rose from Rs.1181.14 lakh to Rs.1928.49 lakh, a growth of 63 %.
- The Profit after Tax (PAT) showed sustained growth over the last few years with the figure touching Rs.1356.30 lakh during 2017-18 as against Rs.773.54 lakh during 2016-17, registering a growth of 75 %.
- The revenue from operations more than doubled during the year from Rs.2211.15 lakh as on 31.03.2017 to Rs.4647.77 lakh as on 31.03.2018.
- The total assets of the company reached Rs.47340.50 lakh as on 31.03.2018 from Rs.32447.62 lakh as on 31.03.2017.
- While the NPAs increased in absolute terms by Rs.116.93 lakh, the gross NPA percentage reduced to 1.08 % from 1.24 % previous year.
- The company maintained a CRAR of 19.02% as against the minimum stipulated CRAR of 15%.

The comparative operational highlights of the company during the last four years are given below:

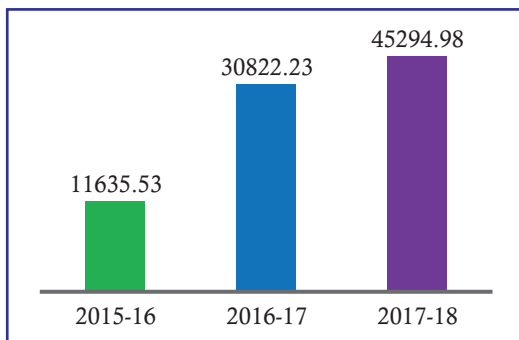
Particulars	(Rs. in crore)			
	2014-15	2015-16	2016-17	2017-18
States covered	2	6	11	15
Loan sanctioned	49.92	121.37	278.65	316.23
Loan disbursed	51.33	92.76	262.70	300.48
Loan outstanding	67.02	116.36	308.22	452.96
Profit after Tax	2.73	5.96	7.74	13.56
Networth	28.35	66.84	78.17	88.38
CRAR	39.54	53.00	24.71	19.02



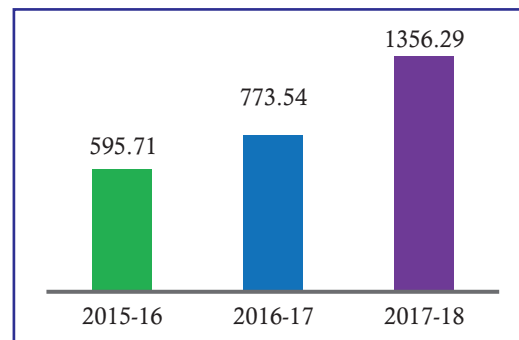
Loan Sanctioned (Rs.in Lakh)



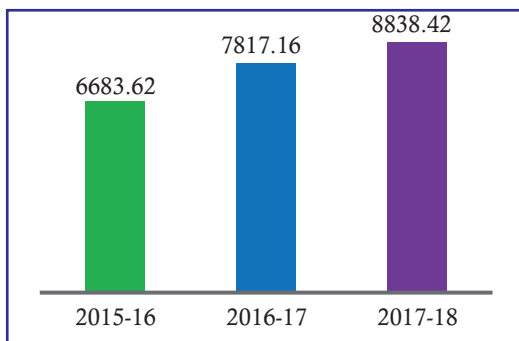
Loan Disbursed (Rs.in Lakh)



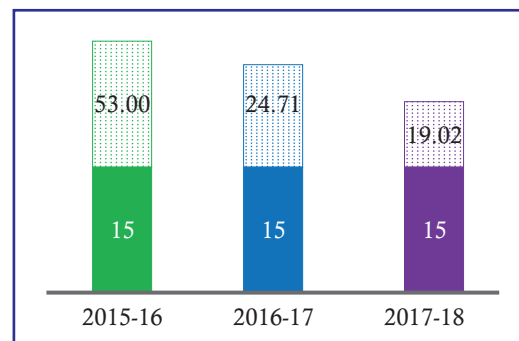
Loan Outstanding (Rs.in Lakh)



Profit after Tax (Rs.in Lakh)



Net Worth (Rs.in Lakh)



Capital Adequacy Ratio (%)

Outreach

The company started business operations in the North Eastern region with sanction of loan assistance of Producer Companies in Assam. Projects were sanctioned for the first time in Andhra Pradesh, Jharkhand and Uttar Pradesh during the year. With this, the direct outreach of the company has extended to 15 states of the country viz., Andhra Pradesh, Assam, Bihar, Delhi, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Rajasthan, Tamilnadu, Telangana and Uttar Pradesh.

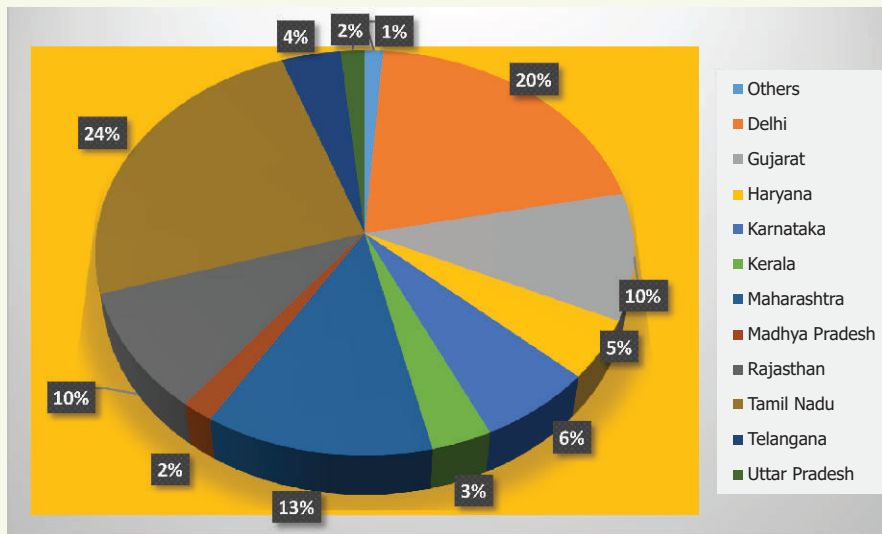


The State wise business portfolio in terms of loan sanctioned, loan disbursed and loan outstanding during financial year 2017-18 are given below:

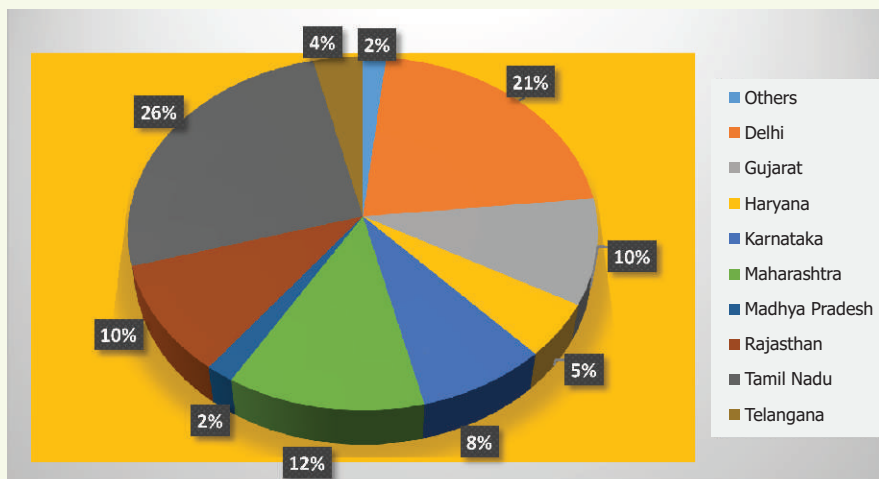
(Rs.In Lakh)

Sl.No.	State	Loan Sanctioned	Loan Disbursed	Loan Outstanding
1	Andhra Pradesh	157.00	20.00	20.00
2	Assam	200.00	100.00	100.30
3	Bihar	18.00	75.00	89.03
4	Delhi	6500.00	6500.00	7509.25
5	Gujarat	3199.00	2897.00	3734.98
6	Haryana	1500.00	1500.00	2684.17
7	Jharkhand	4.00	0.00	0.00
8	Karnataka	2013.48	2456.00	3997.96
9	Kerala	1052.28	25.00	25.14
10	Maharashtra	3970.00	3746.00	7881.89
11	Madhya Pradesh	554.30	528.45	453.78
12	Rajasthan	3050.00	3045.00	2935.88
13	Tamilnadu	7669.50	7724.89	12478.64
14	Telangana	1235.50	1130.50	3082.98
15	Uttar Pradesh	500.00	300.00	300.98
	Total	31623.06	30047.84	45294.98

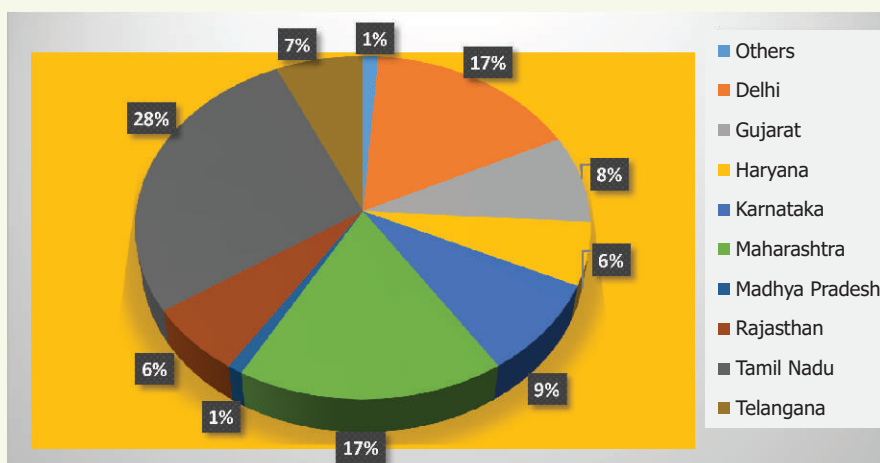
State - wise Share of Loan Sanctioned 2017-2018



State - wise Share of Loan Disbursed 2017-2018

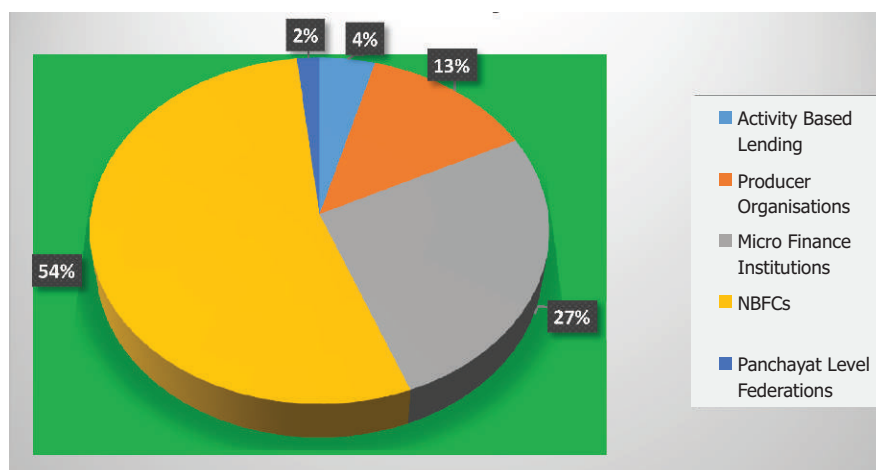


State - wise Share of Loan Outstanding 2017-2018



Sector wise Portfolio

Sector	Sanctions	Disbursements	Outstanding
Activity based lending through NGOs/Trusts/Sec8 Companies/Individuals	2010.50	1960.75	1939.27
Panchayat Level Federations	0.00	0.00	786.95
Producer Organisations	6660.28	5917.09	6047.33
Micro Finance Institutions	8500.00	8950.00	11990.31
NBFCs	13150.00	13160.00	24531.12
Primary Agricultural Cooperative Credit Societies	1302.28	60.00	0.00
Total	31623.06	30047.84	45294.98

Sector - wise Loan Outstanding 2017-18**New clients & Diversification of Business**

During the year, for the first time, Primary Agricultural Co-operative Credit Societies were extended financial assistance by NABKISAN. Further, entities involved in collateral management and warehouse receipt financing, financing educational institutions, rural sanitation, vehicle financing were supported during the year as a diversification strategy. Chairman and other Board of Directors met the NBFC and other Corporate clients with a view to strengthen existing relationships and also to identify potential corporate clients. During the year 13 new clients were added under the bulk lending portfolio.

Initiatives for supporting Producer Companies

The company emerged as one of the leading financial institution in terms of funding Producer Companies (PCs) with a coverage of 147 PCs directly and another 127 PCs on lending model. During the year, many Producer Companies in Maharashtra and Madhya Pradesh were financially supported for procurement and trading on NCDEX platform.

NABKISAN, apart from extending financial assistance, has been taking 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:

- A meeting to discuss Policy Initiatives and Prospects of FPO Credit Linkage in the State of Maharashtra by inviting stakeholders in the FPOs sector in Maharashtra was convened by NABKISAN Finance Ltd on 22nd September 2017. The meeting was chaired by Shri R. Amalorpavanathan, Chairman, NABKISAN. Dr. Sudhir Kumar Goyal, Ex-IAS, Retd. Principal Secretary Agriculture, Govt. of Maharashtra was the special invitee.
- CEO attended the National Advisory Committee Meeting on FPOs during September 2017.
- Chairman and CEO held a meeting with Shri Nachiket Mor, Country Head, Bill & Melinda Gates Foundation for forging partnership between NKFL and the Foundation for providing value beyond capital to Farmer Producer Companies.
- Chairman, NKFL guided the proceedings of the State Level Meet on FPOs at Thiruvananthapuram. CEO & COO attended and apprised the participants on NABKISAN and its loan products for FPCs.
- Meetings held with MCX and NCDEX for exploring partnership for financing of FPOs working with them.
- ACCESS Development Services organised 2 day event on Think Tank on Building Ecosystem for FPO sustainability. CEO attended the event wherein interaction was held with FPO stakeholders.
- CEO and COO attended POPI and select FPOs review meet organised by NABARD at Hyderabad wherein NABKISAN policies and products were explained.
- CEO attended the Smart Horticulture 2018 Conference organized by Govt. of Odisha for exploring financing of FPOs and Agri-start ups.
- COO attended as a panel member in the workshop organised by Indian Council for Food and Agriculture and apprised the initiatives taken for agristart ups and FPOs.
- COO addressed as a panel member on bank credit to FPOs organised by horticulture department in Bengaluru.
- Officials of NABKISAN participated in various events like FICCI Policy Roundtable on Agriculture Credit, Agri Value Chain Conference on FPO Financing organised by Bihar Rural Livelihoods Promotion Society.
- CFO attended the FPO workshop held at Kochi, Kerala and made a presentation on the products of NABKISAN
- Chairman and CEO participated in “Agripreun” organised by TNAU at Coimbatore. CFO made a presentation on NABKISAN during the event.
- CFO made a presentation on NABKISAN and its products during National Conference on Advancing Farmers Producer Organisations - Issues and Challenges as a part of Madurai Symposium organised by INAFI at Madurai.
- COO made a presentation on NABKISAN during the one day state level meeting organised by Additional Chief Secretary, Government of Karnataka.
- Officials from NABKISAN attended stakeholders workshop/review meeting of Producer Organisation Promoting Institutions in various states viz., Gujarat, Himachal Pradesh, Karnataka, Tamilnadu, Maharashtra, Andhra Pradesh and Odisha
- Business Development Managers and CFO also handled sessions during the training programmes conducted by Bankers Institute of Rural Development for CEOs of FPCs in Madhya Pradesh, Karnataka and Tamilnadu.
- Business Development Managers participated in the Divisional Level Conferences in Maharashtra organised by Grant Thornton India LLP and guided the participants.
- A booklet on FPO success stories was released by Chairman NABARD, Chairman SEBI and Chairman NKFL on the sidelines of meeting of POPIs on commodity markets organised by NABARD.

Workshops & Meetings

- CEO participated in the Rabo Bank- Economic Times Food Strategy Summit held at New Delhi.
- CEO participated at the ASSOCHAM's 4th National Summit on NBFC organised at New Delhi.
- COO attended NBFC-MFI seminar which was conducted in association with SADHAN in Bengaluru.
- COO participated in the National Agricultural Marketing Summit organised by FICCI and Ministry of Agriculture and Farmers Welfare at Delhi.

Technology initiatives

“KRISHIMANCH” ([weblink:krishimanch.nabard.org](http://weblink.krishimanch.nabard.org)) an online bilingual web portal developed by NABKISAN was launched by NABARD Chairman and NKFL Chairman on 28 September 2017. This web-portal will serve as a digital knowledge-sharing platform for Farmer Producer Organisations (FPOs). By using this dynamic web portal, FPOs can access the information on various lending products offered by NABKISAN Finance Limited, information on Mentor services, general data on FPO sector, etc. A feature is also added on Credit rating of FPOs wherein FPOs can obtain information on their credit rating which will help them in availing loan from financial institutions and develop their businesses.

During the year, the company successfully migrated all its existing operations to MIFOS, the loan management and accounting software.

Human Resources

Business Development Managers were appointed in Karnataka, Gujarat, Maharashtra and Corporate Office, Mumbai to take care of the increasing business needs in these states.

Corporate Governance

The Board consists of nine Directors as on 31 March 2018 including two Independent Directors and two Additional 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.

Board/Committee Meetings	No. of meetings held during 2017-18
Board Meetings	07
Audit Committee Meeting	02
Corporate Social Responsibility Committee	01
Independent Directors Meeting	01

The Board met seven times during the financial year 2017-18. 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 2017-18 are presented in the table.

Way Forward for 2018-19

The company is poised to touch the milestone figure of Rs.500 crore asset size thereby becoming a Systemically Important NBFC (Non Deposit taking SI). To support the higher levels of business and also maintain capital adequacy, the company expects equity infusion from the existing share holders through a rights issue followed by raising fresh equity from impact/private investors.

While consolidating the focus of financing Farmer Producer Companies in the states where the company is currently operating, the company will also be exploring new geographies during the year ahead. The company will leverage credit guarantee fund made available by NABARD for providing collateral free loans to POs. Similarly grant support routed through NABKISAN will also enable sustainable development of Pos. The company will be recruiting new Business Development Managers in states having business potential. Further, Information Technology Officer and Chartered Accountant are being recruited in line with business expansion.

The company in addition to the existing debt instruments will be looking at new instruments like Equity, Quasi Equity Funding, Compulsorily Convertible Preference Shares, Non Convertible Debentures, Sub-ordinated debt etc. for its clients.



Team NABKISAN receiving the BFSI Award



20th Annual General Meeting under progress



Meeting of Corporate Clients with Board of Directors of NABKISAN



Release of Coffee Table Book of NABKISAN by Chairman, NABARD & Chairman, SEBI

NOTICE

Notice is hereby given that the 21st Annual General Meeting of the shareholders of the company will be held at 04.00 p.m. on Monday, the 10th day of September 2018 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, 2018, 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 the dividend for the year ended 31st March 2018 at the rate of Rs.0.50 per Equity Share (5% on the face value of Rs.10/- per share) on the amount paid up on the equity capital of the company, in proportion to the period of holding, as recommended by the Board of Directors be and is hereby declared.”
3. 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 M/s.V.Senthilnathan & Co., Chartered Accountants as Statutory Auditors of the company for the year 2018-2019 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”.
4. To re-appoint Shri. M. Arvind, 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. M. Arvind, IAS, Director who retires by rotation be and is hereby re-appointed as Director of the company”.

Place : Chennai
Date :27.07.2018

**For and on behalf of the Board
For NABKISAN Finance Limited**

**Sd/-
Satyajit Dwivedi
Managing Director**

Notes :

1. The members are requested to inform change of address, if any, to the company.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The instrument appointing proxy should however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Corporate Members are requested to send a duly verified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
4. Shareholders desirous of seeking any clarification on the business to be transacted at the 21st 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. The Register of Members and Share Transfer Books of the Company will be closed from 04.09.2018 to 10.09.2018 (both days inclusive) for the purpose of Annual General Meeting and dividend for Financial Year 2017-18.
6. If dividend on Ordinary Shares as recommended by the Board of Directors is approved at the meeting, payment of such dividends will be made to those members whose names are on the Company's Register of Members as on 03.09.2018 (date before closure from date). Shareholders are requested to provide Bank details to facilitate payment of dividend, etc., either in electronic mode or for printing on the payment instruments.
7. Members are requested to bring their copies of Annual Report for the meeting.
8. Members / Proxies are requested to bring the Attendance Slip sent with the Annual Report duly filled in for attending the meeting.

Place : Chennai
Date :27.07.2018

**For and on behalf of the Board
For NABKISAN Finance Limited**

**Sd/-
Satyajit Dwivedi
Managing Director**

DIRECTORS' REPORT TO THE SHAREHOLDERS

It is the privilege of the Directors to present the 21st Annual Report on the business and operations of the company together with the Audited Financial Statements for the year ended March 31, 2018. 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 2017-18 is summarized below:

Particulars	(Rs. Lakh)		
	2016-17	2017-18	Growth %
Gross Income	2349.35	4699.50	100.03
Expenditure Including Depreciation & Extra Ordinary Items	1168.20	2771.01	137.20
Profit before tax	1181.14	1928.49	63.27
Provision for tax (current year)	409.24	572.19	39.82
Profit after tax (before exceptional items)	771.90	1356.30	75.71
Reversal of earlier tax provision / Earlier Tax	(1.64)	-	-
Profit after tax	773.54	1356.30	75.34

Dividend

The Board recommended a dividend of Rs.0.50 per Equity Share (5% on the face value of Rs.10/- per share) on 5,77,24,350 Equity Shares of Rs.10 each for the year ended 31st March 2018, in proportion to the period of holding. The dividend on Equity Shares is subject to the approval of the shareholders at the Annual General Meeting (AGM). The total dividend pay-out works out to 26% of the net profit. The Register of Members and Share Transfer Books will remain closed from 04.09.2018 to 10.09.2018 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31 March 2018.

Reserves

The company has transferred Rs.271.26 lakh to special reserve u/s 45-IC of RBI Act, 1934 as against Rs.154.71 lakh transferred during the previous financial year. The company has made a profit after tax of Rs.1356.30 lakh during the financial year ended 31st March 2018.

Operational Highlights

- The net profit before tax for the year ended 31.03.2018 was Rs.1928.49 lakh, as against Rs.1181.14 lakh for the year 2016-17, showing a growth of 63%.
- The net profit after tax has increased to Rs.1356.30 lakh for 2017-18 from Rs.773.54 lakh during 2016-17, registering a healthy growth of 75%.
- The gross NPAs have reduced to 1.08% (1.24%) due to recovery from PLF accounts and other NPA accounts in Tamilnadu containing fresh slippages.
- The total assets of the company increased from Rs.32447.62 lakh as on 31.03.2017 to Rs.47340.50 lakh as on 31.03.2018.
- Loan outstanding increased to Rs.45294.98 lakh (Rs.30822.23 lakh during 2016-17), registering a growth of 47%.
- The position of borrowings as on 31.03.2018 stood at Rs.37133.81 lakh as against Rs. 23793.53 lakh as on 31.03.2017.

- Revenue from operations jumped from Rs.2211.15 lakh as on 31.03.2017 to Rs.4647.77 lakh as on 31.03.2018, showing a rise of 110%.
- The sanctions during the year 2017-18 have gone up to Rs.31623.06 lakh compared to Rs. 27864.60 lakh, registering a growth of 13%.
- The disbursements during the year 2017-18 have gone up to Rs.30047.84 lakh compared to Rs. 26270.65 lakh, registering a growth of 14%.

Status of NPA Accounts:

As on 31 March 2018, the company had a gross NPA of Rs.500.47 lakh as against Rs.383.54 lakh as on 31 March 2017. In respect of one NPA account viz., M/s. Eerattil Poultry & Agro Farms Pvt. Ltd. an OTS scheme for Rs.67 lakh was placed before the Board at its meeting held on 30.08.2017 and the same was approved as under:

- Rs.30 lakh to be paid within 10 days of communication of acceptance of the OTS offer by NABKISAN, failing which the OTS stands withdrawn; and
- Balance amount of Rs.37 lakh to be paid within 6 months from the date of communication of acceptance of the offer failing which simple interest @ 10% p.a. would be charged till the date of full and final settlement under the OTS scheme. The securities will be with NABKISAN till the amount is fully paid.

As per the offer Rs.30 lakh has been paid by the party during September / October and balance of Rs.37 lakh to be paid within 6 months of the offer. The party subsequently paid Rs.4 lakh on 28.02.2018, Rs.5 lakh on 01.03.2018 and Rs.10 lakh on 16.4.2018. An amount of Rs.18 lakh is still to be paid.

Regular follow up is being made with the State and District project unit of PVP and also with the PLFs for improving the recovery.

Statutory Compliance

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.

DISCLOSURES UNDER THE COMPANIES ACT, 2013

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.

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 or outgo.

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 appended as Annexure II and forms part of this report.

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 2017-18 are set out in the prescribed format under Annexure III and forms part of this report.

AUDITORS

Supplementary Audit by C&AG

Comptroller and Auditor General of India vide their report dated 29.06.2018 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 2018.

Comments by CAG and management replies

(A) Balance Sheet

Equity and Liabilities

Non-Current Liabilities - Long terms provisions (Note 3.4)

Provision for Non-Performing Assets – Rs.137.01 lakh

The above head includes Rs.58.18 lakh being the amount of provision made for non-performing assets i.e. loan doubtful of recovery. The company entered into One Time Settlement with the related party during the year with settlement amount of Rs.67 lakh, out of which party had paid Rs.39 lakh before 31 March 2018. However, the provision for non-performing assets has not written back by the company for the equivalent amount received from the party during the year. This has resulted in overstatement of provision for non-performing assets by Rs.39 lakh and corresponding understatement of profit for the year by the same amount.

Management Reply:

The One Time Settlement (OTS) amount of Rs.67 lakh was not settled in full by the party. As on 31.03.2018, they have remitted Rs.39 lakh only. The provision for non-performing assets standing at Rs.58.18 lakh would be reversed during the current year i.e., 2018-19 on receipt of full and final settlement of the OTS amount. The OTS is expected to be completed during the current year.

(B) Notes to the Financial Statements

Significant Accounting Policies (Note 2)

Revenue recognition (Note 2.5) - Income on Loan Transaction

The company recognized income from upfront / processing fees collected from the customer for processing loans for appraisal, disbursement, monitoring of the project till the end, on cash basis. The recognition of income from upfront / processing fees on cash basis is against the fundamental accounting assumption of accrual. The fact that income form upfront / processing fees collected is recognized on cash basis should have been disclosed in significant accounting policies in pursuance of Para 27 of Accounting Standard -I which requires disclosure in case a fundamental accounting assumption is not followed.

Management Reply:

It is charged upfront and collected as advance fee before the disbursement of loan and the same is recognised on cash basis only and not on accrual basis. Since, upfront fee is on cash basis, no specific disclosure to that effect was made in the notes to financial statements.

Statutory Audit

In pursuance of Section 139 of the Companies Act, 2013, the Comptroller & Auditor General of India had appointed M/s. V. Senthilnathan & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company for the financial year 2017-18.

Qualified Opinion of Auditor in Report on Internal Financial Controls

The Company did not have an appropriate internal control system relating to Legal Compliance of Various RBI and other Provisions Applicable to the Company as said in our Notes No 2.18 to the Financial Statements which could potentially result in impact on financials resulting from Penal Provisions if any recoverability, impact of classification / reclassification of NBFC category for filing of returns, computation of capital adequacy ratio etc. of the company and also Relating to Advance and credit evaluation and sanction of Advances to the customer based on the documents available as referred to our notes no 2.11 (vi) and 2.17, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and becoming NPA affecting financial position of the company.

Management Reply to the Auditors' Qualification

The company had already obtained an opinion from the Law Department of NABARD that NABKISAN is not covered under the definition of Multiple NBFCs as given in the RBI Master Direction DNBR.PD.007/03.10.119 /2016-17 dated 01.09.2016 for the reason that NABKISAN and other NBFCs, in which NABARD has an equity are not floated by common set of promoters and floated by different promoters and as such the subsidiaries should be viewed as stand-alone entities. Hence, filing of returns applicable to systemically important NBFCs as said in Note 2.18 to the financial statements does not arise.

Note 2.11 (vi) – ESAF Microfinance and Investments Private Limited and Disha Microfin Pvt. Ltd. to whom NABKISAN has sanctioned term loans were converted into small finance banks after obtaining necessary approval and registration from Reserve Bank of India. In terms of RBI guidelines on SFBs, grand fathering of loans will be permitted till maturity, subject to imposition of additional capital charge to protect the interests of the depositors and SFBs have to maintain CRR and SLR on its borrowings from the day of operations which further increases the cost of the borrowings. In order to comply with the regulatory guidelines and to keep the cost of funds under control, ESAF Microfinance and Investments Private Limited and Disha Microfin Pvt. Ltd. have requested for conversion of existing facility into an unsecured debt. Based on their request and with the approval of the Board of Directors, the loans sanctioned to them were converted into unsecured debt.

Note 2.17 – The minor lapses in documentation noticed by the Auditors' in few cases of loan sanction relates to obtaining utilization certificate, audited financial statements, quarterly MIS reports, copies of insurance documents, copy of IT returns filed, monthly stock statements etc., and the same were noted for compliance.

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 2017-18 and her report is annexed to this Board report vide Annexure IV.

The Secretarial Auditor has also made emphasis of matter on the issues mentioned by the Statutory Auditor, in her report and the management replies are the same as furnished above.

Internal Audit

M/s. Jagadeesh Keerthy & Sarayu, Chartered Accountants, Chennai were appointed as your Company's Internal Auditors for the financial year 2017-18. The reports of the internal auditors were placed before the Audit Committee at their meetings at regular intervals.

CORPORATE GOVERNANCE**Board & Committees****Directors & Key Managerial Personnel and changes during the year**

Shri. R. Amalorpavanathan	Deputy Managing Director, NABARD HO, Mumbai
Chairman cum Nominee Director	
Dr. P.M. Ghole	Chief General Manager - NABARD HO, Mumbai
Nominee Director	
Smt. Padma Raghunathan	Chief General Manager, NABARD TNRO, Chennai
Nominee Director	

Shri. R. Manimaran Nominee Director	GM, Indian Bank, Chennai
Shri. M. Arvind, IAS Nominee Director	Dep. Secretary to Govt., (Budget), Finance Dept., Chennai
Shri. Ashis Mondal Independent Director	Director & Managing Trustee, ASA, Bhopal
Shri. Sunil Haribhau Pote Independent Director	President, Yuva Mitra, Nashik
Shri. Vijay Sardana Independent Director	Member, Commodity Derivatives Advisory Committee, Securities and Exchange Board of India (SEBI), Govt. of India, Mumbai
Shri. Ashok Kumar Yadav Independent Director	Retired IAS Officer
Shri. Satyajit Dwivedi	Managing Director & CEO, NKFL

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

- Smt. Padma Raghunathan, Chief General Manager, NABARD TNRO was appointed as Nominee Director in place of Shri. Syed Nagoor Ali Jinnah, CGM, NABARD TNRO w.e.f 18.04.2018.
- Shri. M. Arvind, IAS, Deputy Secretary to Govt. (Budget), Finance Dept., Chennai was appointed as Nominee Director in place of Dr. R. Anandakumar, IAS, Additional Secretary to Government, Finance Department w.e.f. 25.01.2018.
- Shri. Vijay Sardana was appointed as Additional Director by the Board w.e.f. 25.01.2018 and as Independent Director at the Extra-Ordinary General Meeting held on 29.06.2018.
- Shri. Ashok Kumar Yadav was appointed as Additional Director by the Board w.e.f. 25.01.2018 and as Independent Director at the Extra-Ordinary General Meeting held on 29.06.2018.
- Shri. S. Dwivedi, Chief Executive Officer was appointed as Director cum Managing Director w.e.f. 25.04.2018.

Board Meetings held

The Board of directors met seven times during the year 2017-18 on 28th April 2017, 30th May 2017, 17th July 2017, 30th August 2017, 16th November 2017, 25th January 2018 and 20th March 2018.

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 2017-18 on 28th April 2017 and 25th September 2017.

The present committee consists of Shri. S. Dwivedi, Managing Director, Smt. Padma Raghunathan (Chairman), Shri. Sunil Pote, Independent Director and Shri. Ashis Mondal, Independent Director.

Declaration by 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 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 system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Employee Benefits

The company has voluntarily contributed 8.33% of Basic Pay to staff towards Public Provident Fund and providing Gratuity at half a month salary for each year of completed service, after completion of five years' service, though the provisions of Employee Provident Fund Act is not applicable to the employees of the company. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.

Future Outlook

The Board of Directors of the company has approved the following business plan of the company for the financial year 2018-19:

(Rs. in Lakhs)

S.No.	Activity	2018-19
1	Activity based lending through NGOs/ Trusts / Sec 8 Companies	2000
2	NBFCs	12000
3	Panchayat Level Federations (PLFs)	0.00
4	Micro Finance Institutions (MFIs)	8500
5	Farmers' Producer Organizations (FPOs)	
	<i>Direct Lending</i>	<i>6900</i>
	<i>On-lending</i>	<i>3000</i>
6	PACS as MSC	4600
7	Agri Corporates and Others*	1000
	Total	38000

The Company foresees significant scope for expansion of business in the Agri-corporate sectors 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 will also have to be 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.

Place : Chennai
Date :27.07.2018

**For and on behalf of the Board
For NABKISAN Finance Limited**

**Sd/-
Satyajit Dwivedi
Managing Director**

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 arms length transaction under third proviso thereto.

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

Sl. 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

Sl. 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.371,33,80,995/-
e)	Date of approval by the Board	25/04/2018
f)	Amount paid as advances, if any	-----

Sd/-
Satyajit Dwivedi
 Managing Director

ANNEXURE - II

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

i	CIN	U65191TN1997PLC037525
ii	Registration Date	14-02-1997
iii	Name of the Company	NABKISAN FINANCE LIMITED
iv	Category/Sub-category of the Company	PUBLIC COMPANY
v	Address of the Registered office & contact details	GROUND FLOOR, NABARD TNRO BUILDING, NO.48, MAHATMA GANDHI ROAD, NUNGAMBAKKAM, CHENNAI - 600 034
vi	Whether listed company	NO
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	—

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL.No	Name & Description of main products /services	NIC Code of the Product /service	% to total turnover of the company
1	Lending to agriculture and allied activities as also Rural Off-farm activities	801	100

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SL.No	Name & Address of the Company	CIN/ GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	NA	HOLDING	80.84	2 (87)

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Categorywise shareholding

Category of Shareholders	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	-	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-	-
d) Bank/FI	31110000	15556700	46666700	80.84	31110000	15556700	46666700	80.84	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (A) (1)	31110000	15556700	46666700	80.84	31110000	15556700	46666700	80.84	-	-
(2) Foreign										
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (A) (2)	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	31110000	15556700	46666700	80.84	31110000	15556700	46666700	80.84	-	-
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Bank/FI	3034400	2580000	5614400	9.73	3034400	2580000	5614400	9.73	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt	-	5400000	5400000	9.35	-	5400000	5400000	9.35	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (B) (1)	3034400	7980000	11014400	19.08	3034400	7980000	11014400	19.08	-	-
(2) Non Institutions										
a) Bodies Corporates										
i) Indian	-	15700	15700	0.03	-	15700	15700	0.03	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals										
i) Individuals shareholders holding nominal share capital in upto of Rs.1 lakhs	-	27550	27550	0.05	-	27550	27550	0.05	-	-
ii) Individuals shareholders holding nominal share capital in excess of Rs.1 lakhs	-	-	-	-	-	-	-	-	-	-
c) Other (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL : (B) (2)	-	43250	43250	0.08	-	43250	43250	0.08	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	3034400	8023250	11057650	19.16	3034400	8023250	11057650	19.16	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	34144400	23579950	57724350	100.00	34144400	23579950	57724350	100.00	-	-

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholders at the beginning of the year			Shareholders at the end of the year			% change in Shareholders during the year
		NO of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	4,66,66,700	80.84	-	4,66,66,700	80.84	-	-

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No	Top 10 Shareholders	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	No Change			
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
3	At the end of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	Top 10 Shareholders	Share holding at the beginning of the Year		Shareholding at the end of the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	4,66,66,700	80.84	4,66,66,700	80.84
2	GOVT. OF TAMILNADU	54,00,000	9.35	54,00,000	9.35
3	INDIAN BANK	30,00,000	5.20	30,00,000	5.20
4	CANARA BANK	10,34,400	1.79	10,34,400	1.79
5	INDIAN OVERSEAS BANK	3,80,000	0.66	3,80,000	0.66
6	LAKSHMI VILAS BANK	2,50,000	0.43	2,50,000	0.43
7	FEDERAL BANK LTD.	2,50,000	0.43	2,50,000	0.43
8	ICICI BANK LTD.	2,00,000	0.35	2,00,000	0.35
9	TAMILNAD MERCANTILE BANK	5,00,000	0.87	5,00,000	0.87
10	PGP EDUCATIONAL AND WELFARE SOCIETY	10,000	0.02	10,000	0.02

(v) Shareholding of Directors & KMP

NIL

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	2,37,93,53,332	-	2,37,93,53,332
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2,35,22,275	-	2,35,22,275
Total (i+ii+iii)	-	2,40,28,75,607	-	2,40,28,75,607
Change in Indebtedness during the financial year				
Additions	-	2,50,19,59,000	-	2,50,19,59,000
Reduction	-	1,16,79,31,337	-	1,16,79,31,337
Net Change	-	1,33,40,27,663	-	1,33,40,27,663
Indebtedness at the end of the financial year				
i) Principal Amount	-	3,71,33,80,995	-	3,71,33,80,995
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	4,57,64,566	-	4,57,64,566
Total (i+ii+iii)	-	3,75,91,45,561	-	3,75,91,45,561

(vi) Remuneration of Directors and Key Managerial Personnel**A. Remuneration to Managing Director, Whole time director and/or Manager: Nil**

Sl.No.	Particulars of Remuneration	Name of the MD /WTD/Manager	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2.	Stock option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	as % of profit		
	others (specify)		
5.	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	-	-

B. Remuneration to other directors:

Sl.No.	Particulars of Remuneration	Name of the Directors	Total Amount
1.	Gross salary		
	Independent Directors	-	-
	(a) Fee for attending board committee meetings	-	-
	Board Meeting	Shri.Ashis Mondal	60,000
		Shri.Sunil Pote	50,000
		Shri.Pravesh Sharma	20,000
	Committee Meeting	Shri.Ashis Mondal	10,000
		Shri.Sunil Pote	5,000
		Shri.Pravesh Sharma	Nil
	(b) Commission	-	-
	(c) Others, please specify	-	-
	Director Remuneration		
	Director Remuneration		
	Total (1)	-	1,45,000
2.	Other Non Executive Directors		
	(a) Fee for attending	-	-
	Board Meeting	Shri.Ashok Kumar Yadav	10,000
		Shri.Vijay Sardana	10,000
	(b) Commission	-	-
	(c) Others, please specify.	-	-
	Total (2)	-	20,000
	Total (B)=(1+2)	-	1,65,000
	Total Managerial Remuneration	-	1,65,000

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sl.No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	8,06,733	-	8,06,733
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5.	Others, please specify professional charges	64,36,797	-	6,58,178	70,94,975
	Total	64,36,797	8,06,733	6,58,178	79,01,708

(vii) **Penalties/Punishment/Compounding of Offences (Under the companies Act) - None**

ANNEXURE - III

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 in 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:

- Smt.Padma Raghunathan, Director
- Shri.Satyajit Dwivedi, Managing Director
- Shri Ashis Mondal, Independent Director and
- Shri Sunil Pote, Independent Director

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

Particulars	Amount (In Rs.)
Profits/Loss before Tax for the FY 2014-15	4,09,01,367/-
Profits/(Loss) before Tax for the FY 2015-16	8,62,01,087/-
Profits/Loss before Tax for the FY 2016-17	11,81,14,430/-
Total Profits for 3 years	24,52,16,884/-
Average of the Above profits	8,17,38,961/-

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

2% of average profit – Rs.16,34,779/-

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year - Rs. 16,34,779/-. Total amount spent for the financial year - Rs.10,81,000/-

(b) Amount unspent, if any: Rs.5,53,779/-

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

Payment made to Federation of Indian Chambers of Commerce and Industry (FICCI) towards contribution to Agriculture Policy Forum 2017 – Rs.1,00,000/-.

Payment made to 63Moons towards web portal development charges which will act as knowledge-sharing platform for Farmer Producer Organisations (FPOs) – Rs.9,81,000/-.

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:**

NABKISAN conducts business in a socially responsible manner. CSR initiatives are on the focus areas approved by the Board benefitting the community. While few suggestions for coverage under CSR were discussed, these could not be firmed up for support under CSR funds of NABKISAN. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. Moving forward, the Company will endeavour to spend the entire amount on CSR activities in accordance with the statutory requirements.

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/-
Shri. Satyajit Dwivedi
Managing Director

Sd/-
Smt. Padma Raghunathan
Director

Place : Chennai
Date :27.07.2018

Sd/-
Shri. Sunil Pote
Independent Director

Sd/-
Shri.Ashis Mondal
Independent Director

ANNEXURE - IV**Form No.MR-3****SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[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 of 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 31.03.2018 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 31.03.2018 according to the provisions of :

- (I) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Secretarial standards (SS-1, SS-2) 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 80.84% of the shares of NABKISAN Finance Limited as on 31.03.2018) 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 during the audit period

In the Annexure B to Independent Auditors Report (Report on the Internal Financial Controls) of NABKISAN Finance Limited dated 30.05.2018, qualification has been made on the following issues:

- i. No appropriate internal control system relating to legal compliance of various RBI and other provisions applicable to the company which could result in penal provisions if any recoverability, impact of classification of NBFC category for filing of returns, computation of capital adequacy ratio
- ii. Relating to advance and credit evaluation and sanction of advance to customers which could potentially result in company recognizing revenue without establishing reasonable certainty of ultimate collection and becoming NPA affecting financial position of the company.

The above have been addressed by the Directors in their report.

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 : 27.07.2018

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

To the Members of NABKISAN Finance Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Nabkisan Finance Limited, which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The C&AG Audit have pointed out subsequent to our completion of audit on 25.04.2018 that in Para 1 & 3 of Emphasis of matter and in para 2 & 3 of qualified opinions of Auditors report it was referred as 'our notes to Financial Statements' instead of 'Notes to Financial Statements' and in item No2(v) of the Report on other Legal and Regulatory Requirements, it was reported that' it is deemed Government company under the control of Comptroller and Auditors General of India' which is not correct. Hence, the Auditors report is revised to rectify the same.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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 31 March 2018 and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

1. We draw attention to Notes to the financial statements uncertainties relating to the outcome of the appeal filed relating to various cases, the impact of the same as on 31st march 2018 on the results cannot be determined pending ultimate outcome of the matter and no provision has been recognized in the financial statements as referred to notes No 2.19 to the Financial Statements.
2. We draw attention to note no 1.1 and note 2.18/1 under Statutory compliances relating to Non-Compliances of various provisions of RBI, Companies Act 2013, Income Tax Act 1962, GST and Service Tax etc, due to which various returns and disclosure requirements are applicable the financial impact is less but business may be affected due to penal and other consequences from the respective Authorities.
3. We draw attention to notes No.2.11/ (vi) and 2.17 with respect to Restructuring of Loans sanctioned to two borrowers and Loan documentations lapses pertaining to Advances Sanctioned to the borrowers finance impact may be on account of recoverability of amount from the borrower.

Our Opinion is not qualified in respect of above said matters.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") read with amendment made issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the order.
- 2 As required by Section 143(3) of the Act, with report that:
 - i 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;
 - ii. 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;
 - iii. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Accounting Standard Rules notified;
 - v. 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 Act 2013 with respect to disqualification of directors is not applied to the company.
 - vi. 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'; and
 - vii. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 read with Companies (Audit and Auditors) Amendment Rules, 2017, 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 various pending litigations on its financial position in the financial statements as referred to in Notes to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. **As required by Section 143 (5) of the Companies Act, 2013, we give in Annexure C, the report on the Directions issued by the Comptroller and Auditor General of India.**

For V. Senthilnathan & Co.,
Chartered Accountants,
(Firm Reg. No. 003711S)

Sd/-
(V. Senthilnathan)
Partner
(M. No. 024244)

Date : 30.05.2018

Place : Chennai

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that;

- (I) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of 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.
- (ii) Inventory is not applicable to the company since it is non banking company.
- (iii) In our opinion, no advances have been given to the parties listed in the register maintained under section 189 of the Companies Act, 2013 and hence the clause is not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loans to directors; hence the clause (iv) of the order is not applicable to the company.
- (v) The Company has not accepted any deposits from the public under Section 73 to 76 of the Companies Act, 2013.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the central government for the maintenance of cost Records under Section 148 (1) of the Companies Act, 2013 in respect of the Company's products to which the said rules are not applicable to the company.
- (vii) a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, GST, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;
- 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.
- c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, banks. Hence, the provisions of clause (ix) of the Companies (Auditors Report) Order, 2016 are not germane.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. 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 been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid for managerial remuneration to directors of the company, hence the clause (xi) of the order is not applicable to the company.

- (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) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (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 preferential allotment or private placement of shares during the year.
- (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 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 and registered under Section 45-1A of the Reserve Bank of India Act,1934 Vide No.IS B-07.00712

For V. Senthilnathan & Co.,
Chartered Accountants,
(Firm Reg. No. 003711S)

Sd/-
(V. Senthilnathan)
Partner
(M. No. 024244)

Date : 30.05.2018
Place : Chennai

Annexure - “B” to the Independent 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 NABKISAN Finance Limited as of 31 March 2018 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 safe guarding 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 control 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 were 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 controls based on the assessed risk. The procedures selected depend on the auditor’s judgment, 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.

Meaning of Internal Financial Control over Financial Reporting

A Company’s internal financial control over financial reporting 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 unauthorized 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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error of 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the material weakness/es have been identified as at March 31, 2018:

The Company did not have an appropriate internal control system relating to Legal Compliance of Various RBI and other Provisions Applicable to the Company as said in our Notes No 2.18 To the Financial Statements which could potentially result in impact on financials resulting from Penal Provisions if any recoverability, impact of classification / reclassification of NBFC category for filing of returns, computation of capital adequacy ratio etc of the company and

Also Relating to Advance and credit evaluation and sanction of Advances to the customer based on the documents available as referred to our notes no 2.11 (vi) and 2.17, which could potentially result in the Company recognizing revenue without establishing reasonable certainty of ultimate collection and becoming NPA affecting financial position of the company.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis

In our opinion, except for the effects/possible effects of the material weakness/es described above on the achievement of the objectives of the control criteria, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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.

We have considered the material weakness identified and reported above in determining the nature timing and extent of audit tests applied in our audit of the standalone financial statements of the company as at and for the year ended 31st March 2018 and the material weakness has affected our opinion on the standalone financial statements of the company and we have issued a qualified opinion on the standalone financial statements.

For V. Senthilnathan & Co.,
Chartered Accountants,
(Firm Reg. No. 003711S)

Sd/-
(V. Senthilnathan)
Partner
(M. No. 024244)

Date : 30.05.2018
Place : Chennai

Annexure C to Independent Auditor's Report

Comments in regard to the directions and sub directions issued by the Comptroller and Auditor General of India:

Directions under sections 143(5) of Companies Act, 2013

S.No.	Directions	Remarks
1	Are proper Records maintained for the land in possession of the Company / Corporation giving full particulars of quantitative details and locations? Is the Company having clear title of the entire land in its possession and suitable documentary evidence available with the management?	Not applicable
2	Please report whether there any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	Nil
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift from govt. or other authorities.	Not applicable as the company does not have any inventories

For V. Senthilnathan & Co.,
Chartered Accountants,
(Firm Reg. No. 003711S)

Sd/-
(V. Senthilnathan)
Partner
(M. No. 024244)

Date : 30.05.2018
Place : Chennai

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 2018.

The preparation of financial statements of NABKISAN FINANCE LIMITED for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor/Auditors appointed by the Comptroller and Auditor General of India 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 **30.05.2018**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of **NABKISAN FINANCE LIMITED**, for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

A. Balance Sheet**Equity and Liabilities****Non-Current Liabilities - Long term Provisions (Note 3.4)****Provision for Non-Performing Assets ₹ 137.01 Lakh**

The above head includes ₹ 58.18 Lakh being the amount of provision made for non-performing assets i.e. loan doubtful of recovery. The company entered into one time settlement with the related party during the year with settlement amount of ₹ 67 Lakh, out of which party had paid ₹ 39 Lakh before 31 March 2018. However, the provision for non-performing assets has not written back by the company for the equivalent amount received from the party during the year. This has resulted in overstatement of provision for non-performing assets by ₹ 39 Lakh and corresponding understatement of profit for the year by the same amount.

B. Notes to the Financial Statements**Significant Accounting Policies (Note 2)****Revenue Recognition (Note 2.5) - Income on Loan Transaction**

The company recognized income from upfront / processing fees collected from the customer for processing loans for appraisal, disbursement, monitoring of the project till the end, on cash basis. The recognition of income from upfront / processing fees on cash basis is against the fundamental accounting assumption of accrual. The fact that income from upfront / processing fees collected is recognized on cash basis should have been disclosed in significant accounting policies in pursuance of Para 27 of Accounting Standard - 1 which requires disclosure in case a fundamental accounting assumption is not followed.

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

Sd/-

(L. Siddhartha Singh)

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

Date : 29.06.2018

Place : New Delhi

Balance Sheet as at March 31, 2018

Particulars	Note Ref	As at March 31, 2018 ₹	As at March 31, 2017 ₹
I EQUITY AND LIABILITIES			
1) Share Holders' Funds			
Share Capital	3.1	57,72,43,500	57,72,43,500
Reserves & Surplus	3.2	30,65,98,271	20,44,72,298
2) Non-current Liabilities			
Long-term borrowings	3.3	2,29,23,18,404	1,67,85,26,662
Long term provisions	3.4	2,54,52,857	1,42,32,559
3) Current Liabilities			
Other current liabilities	3.5	1,46,89,01,535	72,47,00,045
Short-term provisions	3.6	6,35,35,507	4,55,87,131
Total		4,73,40,50,074	3,24,47,62,195
II ASSETS			
1) Non-current Assets			
Fixed Assets			
- Tangible Assets	3.7	1,68,297	3,21,123
- Intangible Assets		6,73,090	888
Non Current Investments	3.8	96,64,500	96,64,500
Long term loans and advances	3.9	2,47,34,26,042	1,79,00,73,777
Deferred tax asset (net)	3.10	1,25,691	(3,953)
Other non current assets	3.11	8,67,44,804	5,37,68,551
2) Current Assets			
Cash And Cash Equivalents	3.12	9,91,52,217	9,20,60,294
Short term loans and advances	3.13	2,05,64,50,559	1,29,28,42,798
Other Current Assets	3.14	76,44,874	60,34,217
Total		4,73,40,50,074	3,24,47,62,195

Significant Accounting Policies and Notes to accounts 1 to 2

The notes referred to above form integral part of Financial Statements and Previous Years Figures are Regrouped wherever necessary.

Vide report of even date

for V Senthilnathan & Co

Chartered Accountants
Firm Reg No.003711S

Sd/-
V Senthilnathan
Partner

M.No. 024244
Delhi, 25.04.2018

For NABKISAN Finance Limited

Sd/-
R.Amalorpavanathan
Chairman

Sd/-
S. Dwivedi
Chief Executive Officer

Sd/-
Dr. P.M. Ghole
Director

Sd/-
Dr. K.S. Mahesh
Chief Financial Officer

Sd/-
Ashis Mondal
Independent Director

Sd/-
M. Bhuvanewari
Company Secretary

Schedule to the Balance Sheet
(as required in terms of Paragraph 9BB of Non-Banking Financial Companies
Prudential Norms (Reserve Bank) Directions, 1998)

Particulars		(Rs. in Lakhs)	
LIABILITIES SIDE		Amount Outstanding	Amount Overdue
(1)	Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid: (a) Debentures Secured Unsecured (other than falling within the meaning of public deposits*) (b) Deferred Credits (c) Term Loans (d) Inter-Corporate loans and borrowing (e) Commercial Paper (f) Public Deposits * (g) Other Loans (Un-secured loan - Refinance & Interim Finance from NABARD)	-	-
		-	-
		-	-
		-	-
		-	-
		37133.81	-
(2)	Break-up of (1) (f) above (Outstanding public deposits inclusive of Interest accrued thereon but not paid): (a) In the form of Unsecured debentures (b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security (c) Other public deposits	-	-
		-	-
		-	-
	Assets side:	Amount Outstanding	
(3)	Break up of Loans and Advances including bills receivables (other than those included in (4) below): (a) Secured (b) Unsecured	44336.94	958.03
(4)	Breakup of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities (i) Lease Assets including lease rentals under sundry debtors: (a) Financial Lease (b) Operating Lease (ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets (iii) Hypothecation loans counting towards EL/HP activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	-	-
		-	-
		-	-

Schedule to the Balance Sheet
(as required in terms of Paragraph 9BB of Non-Banking Financial Companies
Prudential Norms (Reserve Bank) Directions, 1998)

Particulars		(Rs. in Lakhs)
	Assets side:	Amount Outstanding
(5)	<p><u>Break-up of investments :</u> <u>Current investments :</u> <u>1. Quoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)</p>	-
	<p><u>2. Unquoted:</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify) - Fixed Deposit with Banks</p>	350.00
	<p><u>Long Term Investments:</u> <u>1. Quoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)</p> <p><u>2. Unquoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)</p>	96.64

Schedule to the Balance Sheet
(as required in terms of Paragraph 9BB of Non-Banking Financial Companies
Prudential Norms (Reserve Bank) Directions, 1998)

(Rs. in Lakhs)

Borrower Group-wise classification of all leased assets, stock-on-hire and loans and advances:				
	Category	Amount net of provisions		
		Secured	Unsecured	Total
(6)	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	-	-	-
	2. Other than related parties	45157.97	-	45157.97
	Total	45157.97	-	45157.97
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :			
	Category	Market Value / Break up or fair value or NAV		Book Value (Net) or Provisions)
	1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	217.81	-	217.81
	2. Other than related parties	-	-	-
	Total	217.81	-	217.81
	Particulars			Amount
(8)	Other Information			
	(i) Gross Non-Performing Assets			
	(a) Related parties			-
	(b) Other than related parties			500.47
	(ii) Net Non-Performing Assets			
	(a) Related parties			-
	(b) Other than related parties			363.75
	(iii) Assets acquired in satisfaction of debt			-
Vide our report of even date		For and on behalf of the Board of Directors		
for V Senthilnathan & Co		Sd/-	Sd/-	
Chartered Accountants		R. Amalorpavanathan	Dr.P.M. Ghole	
Firm Reg No.003711S		Chairman	Director	
Sd/-		Sd/-	Sd/-	
V Senthilnathan		Ashis Mondal	S.Dwivedi	
Partner		Independent Director	Chief Executive Officer	
M.No. 024244		Sd/-	Sd/-	
Delhi, 25.04.2018		Dr.K.S. Mahesh	M. Bhuvaneshwari	
		Chief Financial Officer	Company Secretary	

Statement of Profit and Loss for the Year Ended March 31, 2018

Particulars	Note Ref	For the year ended March 31, 2018 ₹	For the year ended March 31, 2017 ₹
I INCOME			
Revenue from Operations	4.1	46,47,76,815	22,11,15,158
Other Income	4.2	51,72,931	1,38,19,675
Total A		46,99,49,746	23,49,34,833
II EXPENDITURE			
Finance Cost	4.3	24,44,93,852	9,68,10,827
Employee Benefits Expenses	4.4	63,23,790	34,06,984
General & Administrative Expenses	4.5	1,75,94,558	89,01,783
Provisions & Contingencies	4.6	79,25,147	75,46,215
Depreciation	3.7	7,63,688	1,54,594
Total B		27,71,01,035	11,68,20,403
III Profit before exceptional and extraordinary items and tax (I -II)		19,28,48,711	11,81,14,430
IV Extraordinary items		-	-
V Profit / (Loss) before Taxation		19,28,48,711	11,81,14,430
VI Tax Expenses			
- Earlier Tax		-	(1,63,636)
- Current Tax		5,73,49,120	4,09,20,000
- Deferred Tax		(1,29,644)	3,967
VII Profit / (Loss) after Tax		13,56,29,235	7,73,54,099
VIII Earning per Equity Share:			
Basic & Diluted	2.14	2.35	1.39
Significant Accounting Policies and Notes to accounts 1 to 2			
The notes referred to above form integral part of Financial Statements and Previous Years Figures are Regrouped wherever necessary.			
Vide report of even date			
For NABKISAN Finance Limited			
for V Senthilnathan & Co Chartered Accountants Firm Reg No.003711S	Sd/- R. Amalorpavanathan Chairman	Sd/- Dr.P.M. Ghole Director	
Sd/- V Senthilnathan Partner M.No. 024244 Delhi, 25.04.2018	Sd/- Ashis Mondal Independent Director	Sd/- S.Dwivedi Chief Executive Officer	
	Sd/- Dr.K.S. Mahesh Chief Financial Officer	Sd/- M. Bhuvanewari Company Secretary	

Notes to the financial statements for the year ended March 31, 2018
(All amounts in Indian Rupees, unless otherwise stated)

Note 1:**1.1 Company Overview**

Agri Development Finance (Tamilnadu) ('ADFT' or 'the Company') was incorporated in India on Feb 14, 1997 as a public limited non government company. The Company commenced its operations on April 16, 1997. The name of the company was changed to 'NABKISAN Finance Limited' (NKFL) w.e.f. 18.09.2014, to expand its area of operation on a Pan India basis.

The company is a Non-Banking Finance Company not accepting public deposit and engaged in the business of providing financial assistance to Producer Organisations, Agriculture and Allied Activities to individual / companies and also through PLFs/Trusts/Societies etc.

The Major Shareholder holding a controlling Interest of 80.84% in the company being NABARD which is an apex development bank and constituted in the form of statutory body by the Government of India for coordinating, monitoring rural development banks etc. Hence, Nabkisan was accordingly registered as a Non government Company under the companies act 1956 since it did not satisfy the condition as per provisions of section 2(45) of the companies act 2013 relating to definition of Government Company. Accordingly, all the provision of various acts as applicable to a Non government company shall apply for the preparation and presentation of financial statements.

As per Section 2(45) of the Companies act 2013, Government Company means any company in which not less than fifty one per cent. of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company;

As per the RBI Master Direction 2016 dated 01st September 2016(updated on 23.02.2018), if the advances size of the corporate group along with the Associates of the company exceeds the prescribed limit, it will be classified as a Systemically Important Non Banking Company. Hence, the Company is a Non-Banking Systemically Important Finance Company and not accepting public deposit and engaged in the business of providing financial assistance to producer organizations, agriculture & allied activities to companies and also through PLFs/Trusts/Societies, etc.

The Management explains that the application of the RBI circular and directions 2016 dated 01.09.2016 did not apply to them for the reason that NABKISAN and other NBFCs in which NABARD has an equity, are not floated by common set of promoters and floated by different promoters and therefore the subsidiaries should be seen as a stand-alone entity.

1.2 Operational Outlook

The Company being a holder of the CoR granted by RBI u/s 45-IA of the RBI Act, 1934 is bound to and has complied with circular DNBS (PD) C.C. No.79/03.05.002/2006-07 dated Sept 21, 2006 regarding percentage of financial income to total income and financial asset to total asset at more than 50%. The Company's financial income is 98.90% of the gross income and its financial asset (loan asset) is 95.68% of the total assets.

As the company is a NBFC having standalone network below Rs 250 crores, adoption and preparation of financial statements in accordance with the Indian Accounting Standard does not arise to the company, however since the company is subsidiary of the NABARD being term lending institution, they are liable to prepare and adopt the IND AS accounting mandatorily from 01st April 2018 onwards and comparative information as on 31.03.2018, accordingly same shall be complied by the company in the year of first adoption applicable to NABARD. Hence, the company during the year has adopted Accounting Standards specified in companies accounting standard amendment rules 2016.

Notes to the financial statements for the year ended March 31, 2018
(All amounts in Indian Rupees, unless otherwise stated)

Note 2: Significant Accounting Policies**2.1 Basis for preparation of Financial Statements**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. Further, the Company follows the RBI Master Direction 2016 dated 01st September 2016 (updated on 23.02.2018) issued for Non-Banking Financial Companies (NBFC). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set-out in Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the cash outflow and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

2.2 Use of Estimates:

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

2.3 Fixed Assets and Depreciation

- (i) Fixed Assets are carried at historical cost less accumulated depreciation. Cost of acquisition is inclusive of installation and other incidental expenses directly attributable to the asset till it is put to use including dismantling costs arrived based on estimated value in accordance with Accounting Standard -10 Property, Plant & Equipment.
- (ii) Depreciation on fixed assets is provided on a pro-rata basis with reference to the date of addition and the Written Down Value Method in accordance with Schedule II to the Companies Act, 2013.
- (iii) Pursuant to the requirement under schedule II to the Companies Act 2013 the company identified components (significant parts) of the main asset having different useful lives as compared to the main assets and determines cost of components significant to the total cost of the asset having useful life that is materially different from that of the remaining life. However, the management opines that the difference between the depreciation amount calculated on component basis and that being charged presently in the accounts does not have any material impact on the profit of the company and hence not recognized in the financial statements.
- (iv) As per the Management of the company acquisition of software for managing the transaction and operations of the company is less than 10 years and has been amortized over the said period in accordance with the Accounting Standard 28- Intangible Assets.

Notes to the financial statements for the year ended March 31, 2018
(All amounts in Indian Rupees, unless otherwise stated)

2.4 Investments

The long term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. The long term investment of the company is in Bhavishya Nirman Bonds. The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value Rs.20,000/-each) bought at discounted value of Rs.96,64,500/-, maturing between July 2018 and October 2018. The maturity value of the same is Rs.2,27,40,000/- at 10 years. In the absence of information on quotation, the bonds are valued at cost.

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

2.5 Revenue Recognition

Income on Loan Transaction

Income on loan transactions is accounted on net outstanding amount and rate of interest that is accrued during the financial year, except that no income is recognised on non-performing assets as per the prudential norms for income recognition issued by the RBI Master Direction 2016 dated 01st September 2016(updated on 23.02.2018). Interest income on such assets is recognised on receipt basis. Income not recognized by the company in respect of Non Performing Assets upto 31st March 2018 and not considered in the accounts is Rs.12,72,441/- (Previous year Rs.2,60,997/-).

Upfront / processing fees collected from the customer for processing loans are for appraisal, disbursement, monitoring of the project till the end of the account.

Income from current and long term investment

Interest income on Bhavishya Nirman bonds and fixed deposits with banks are accounted / recognized on accrual basis.

2.6 Employee Benefits

The company has voluntarily contributed 8.33% on Basic Pay to staff towards Public Provident Fund though the provisions of Employee Provident Fund Act are not applicable to the employees of the company. Provision for Gratuity of staff is computed and provided in accordance with para 52 of Accounting Standard – 15.

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

The company is yet to devise a suitable plan for gratuity of employees of the company.

All employee benefits payable wholly within twelve months of rendering the service including performance incentives and compensated absences are classified as short term employee benefits. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are charged off to the Statement of Profit and Loss. The employee benefits which are not expected to occur within twelve months are classified as long term benefits and are recognised as liability at the net present value.

2.7 Re-finance from NABARD

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

The “Refinance” arrangements are unsecured in nature and there was no default in repayment of loan installments and also interest. The following are the repayment terms:

Sl.No.	Rate of Interest	Out-standing no. of installments	Amount (Rs.)
1.	7.20%	70	71,93,21,000
2.	7.90%	45	64,25,80,000
3.	7.65%	38	58,87,50,000
4.	8.35%	24	16,91,46,669
5.	8.50%	15	16,42,49,997
6.	8.00%	79	1,02,42,99,997
7.	8.25%	2	1,68,33,332
8.	8.20%	22	38,82,00,000
		Total	3,71,33,80,995

The current maturities (payable within the period of 12 months) of “Refinance” commitments, are classified as Current Liabilities amounting to Rs.1,42,10,62,591 and the remaining commitments are classified under Long term borrowing amounting to Rs.2,29,23,18,404 (Note Ref 3.5& 3.3).

2.8 Taxation

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Current tax is the amount of tax payable on taxable income as per provisions of the Income Tax Act 1961.

The company voluntarily adopted AS 22 in the financial statements. Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The Provision made for Current Income Tax in the financial statements by the company are made at best estimate basis without considering the Impact of Income Computation & Disclosure Standards notified under the Income Tax Act for the computation of profits and gains of business or profession of the company due to which profits of the company are either understated or overstated to the extent of impact in the financial statements. But the management of the company claims that the taxation review will be done by their tax consultants and accordingly proper norms for tax computation will be adhered to by the company.

2.9 Impairment of Assets

At each Balance Sheet date, the Company reviews whether there is any indication of impairment of assets. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

Recoverable amount of the asset is the higher of an asset's net selling price and value in use. In assessing the value in use, the estimated future cash flow expected from continuing use of the asset and from its disposal is discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risk specific to the asset.

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased above the lower of recoverable amount and the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

The company during the year has recognized the Impairment loss pertaining to Tally Software amounting to Rs 888/- in the financial statements.

2.10 Business Segment

There are no separate reportable segments as per accounting standard AS 17- "Segment Reporting" and consist mainly of "Financing Activity". The "Financing Activity" segment consists of asset financing, term loans, others etc.

2.11 Provisions and Contingencies

- (i) Provisions for Standard / Non Performing Assets and Doubtful Debts- The Company provides an allowance for loan receivables based on the prudential norms issued by the RBI Master Direction 2016 dated 01st September 2016(updated on 23.02.2018) for NBFC relating to income recognition, asset classification and provisioning for non-performing assets.
- (ii) Non-Performing Assets(NPAs) are identified and categorised according to the directions issued by the Reserve Bank of India (RBI). The company has made a provision of Rs.43,36,194/- (Previous Year Rs.28,11,776/-).Provisions are made against Sub-standard and doubtful assets at the rates prescribed in the RBI Guidelines.
- (iii) Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.
- (iv) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company's loans are considered as secured as the Company has valid recourse to assets / recovery by:
 - a. equitable mortgage of property and/or
 - b. hypothecation of assets and/or
 - c. company guarantees supported by assets and/or
 - d. decrual debts where Courts have attached property.
- (v) Provision for Standard Assets is made at 0.25% of the outstanding standard assets based on RBI Master Direction 2016 dated 01st September 2016(updated on 23.02.2018).
- (vi) **RESTRUCTURING OF LOANS**

During the Financial Year, the company has restructured two loans relating to the security of assets part pledged with the company as the borrower to whom loan was sanctioned as NBFC company for on lending to other persons acted ultravires the loan agreement by converting the NBFC status to a small finance bank by obtaining due approvals and registration from RBI, due to which charges created by the borrower with the ROC for the assets pledged was released by entering into agreement with the company and the loans to them became unsecured to the extent of amount outstanding in the case of following two borrowers:

- a. ESAF Microfinance and Investments Private Limited
- b. Disha Microfin Pvt Ltd

2.12 Cash Flow Statements

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

2.13 Related Party Transaction

National Bank for Agriculture and Rural Development (NABARD) is the holding company with 80.84% of the paid up equity capital of the company. The following payments have been made / payable by the company to NABARD for the staff deputed/posted during the financial year 2017-18.

Particulars	Amount in Rs.	
	2017-2018	2016-2017
Office Rent (including Property & Sewage Tax etc)	1,65,148	1,62,066
Professional Charges for staff deputed/posted	1,08,82,296	41,76,609
Total	1,10,47,444	43,38,675

The professional charges include 100 % of expenses towards deputation of CEO, NABKISAN and 20 % of pay and allowances and other payments made to officers/staff posted to NABKISAN.

Unsecured Loan

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

Particulars	Amount in Rs.	
	2017-2018	2016-2017
Opening Balance	2,37,93,53,332	72,60,76,107
Loan received during the year	2,50,19,59,000	2,11,63,70,000
Loan repaid during the year	1,16,79,31,337	46,30,92,775
Closing Balance	3,71,33,80,995	2,37,93,53,332
Interest paid/payable on above	24,44,93,852	9,68,10,827

2.14 Earnings per Share

Basic/Diluted earnings per share is calculated by dividing the net profit/loss for the year attributable to equity shareholders (after deducting attributable taxes) by the number of equity shares outstanding as at the end of the year. As there were no shares considered as dilutive, same denominator as applicable for Basic EPS has been used for computing the dilutive Earnings Per Share.

Particulars	Amount in Rs.	
	2017-2018	2016-2017
(A) Profit for the year after taxation (in Rupees)	13,56,29,235	7,73,54,099
(B) Number of equity shares of face value of Rs.10/- (in numbers).	5,77,24,350	5,77,24,350
(C) Basic & Diluted earnings per share (A/B) (in Rs.)	2.35	1.39

2.15 The following is the Movement of NPA as on 31.03.2018:

Particulars	31.03.2018 Rs. in Lakh	31.03.2017 Rs. in Lakh
Opening balance of NPA	383.54	135.38
Add: NPA Addition During the Year	242.58	290.12
Less: NPA Collection during the Year	125.65	41.97
Closing balance of NPA	500.47	383.54

2.16 Provisions:

Provisions are recognised when there is present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which reliable estimate can be made on the amount of the obligation.

Contingent liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

Contingent Assets: A contingent asset is neither recognised nor disclosed in the Financial Statements.

2.17 The Company during the Year has sanctioned advances in the form of loan to the tune of Rs.31623.06 lakh to various institutions, Farmer Producer Organisation and other corporate etc. There were minor lapses in documentation of the advances given to borrower which were noticed in few cases, accordingly have been communicated to the Company and the same is yet to be resolved by the company at their end.

2.18 STATUTORY COMPLIANCE

The following regulation and provisions of various acts as applicable to the company is yet to be adhered by the company during the year concerned.

UNDER RBI REGULATIONS

1. The Company is a NBFC Non Deposit accepting Systemically Important Company. Various compliance for which the following Returns that needs to be done by the company:
 - ▶ NDSI 500 cr quarterly return.
 - ▶ NBS 7 on quarterly returns.
 - ▶ NBS-ALM 1, NBS –ALM 2, NBS – ALM 3 etc.
 - ▶ Branch Information return
 - ▶ SMA-2 Special Mention Account
2. Registration and Submission of Financial Information to Information utilities for Corporate Debtors to National E governance services limited dated vide RBI notification dated 19.12.2017.
3. CERSAI registration for every borrower relating to creation, modification etc for all movable properties which are primary securities needs to be done by the bank for the advance sanctioned.
4. The company needs to intimate to RBI non banking division quarterly regarding changes in the directors of the company during the year 2017-18.
5. As per the RBI Directions, no loan can be given to any single borrower in excess of 15% of the owned fund of the company

UNDER COMPANIES ACT 2013.

6. The Management of the Company has devised a policy for Corporate Social Responsibility, however the implementation of the Policy is yet to be initiated by the company fully as projects are not yet identified as informed by the management of the company the following are the disclosure for the financial year.
 - a. Gross amount required to be spent by the company during the year Rs 16.35 lakh
 - b. Amount Spent during the year Rs 10.81 lakh
7. As per section 128 of the act, for keeping of books of accounts or other relevant documents of the company at such other place in India as the board may decide and needs to file with the registrar a notice in writing giving the full address of that other place which needs to be done by the company.
8. As per the provisions of the Companies Act 2013, the companies needs to evaluate the independent directors on board of the company every year and disclose the same in the annual report of the company, the company has reviewed the directors of the company but company is yet to evaluate the independent directors of the company for the year.

UNDER INCOME TAX ACT

9. As per section 140 of the act every return Income of the company needs to be verified by Director of the company else the return shall be considered as Invalid, therefore, the company IT returns every year is verified by CFO of the company which is not in line with the act and needs to be rectified.
10. The company needs to file in the form 61A through online to the director of income tax (intelligence) for the following transaction within the due date a statement of Financial Transaction:
 - a. issue of shares more than Rs 10 lakh in a financial year.

UNDER GST AND SERVICE TAX

11. Applicability of Reverse Charge Mechanism in GST not adhered for the various services under Reverse Charge for the period from 01st July 2017 to 13th October 2017.
12. The company has availed 100 % CENVAT credit on the Inputs of the company which resulted in excess credit remaining in the financial statements, however as per the provisions of GST relating to Input Tax Credit, the company can either avail proportionate credit relating to taxable service or avail 50% of the Input Credit of GST for the purpose of adjustment of GST output tax, due to above reasons Input credit availment will accordingly will reduce to that extent of 50% and there might be GST payable on the output taxes by the company to GST authorities which could reduce the profits of the company and also liable for interest and penal consequences.

On the Penal Interest on Term Loan of Rs 1,59,023/- GST was not charged and not remitted to the government as the management claims that it shall be treated same as Interest On Advances and would not be covered under the GST provisions.

- 2.19** There are few cases before the various forums which are mentioned below, as per the management the outcome of the decisions won't substantially affect the financial statements:

Name of Forum	Parties Involved	Subject	Status
High Court	Eerattil Poultry & Agro Farms Pvt Ltd Nabkisan Finance Limited	Recovery of the Outstanding balance of loan sanctioned to them	Yet to be taken for trial.

However, the company has entered into One Time Settlement Scheme with the above borrower during the current year on the following terms and conditions:

In respect of One Time Settlement (OTS) Scheme for M/s.Eerattil Poultry & Agro Farms Pvt. Ltd., the Board approved the OTS proposal accepting the One Time Settlement amount of Rs.67.00 lakh, payable as under:

- Rs.30 lakh within 10 days of communication of acceptance of the OTS offer by NABKISAN, failing which the OTS stands withdrawn; and
- Balance amount of Rs.37 lakh within 6 months from the date of communication of acceptance of the offer failing which simple interest @ 10% p.a. would be charged till the date of full and final settlement under the OTS scheme. The securities will be with NABKISAN till the amount is fully paid. Accordingly, as per the offer Rs.30 lakhs has been paid by the party during September/October and out of balance of Rs.37 lakhs, Rs.18 lakhs has been paid by the party in three installments before the end of 31.03.2018 and remaining balance of Rs 19 lakhs is outstanding in the financials as at 31.03.2018.

2.20 The Company during the Financial Year has proposed to declare dividend at the rate of 5% of the paid capital of the company as on 31.03.2018 to the shareholders in the Annual general meeting of the company for which the details of dividend and dividend distribution tax are disclosed in accordance with Accounting Standard -4 –Events Occurring After the Balance Sheet date:

Particulars	Amount
Proposed Dividend @ 5%	2,88,62,175/-
Dividend Distribution Tax	58,75,660/-

2.21 During the Financial Year Concerned, the companies accounts was taken up for scrutiny Under Section 143(2) of the Income Tax Act for the Assessment Year 2016-17 (FY 2015-16), for which the company responded by submission of relevant information and documents and accordingly assessment proceedings of the company are pending before the Income Tax Authorities.

2.22 The company has collected the guarantee fund from the borrower amounting to Rs.9,24,277/- which is yet to be remitted to NABARD for the guarantee fees and shown as payable in the financial statements of the company.

As per our report of even date

For NABKISAN Finance Limited

for **V Senthilnathan & Co**
Chartered Accountants
Firm Reg No.003711S

Sd/-
V Senthilnathan
Partner
M.No. 024244
Delhi, 25.04.2018

Sd/-
R. Amalorpavanathan
Chairman

Sd/-
Ashis Mondal
Independent Director

Sd/-
Dr.K.S. Mahesh
Chief Financial Officer

Sd/-
Dr.P.M. Ghole
Director
Sd/-
S.Dwivedi
Chief Executive Officer
Sd/-
M. Bhuvanewari
Company Secretary

Accompanying notes to the financial statements for the year ended March 31, 2018

NOTE 3: Notes to the Balance Sheet

3.1 - SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Authorised Capital 10,00,00,000 equity shares of Rs.10/- each	1,00,00,00,000	1,00,00,00,000
Issued Capital 5,77,24,350 (Previous year 5,77,24,350) equity shares of Rs.10/- each, fully paid up	57,72,43,500	57,72,43,500
Subscribed and Paid up 5,77,24,350 (Previous year 5,77,24,350) equity shares of Rs.10/- each, fully paid up	57,72,43,500	57,72,43,500
	57,72,43,500	57,72,43,500

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

Name of Shareholder	March 31, 2018		March 31, 2017	
	No of Equity Shares held	%	No of Equity Shares held	%
Shares Held By Holding Company				
National Bank for Agriculture and Rural Development	4,66,66,700	80.84%	4,66,66,700	80.84%
Shares Held By Others				
Govt. of Tamil Nadu	54,00,000	9.35%	54,00,000	9.35%
Indian Bank	30,00,000	5.20%	30,00,000	5.20%

c. Reconciliation of number of shares

Particulars	Equity Shares		Equity Shares	
	Number	₹	Number	₹
	As at 31.3.2018		As at 31.3.2017	
Shares outstanding at the beginning of the year	5,77,24,350	57,72,43,500	5,41,24,350	54,12,43,500
Shares Issued during the year	-	-	36,00,000	3,60,00,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,77,24,350	57,72,43,500	5,77,24,350	57,72,43,500

Accompanying notes to the financial statements for the year ended March 31, 2018

NOTE 3: Notes to the Balance Sheet

<p>d. Information on equity shares allotted without receipt of cash or allotted as bonus shares or shares bought back during the preceding five financial years - NIL</p> <p>e. Terms & Rights attached to Equity Shares</p> <p>The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company has proposed a dividend @5% on the equity share during the year, in proportion to the period of holding.</p> <p>In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.</p>		
<p>3.2 - RESERVES & SURPLUS</p>		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Surplus in Statement of Profit and Loss		
Opening Balance	15,55,34,035	9,36,50,756
Transfer from Profit & Loss Account	13,56,29,235	7,73,54,099
Amount available for appropriation	29,11,63,270	17,10,04,855
Less : Transfer to Reserve Fund 45-IC of RBI Act, 1934	2,71,25,847	1,54,70,820
Less : Proposed Dividend @5% to the extent paid up	2,78,36,422	-
Less : Dividend Distribution Tax	56,66,840	-
Balance as at the end of the year (A)	23,05,34,161	15,55,34,035
Special Reserve		
Opening Balance	4,89,38,263	3,34,67,443
Add: Transferred from Surplus to create Reserve Fund u/s 45-IC of RBI Act, 1934	2,71,25,847	1,54,70,820
Balance as at the end of the year (B)	7,60,64,110	4,89,38,263
TOTAL (C) = (A) + (B)	30,65,98,271	20,44,72,298
<p>3.3 - LONG TERM BORROWING</p>		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Secured	-	-
Unsecured		
- Loan from NABARD	2,29,23,18,404	1,67,85,26,662
Total	2,29,23,18,404	1,67,85,26,662
<p>3.4 - LONG-TERM PROVISIONS</p>		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Provision for employee benefits - Gratuity	15,69,959	14,43,837
Contingent Provision against Standard Assets (Refer Note i)	61,02,460	31,63,397
Provision for Non-Performing Assets (Refer Note ii)	1,37,00,522	93,64,328
Interest De-Recogn. on Term Loan	12,72,441	2,60,997
Subsidy Reserve Fund (Refer Note iii)	12,72,441	-
	28,07,475	-
Total	2,54,52,857	1,42,32,559

Accompanying notes to the financial statements for the year ended March 31, 2018

NOTE 3: Notes to the Balance Sheet

Notes:		
i) During the year, the company has made a general provision at the rate of 0.25% on the standard assets based on RBI Master Direction-NBFC - Non Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016 dated 01.09.2016 (updated as on 23.02.2018).		
ii) In accordance with the Guidelines issued by the RBI, the company has made a provision for Non Performing Assets (NPA). The details of movement in provision are as follows:		
Movement in Provision for Non-Performing Assets		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Opening Balance	93,64,328	65,52,552
Add : Provision made during the year	43,36,194	28,11,776
Add : Provision utilised from Contingences	-	-
Less : Provision reversed during the year	-	-
Closing Balance	1,37,00,522	93,64,328
iii) Subsidy reserve fund represents amount received from NABARD under "Capital Investment Subsidy Scheme for Commercial Production Units for Organic / biological Inputs" in favour of M/s. Valarsara Eco Tech India Private Limited. The amount received is a backended subsidy and will be adusted against last installment/s.		
Sudsidy Reserve Fund	2017-2018 ₹	2016-2017 ₹
Opening Balance	-	21,04,280
Add : Subsidy during the year	28,07,475	-
Less : Subsidy Adjusted	-	21,04,280
Closing Balance	28,07,475	-
3.5 - OTHER CURRENT LIABILITIES		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Current maturities of Long-term debt	1,42,10,62,591	70,08,26,670
Interest accrued but not due on borrowings	4,57,64,566	2,35,22,275
Others		
- Outstanding Expenses	6,45,296	2,16,517
- Withholding Taxes	14,29,082	1,34,583
Total	1,46,89,01,535	72,47,00,045

Accompanying notes to the financial statements for the year ended March 31, 2018

NOTE 3: Notes to the Balance Sheet

3.6 - SHORT TERM PROVISIONS		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Provisions for employee benefit		
- Leave Encashment	1,43,293	1,09,280
Others		
- Contingent Provision against Standard Assets	50,96,167	44,46,276
- Provision for Income Tax	5,73,49,120	4,09,20,000
- Unclaimed Dividend 2015-16	11,325	1,11,575
- Unclaimed Dividend 2016-17	11,325	-
- Guarantee Fee Payable	9,24,277	-
Total	6,35,35,507	4,55,87,131
3.8 - NON CURRENT INVESTMENTS		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Investment at Cost in Bhavishya Nirman Bonds issued by NABARD (Face Value - Rs.8500 per Bond)	96,64,500	96,64,500
	96,64,500	96,64,500
Note : (a) The company has invested in Bhavishya Nirman Bonds issued by NABARD (1137 bonds at face value Rs.20,000/- each) bought at discounted value of Rs.96,64,500/-. The maturity value of the same is Rs.2,27,40,000/- at 10 years. In the absence of information on quotation, the bonds are valued at cost.		
3.9 - LONG TERM LOANS AND ADVANCES		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Secured, Considered good:		
Term Loans	2,42,85,00,998	1,77,85,10,378
Secured, Considered doubtful:		
Term Loans	3,24,42,148	1,15,63,399
Unsecured, Considered good:		
Term Loans	1,24,82,896	-
	2,47,34,26,042	1,79,00,73,777
Note : 3.9 & 3.13 (Credit Facilities) All loans under (a) & (b) are secured by way of specific charge on receivable and other assets created out of the proceeds of the loan The loans under (c) viz. ESAF and Disha are unsecured. The charge created on the assets of the said two companies were released on their obtaining small banking licence from RBI.		

Accompanying notes to the financial statements for the year ended March 31, 2018

NOTE 3: Notes to the Balance Sheet

3.10 - DEFERRED TAX ASSET (NET)		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Deferred tax Asset / Liabilities at the beginning of the year	3,953	(14)
Add / Less: Adjustments during the year	1,29,644	3,967
Deferred tax Asset / Liabilities at the end of the year	1,25,691	3,953
3.11 - OTHER NON-CURRENT ASSETS		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Unsecured, considered Good		
(a) Income accrued on Investments (Bhavishya Nirman Bonds)	1,21,16,962	1,03,30,708
(b) Advance Income Tax (net of provisions)	7,38,77,842	4,04,91,583
(c) Unamortized Expenses	7,50,000	15,00,000
(d) Software work-in progress	-	14,46,260
	8,67,44,804	5,37,68,551
<p>Note:</p> <p>No TDS is deducted on NABARD Bonds interest.</p> <p>Unamortized Expenses - An amount of Rs.37.50 lakh was paid to Registrar of Companies towards increase of authorised share capital of which one-fifth i.e Rs.7.50 lakh considered as expenditure during the year. The remaining amount of Rs.15.00 lakh was classified as current and non-current asset based on the provisions of Schedule III of the Companies Act, 2013</p>		
3.12 - CASH AND CASH EQUIVALENTS		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Balances with Banks		
- In Current Account		
Indian Overseas Bank	6,39,19,271	2,19,57,199
Axis Bank	2,10,268	10,820
Unclaimed Dividend A/c with IOB - 2015-16	11,231	1,11,575
Unclaimed Dividend A/c with IOB - 2016-17	11,307	-
- In Deposit Account	3,50,00,000	6,99,80,000
Cash on Hand	140	700
	9,91,52,217	9,20,60,294
Deposits with Original maturity for more than 12 months	-	-
Deposits with Original maturity for more than 3 months but less than 12 months	-	-
Deposits with Original maturity for less than 3 months	3,50,00,000	6,99,80,000

Accompanying notes to the financial statements for the year ended March 31, 2018

NOTE 3: Notes to the Balance Sheet

3.13 - SHORT-TERM LOANS AND ADVANCES		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Credit Facilities		
a) Secured considered good	1,95,51,46,455	1,26,53,58,809
b) Secured, Considered Doubtful	1,76,04,841	2,67,90,899
c) Unsecured, considered good	8,33,20,303	-
Other Loans and Advances		
Deposits & Prepaid Expenses	3,78,960	6,93,090
	2,05,64,50,559	1,29,28,42,798
3.14 - OTHER CURRENT ASSETS		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Income accrued on Fixed Deposits	5,034	12,048
Income accrued on Term Loan	51,81,314	52,72,169
Input credit on GST	17,08,526	-
Unamortized Expenses	7,50,000	7,50,000
	76,44,874	60,34,217

Accompanying notes to the financial statements for the year ended March 31, 2018

Note 3.7 - Fixed Assets

(Amt. in Rupees)

Year	Particulars	Tangible Assets				Computers (Net Work)	Total	Intangible Assets	Grand Total
		Furniture	Office Equipments	Computers	Software				
2016-17	Gross Block								
	As at 1st April 2016	5,40,527	1,28,716	5,92,409	-	12,61,652	17,750	12,79,402	
	Additions / Adjustments	-	40,849	1,28,990	25,785	1,95,624	-	1,95,624	
2017-18	As at 31st March 2017	5,40,527	1,69,565	7,21,399	25,785	14,57,276	17,750	14,75,026	
	As at 1st April 2017	5,40,527	1,69,565	7,21,399	25,785	14,57,276	17,750	14,75,026	
	Additions / Adjustments	-	-	-	-	-	12,83,950	12,83,950	
	As at 31st March 2018	5,40,527	1,69,565	7,21,399	25,785	14,57,276	12,83,950	27,41,226	
	Depreciation								
2016-17	As at 1st April 2016	4,84,537	71,298	4,22,032	3,692	9,81,559	16,863	9,98,422	
	Charge for the year	8,342	31,584	1,00,714	13,954	1,54,594	-	1,54,594	
	Disposals	-	-	-	-	-	-	-	
2017-18	As at 31st March 2017	4,92,879	1,02,882	5,22,746	17,646	11,36,153	16,863	11,53,016	
	As at 1st April 2017	4,92,879	1,02,882	5,22,746	17,646	11,36,153	16,863	11,53,016	
	Charge for the year	6,182	28,538	1,12,966	5,141	1,52,826	6,10,861	7,63,688	
	As at 31st March 2018	4,99,061	1,31,420	6,35,712	22,787	12,88,979	6,10,861	18,99,841	
	Net Block								
	At 31st March 2017	47,648	66,683	1,98,653	8,139	3,21,123	888	3,22,011	
	At 31st March 2018	41,465	38,145	85,687	2,998	1,68,297	6,73,090	8,41,387	

Accompanying notes to the financial statements for the year ended March 31, 2018

NOTE 4: Notes to the Statement of Profit and Loss

4.1 - REVENUE FROM OPERATIONS		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Interest	44,98,40,035	20,88,22,169
Processing Fee	1,49,36,780	1,22,92,989
	46,47,76,815	22,11,15,158
4.2 - OTHER INCOME		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Interest on		
- Term Deposit	33,85,962	1,21,78,512
- Investment	17,86,254	16,39,767
Misc. Income	715	1,396
	51,72,931	1,38,19,675
4.3 - Finance Costs		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Interest on NABARD		
- Refinance term loans	24,44,93,852	9,68,10,827
	24,44,93,852	9,68,10,827
4.4 - Employee Benefit Expenses		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Salaries & Allowances	56,38,387	31,66,994
Contribution to Welfare Fund	4,70,567	1,20,781
Staff Welfare Expenses	2,14,836	1,19,209
	63,23,790	34,06,984

4.5 - General & Administrative Expenses		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Communication charges	90,786	1,02,412
Insurance	6,840	4,413
Legal and professional & consultancy fees	11,13,664	9,70,241
Professional Charges - NABARD Dep. Staff	1,08,82,296	41,76,609
Statutory Audit Fee	1,00,000	86,250
Audit Fee - Others	25,000	-
Tax Audit Fee	12,500	14,375
Printing and Stationary	3,02,483	1,88,225
Rent	1,65,148	1,62,066
Rates and taxes	8,17,061	9,37,151
Travel & conveyence	19,52,280	15,28,301
Repairs and maintenance	3,23,160	63,985
Office expenses	2,27,068	1,73,246
CSR expenses	10,81,000	-
Administration expenses	4,77,385	4,90,009
Loss on fixed assets	887	-
Corporation Tax	17,000	4,500
	1,75,94,558	89,01,783
4.6 - Provisions and Contingencies		
Particulars	March 31, 2018 ₹	March 31, 2017 ₹
Provision for NPA	43,36,194	28,11,776
Provisions for Standard Assets	35,88,954	47,34,439
	79,25,147	75,46,215

Cash Flow Statement for the year ended March 31, 2018

Particulars	March 31, 2018		March 31, 2017	
	₹		₹	
Cash Flow from Operating Activities				
Net Profit before taxation and extraordinary items		19,28,48,711		11,81,14,430
Adjustment for:				
Interest Income	(51,72,216)		(1,38,18,280)	
Provision for NPA	43,36,194		28,11,776	
Depreciation	7,63,688		1,54,594	
Loss on Fixed Assets	887	(71,448)	-	(1,08,51,910)
Operating profit before working capital changes		19,27,77,263		10,72,62,520
Adjustment for:				
Increase / (Decrease) in Secured Advances	(1,44,72,74,156)		(1,91,86,70,225)	
Increase in Advances & Deposits recoverable in cash or kind	(3,42,72,780)		(2,04,11,156)	
Increase / (Decrease) in current liability & provisions	66,25,89,790		1,24,57,77,920	
		(81,89,57,145)		(69,33,03,461)
Cash generated from Operations		(62,61,79,881)		(58,60,40,941)
Direct Taxes paid (net of refunds)		(5,73,49,120)		(4,07,56,364)
Extraordinary item		-		-
Net Cash from Operating Activities		(68,35,29,001)		(62,67,97,305)
Cash flow from Investing activities				
Purchase of Fixed Assets	(12,83,950)		(1,69,839)	
Interest Income	51,72,216		1,38,18,280	
Net Cash flow investing activities		38,88,266		1,36,48,441
Cash flow from Financing Activities				
Increase in Share capital		-		3,60,00,000
Proposed dividend and tax paid		(3,35,03,262)		-
Increase in Long term Debt		72,02,35,920		42,37,93,711
Net cash from Financing Activities		68,67,32,658		45,97,93,711
Net increase in cash and cash equivalents		70,91,923		(15,33,55,153)
Cash and cash equivalent at beginning of the year		9,20,60,294		24,54,15,447
Cash and cash equivalent at end of the year		9,91,52,217		9,20,60,294
Vide our report of even date				
For NABKISAN Finance Limited				
	Sd/-		Sd/-	
for V Senthilnathan & Co	R. Amalorpavanathan		Dr.P.M. Ghole	
Chartered Accountants	Chairman		Director	
Firm Reg No.003711S				
Sd/-	Sd/-		Sd/-	
V Senthilnathan	Ashis Mondal		S.Dwivedi	
Partner	Independent Director		Chief Executive Officer	
M.No. 024244	Sd/-		Sd/-	
Delhi, 25.04.2018	Dr.K.S. Mahesh		M. Bhuvaneswari	
	Chief Financial Officer		Company Secretary	

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

21st Annual General Meeting at the Conference Hall of NABARD, Tamil Nadu Regional Office (2nd Floor), New No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034.

Folio No.....

Name of the Share Holder :.....

Signature :

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

**NABKISAN FINANCE LIMITED
PROXY FORM**

I / We.....of..... in the district ofbeing 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 21st Annual General Meeting of NABKISAN Finance Limited to be held on 10th day of September 2018.

Ledger No.:.....

No. of Shares Held

Signed this day of September 2018.

Signature

(affix 1 Re. Revenue Stamp)



Quality input supply by Green Vision Farmers Producer Company Limited, Nasik, Maharashtra



Working capital support to mat weaving artisans in Kanchipuram district of Tamilnadu



Empowering women farmers - Samridhi Mahila Crop Producer Company Limited, Bundi, Rajasthan



Improving livelihoods of SHG members - Potato cultivation in Kodaikanal Hills of Tamilnadu