



NKFL



**Annual Report
2019-20**

NABKISAN FINANCE LIMITED
(A Subsidiary of NABARD)

Supporting Livelihoods | Nurturing Enterprises | Fostering Growth

Board of Directors

Shri Shaji K.V	Chairman
Shri Nilay Kapoor	Director
Shri. T. Ramesh	Director
Shri T Dhanaraj	Director
Dr. R. Anandakumar, IAS	Director
Shri. Arindom Datta	Independent Director
Shri Alok Bhargava	Independent Director
Shri. Vijay Sardana	Independent Director
Shri Ashok Kumar Yadav	Independent Director
Shri. Deepak Singhal	Independent Director
Smt Suseela Chintala	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 : finance@nabkisan.org
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.
E-mail : corporate@nabkisan.org



23rd ANNUAL REPORT

2019-20

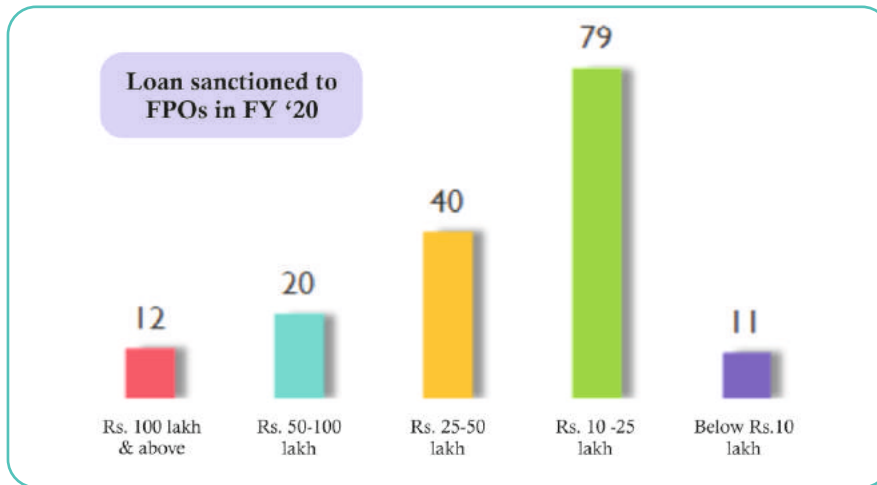


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(A Subsidiary of NABARD)

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Snapshot of Business



Number of FPOS

- Market Leader - Credit assistance to 550+ FPOs in last 4 yrs.
- 8 FPOs with 100% women, aggregating sanction of Rs. 4.60 cr.



Target

- Sanctioned 162 FPOs during FY '20



Operations

- Operating in 20 states.
- Collaboration with TN Govt with assistance of Rs.266 cr for 4 Yrs



Loan quantum

- Average Loan per FPO ~Rs. 35 lakhs



Performance

- 50 % Increase in number of FPOs as compared to FY '19



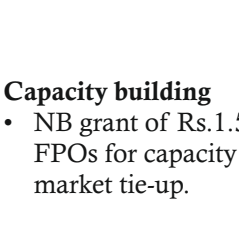
Derivatives Training

- Certified Commodities Derivatives Trainer by SEBI for training FPOs for trading in NCDEX



CSR Activities

- Contributed Rs.32 lakh to PM CARES Fund

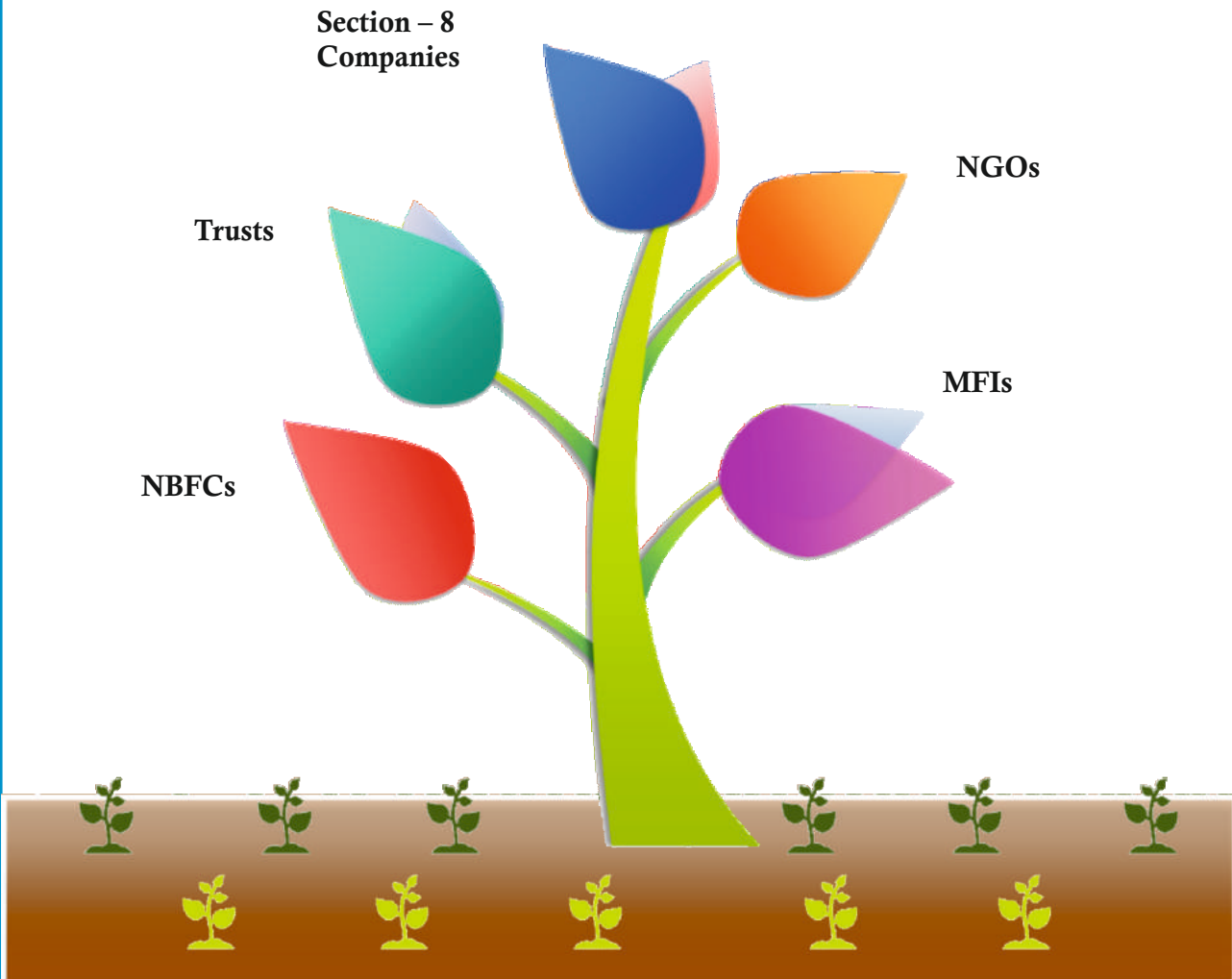


Capacity building

- NB grant of Rs.1.5 cr to 97 FPOs for capacity building and market tie-up.



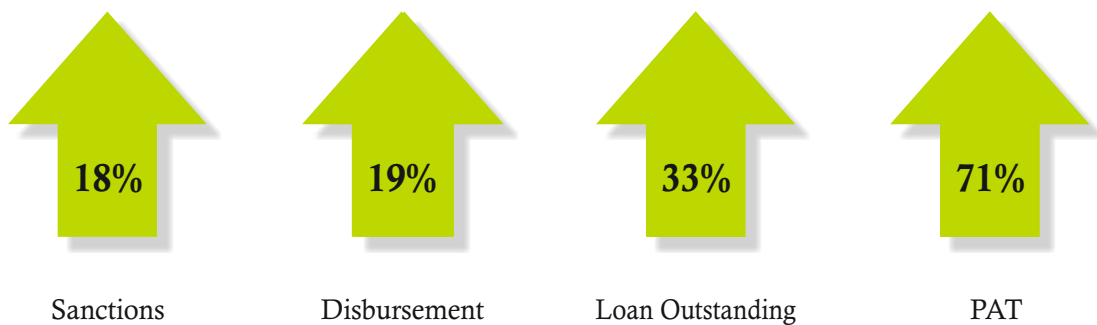
Bulk Financing



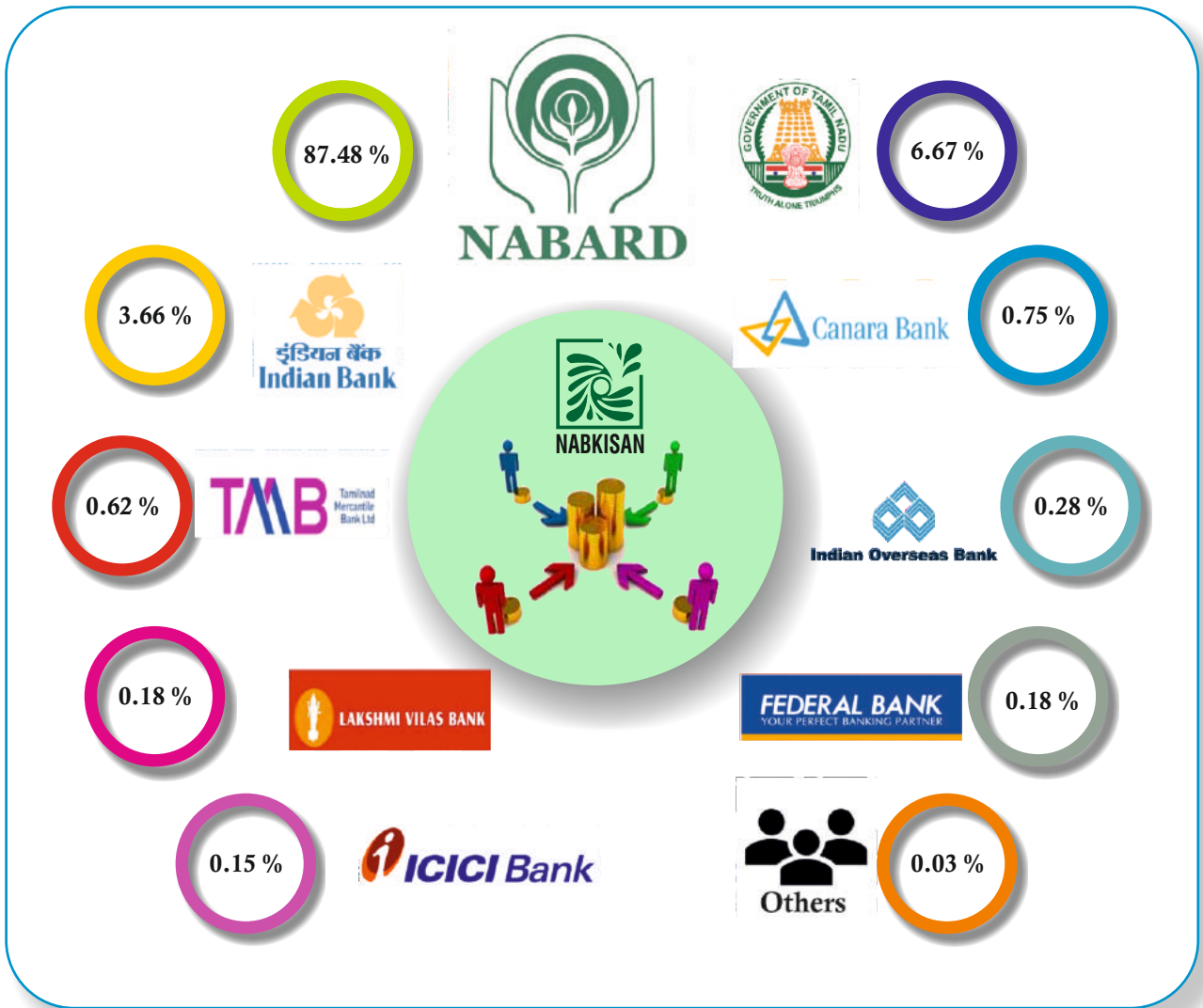
Bulk Financing

Besides the retail portfolio of lending to FPOs, NABKISAN undertakes bulk finance to NBFCs, MFIs, NGOs, Trusts & Sec-8 Companies.

Combined performance of FPO & Bulk Financing in FY '20



Shareholding Pattern as on 31st March 2020



From the Chairman's Desk

Dear Shareholder,

I have great pleasure in inviting you to the Twenty Third Annual General Meeting of your Company.



I have assumed charge at a time when the entire world is facing an economic slowdown accentuated by the COVID-19 pandemic. However, the economic implications of COVID-19 have brought agricultural sector, which grew at 3.7 per cent during 2019-20, into sharp focus and heightened its responsibility to feed and employ millions who have lost livelihoods. Under these circumstances, the role of institutions supporting agriculture and allied activities assume greater significance.

Notwithstanding the setback due to pandemic, your Company had put up a stellar performance during the fiscal year 2019-20 with the balance sheet size clocking a 34.54% y-o-y growth to reach Rs. 987.15 crore and the Profit After Tax(PAT) touching the highest ever level of Rs.32.60 crore.

During the year, your Company has widened its reach to new geographies covering a total of 20 States. Your Company has also collaborated with the Government of Tamil Nadu for implementing three schemes for Farmer Producer Organisations(FPOs) in the State with an aggregate assistance of Rs.266 crore from the government, for a period of four years.

Your company, keeping in tune with its principle of 'Business with purpose', enhanced its presence in the FPO space and emerged as a leader by providing collateral free loans to FPOs leveraging on credit guarantee schemes of NABARD, SFAC, TATA Trust and Rabo Foundation. The Government of India's thrust on formation of 10,000 FPOs has not only enhanced the responsibility but also the opportunity for your Company. The electronic negotiable warehouse receipt(E-NWR) based pledge financing facility introduced by your company will assume greater significance in the years to come, consequent to the advent of recent farm market reforms.

Your Company's lending to Agri start-ups, fintech based aggregators and other value chain players in the Agri space will help such companies to scale up their operations by reaching out to large number of farmers across the geographies.

I take this opportunity to thank NABARD for their continued support and cooperation to the Company. I would like to place on record my sincere appreciation to all the Directors on the Board of NABKISAN for their active and valuable contribution and guidance. I would also like to thank the Management Team for their unwavering commitment and guidance in leading the Company.

While expressing my gratitude for your unstinted support, I reassure that your Company will scale greater heights in the years to come.

Best Wishes,

SHAJIK V



Letter from the Managing Director



Dear Shareholder,

I am delighted to present to you the performance report of NABKISAN Finance Ltd for the year 2019-20. I have taken over as MD & CEO at a time when all the sectors of the economy are facing severe strain due to the pandemic. Your company has shown its resilience by quickly adapting to the emerging needs of the Agriculture and allied sectors of the economy.

During the year 2019-20, the Company's revenue crossed Rs. 100 crore for the first time by touching a figure of Rs.106 crore signifying growth of 60%. The Company recorded a splendid performance during the year with 33% growth under loan outstanding, 19% growth under disbursements and 18% growth under sanctions. The Profit After Tax(PAT) at Rs.32.60 crore registered a growth of 71% over the previous year.

In pursuance of the mandate of lending to Farmer Producer Organisations (FPOs), the Company has emerged as a leader by lending to more than 550 FPOs in the last 4 years. The Company has adopted several innovative strategies in the FPO financing arena viz., collateral free lending with Credit Guarantee, subsidised lending for tribal FPOs, collaboration with State Governments, introduction of e-NWR based lending etc. The company, has also been building the capacities of the FPOs which has led to their improved and enhanced credit access. With the addition of 21 new corporate clients during the year, the Company has been able to grow in size, support technology driven financial intermediation and enhance credit flow to rural India.

I would like to express my gratitude to the Shareholders, Board of Directors, clients and employees for their continued support to the Company. With your unstinting support, the Company will continue to strive in pursuing its goals and carve out a niche for itself in value chain financing.

Best Wishes,

Suseela Chintala



Board of Directors



Shri Shaji K.V

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

Shri Nilay Kapoor is currently Chief General Manager of Farm Sector Development Department of NABARD and NABARD nominee on the Board of NABKISAN. Prior to this, Shri Kapoor was heading the Himachal Pradesh operations of NABARD, as CGM at Shimla. He has a comprehensive and varied experience profile in rural credit, economic and policy issues. Prior to his transfer to Shimla on his elevation as CGM, he was the Managing Director, NABSAMRUDDHI, Mumbai, which is a subsidiary of NABARD. He has also served in Head Office of NABARD, Mumbai in various capacities, as well as other Regional Offices of NABARD and as a Faculty Member in National Bank Training Centre (NBTC), Lucknow.



Shri Nilay Kapoor



Shri. T. Ramesh

Shri. T. Ramesh is currently Chief General Manager of NABARD and NABARD nominee on the Board of NABKISAN. He is a Post graduate in Finance and is Certified Associate of Indian Institute of Bankers. He has rich experience of more than 35 years in banking field including three years in State Bank of India. He has served in various capacities in NABARD in the States of Maharashtra, Tamilnadu and Karnataka besides having served as District Development Manager in Karnataka State. He was a Nominee Director on the Board of two RRBs in Karnataka and also had a stint in NABARD Financial Services Ltd., Bengaluru. He has been widely associated in Micro Finance and FPOs areas in the States he has served.

Mr T Dhanaraj is currently heading the Rural Banking Division- Priority Sector Segment of Indian Bank as General Manager. He holds a Bachelor Degree in Agricultural Engineering from Tamilnadu Agriculture University. He is also Associate Member in Indian Institute of Bankers and holds a Diploma in Micro Finance. He earlier served as DGM in HRM Department of Indian Bank where he played a crucial role in amalgamation of Allahabad Bank with Indian Bank. He also served as Chairman of Pallavan Grama Bank and successfully amalgamated Pallavan Grama Bank and Pandya Grama Bank to form Tamil Nadu Grama Bank



Shri T Dhanaraj



**Dr. R. Anandakumar,
IAS**

Dr. Anandkumar IAS, belongs to the 2003 batch of Indian Administrative Services and is currently working in the Finance Department, Govt of Tamil Nadu. He holds a post graduation degree in Veterinary Science, post graduate degree in Business Law from National Law School, Bangalore and post graduate degree in English literature. He earlier served as Executive Director, Tamil Nadu Watershed Development Agency, as Regional Joint Commissioner, Chennai Corporation and as District collector in Madurai, Kancheepuram, Dharmapuri and Erode districts of Tamil Nadu. He also served as Deputy Commissioner (Health) in Chennai Corporation.





Shri. Arindom Datta

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

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



Shri Alok Bhargava



Shri. Vijay Sardana

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.

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



Shri Ashok Kumar Yadav



Shri. Deepak Singhal

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

Ms. Suseela Chintala is a General Manager of NABARD currently placed with NABKISAN. She holds a Post Graduate Degree in Commerce and is a certified associate of Indian Institute of Bankers. She has 32 years of experience in agriculture and rural development projects, credit planning, monitoring, finance, Micro Credit, Supervision of Cooperatives and RRBs. She has also served as General Manager in NABFINS, a subsidiary of NABARD. Prior to joining NABKISAN, she had a two year stint in Off Farm Development Department of NABARD and was actively associated with Incubation centres supported by NABARD as also the agri startups. She has worked in Kerala, Andhra Pradesh, Tamil Nadu, Karnataka, Punjab & Haryana and Uttar Pradesh Regional Offices of NABARD. While in Tamil Nadu, she was on the board of Tamil Nadu Women Development Corporation Ltd.



**Smt Suseela Chintala
MD & CEO**



Management Team



**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. He also holds a PG degree in Business Administration (Financial Services Management) 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.

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



**Shri Srinivasan Ramesh
Chief Operating Officer**



**Shri Sushil Kumari Tiwari
Vice President (Credit)**

Shri Sushil Kumar Tiwari is an Assistant General Manager of NABARD currently placed with NABKISAN. He is a graduate in Chemistry & Physics from Allahabad University and is a Certified Associate of Indian Institute of Bankers. He has 6 years of working experience in different Departments of NABARD viz. General Administration, State Project Financing & Finance Department during his tenure in Uttarakhand, Uttar Pradesh and Maharashtra. He has also served as District Development Manager (DDM) of Varanasi for 6 years and worked for increasing ground level credit flow, developing OFPO/FPOs & development of handicraft sector under Intellectual Property Rights (GI) projects and supported other priority projects of Government of India in Varanasi.

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.



**Smt. M. Bhuvanewari
Company Secretary**



Management Discussion and Analysis

Introduction

NABKISAN continued its active journey during the financial year 2019-20 and has made impressive progress in all business verticals with asset size touching Rs.987.15 crore and recording profit after tax of Rs.32.60 crore. The company witnessed double digit growth of 33 percent in the loan portfolio during the year, though the momentum was severely disrupted by the onset of COVID-19 pandemic and the consequent nation-wide lockdown. Notwithstanding the challenging business environment, NABKISAN continued its strategic interventions to build a balanced portfolio that is diversified in terms of geographies, sectors and customer segments and business was on track with robust growth, prior to the outbreak of the pandemic.

The Company aggressively pursued new business avenues with thrust on increased retail lending to the focus area viz., Financing Producer Collectives. Fresh share capital was also raised during the year through Rights issue.

Operational Highlights

Some of the operational highlights of the Company during the financial year 2019-20 are as under:

- The Profit before Tax (PBT) for the year ended 31 March 2020 rose from Rs.2759.54 lakh to Rs.4400.82 lakh, recording a growth of 59 %.
- The Profit after Tax (PAT) showed sustained growth over the last few years with the figure touching Rs.3260.24 lakh during 2019-20 as against Rs.1907.25 lakh during 2018-19, registering a growth of 71 %.
- The revenue from operations grew by 63% from Rs.6418.12 lakh as on 31.03.2019 to Rs.10454.54 lakh as on 31.03.2020.
- The total assets of the company reached Rs.98714.93 lakh as on 31.03.2020 from Rs.73370.36 lakh as on 31.03.2019 registering 34.5 % growth.

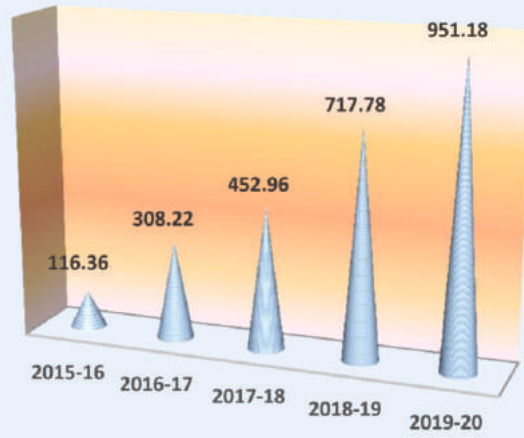
The following are some of the operational highlights of the company during the last six years:

(Rs. in crore)

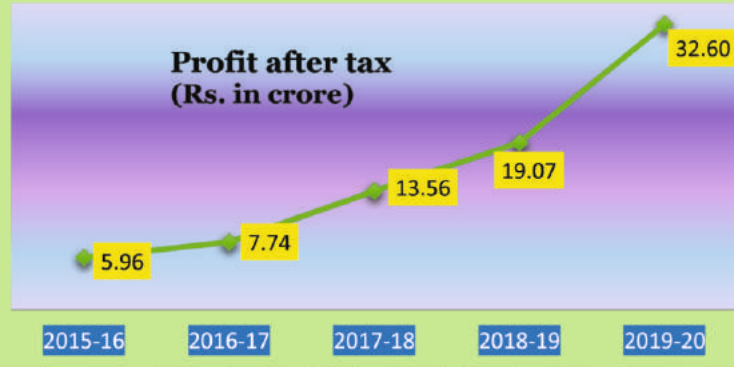
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
States covered	2	6	11	15	20	20
Loan sanctioned	49.92	121.37	278.65	316.23	550.10	646.84
Loan disbursed	51.33	92.76	262.71	300.48	497.31	590.36
Loan outstanding	67.02	116.36	308.22	452.96	717.78	951.18
Profit after Tax	2.73	5.96	7.74	13.56	19.07	32.60
Networth	28.35	66.84	78.17	88.38	148.58	263.84
CRAR	39.54	53.00	24.71	20.66	21.93	26.90



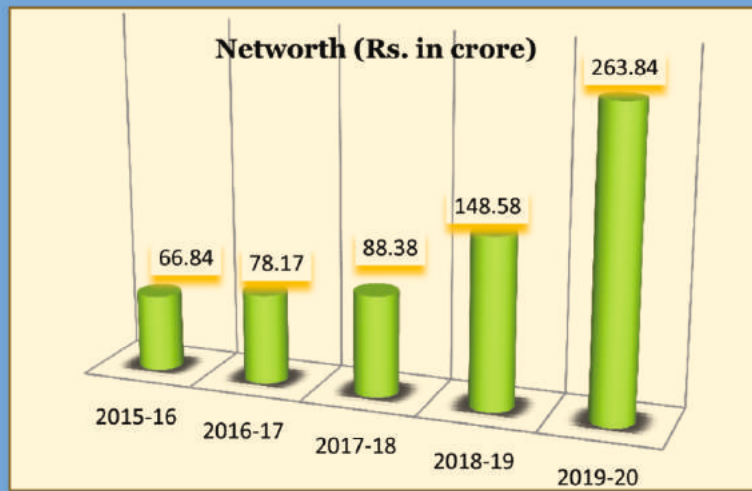
Loan outstanding (Rs. in crore)

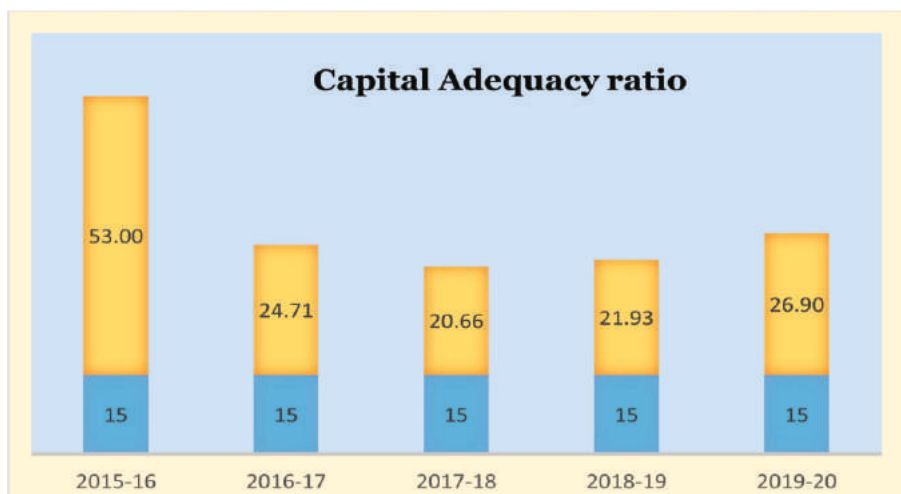
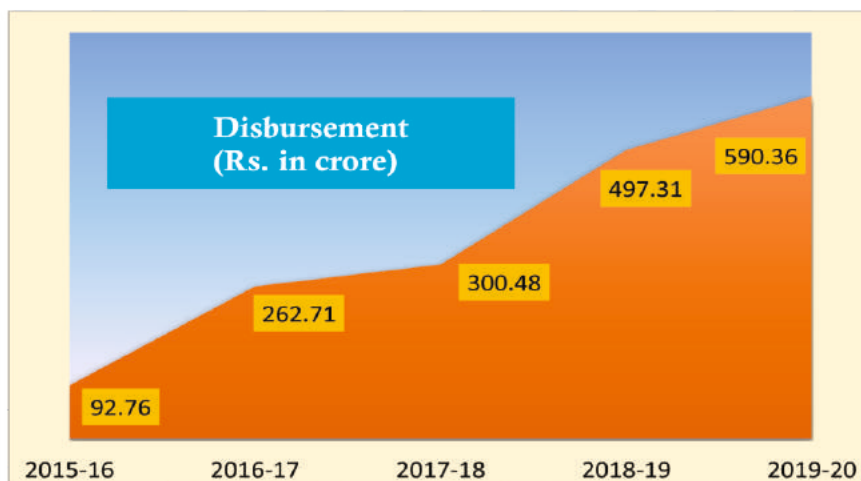
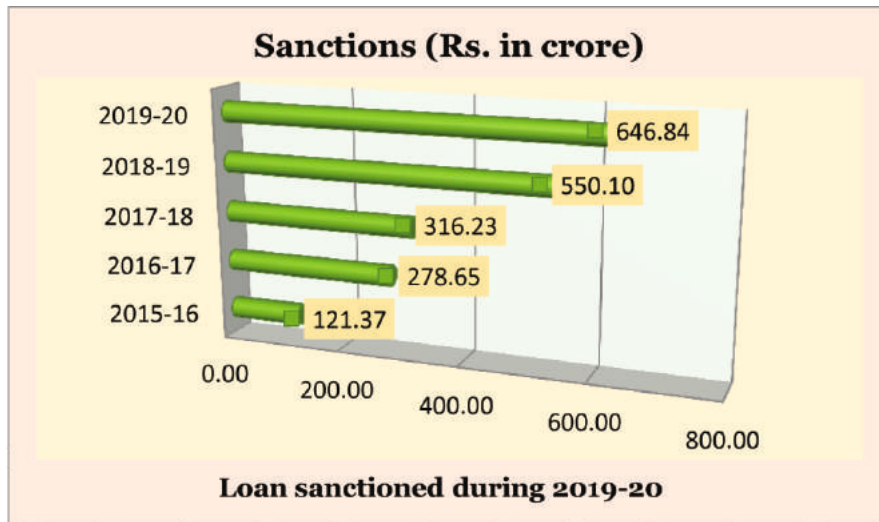


Profit after tax (Rs. in crore)



Networth (Rs. in crore)





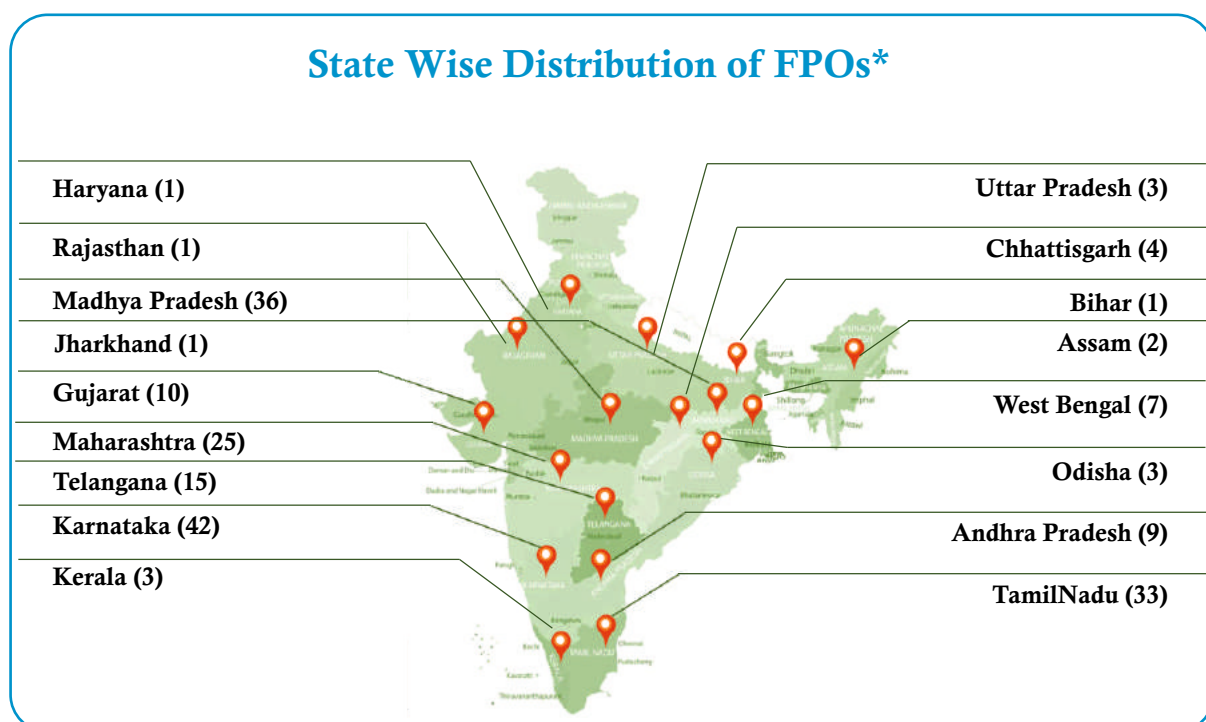
Outreach

NABKISAN has become a pan India Company and direct credit operations have now reached 20 states viz., Andhra Pradesh, Assam, Bihar, Chhattisgarh, Delhi, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Maharashtra, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttarakhand, Uttar Pradesh, Odisha and West Bengal.

The State wise business portfolio in terms of loan sanctioned, loan disbursed and loan outstanding during the financial year 2019-20 are given below:

Sl.No.	State	Loan sanctioned (Rs. in lakh)	Loan disbursed (Rs. in lakh)	Loan outstanding (Rs. in lakh)
1	Andhra Pradesh	995.95	667.00	661.96
2	Assam	500.00	550.00	463.87
3	Bihar	9.00	9.00	75.64
4	Chhattisgarh	79.00	40.00	1569.45
5	Delhi	4000.00	4500.00	6757.99
6	Gujarat	4150.00	4515.00	6736.15
7	Haryana	1500.00	1500.00	2814.58
8	Jharkhand	935.00	925.00	1791.71
9	Karnataka	8084.30	8453.45	10621.19
10	Kerala	70.00	185.00	524.00
11	Madhya Pradesh	1047.85	819.15	772.16
12	Maharashtra	16474.50	11745.00	14097.15
13	Odisha	3048.00	3075.00	4593.82
14	Punjab	800.00	0.00	1124.91
15	Rajasthan	4540.00	4520.00	10906.52
16	Tamilnadu	10857.85	11989.95	18611.93
17	Telangana	4616.49	3866.83	5592.20
18	Uttar Pradesh	628.00	1078.00	2582.07
19	Uttarakhand	0.00	0.00	0.00
20	West Bengal	2348.00	598.00	4820.48
	Total	64683.94	59036.38	95117.78

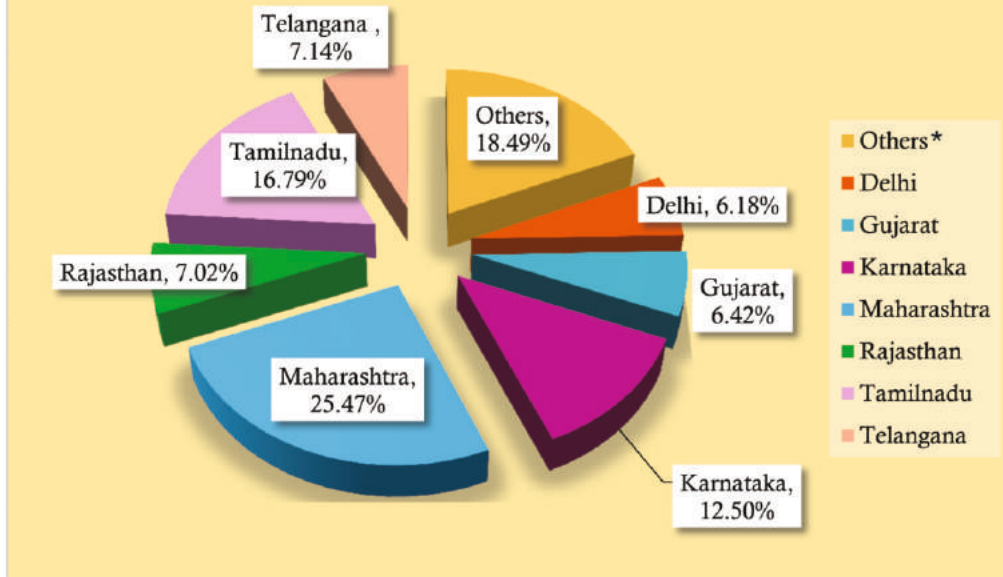
State Wise Distribution of FPOs*



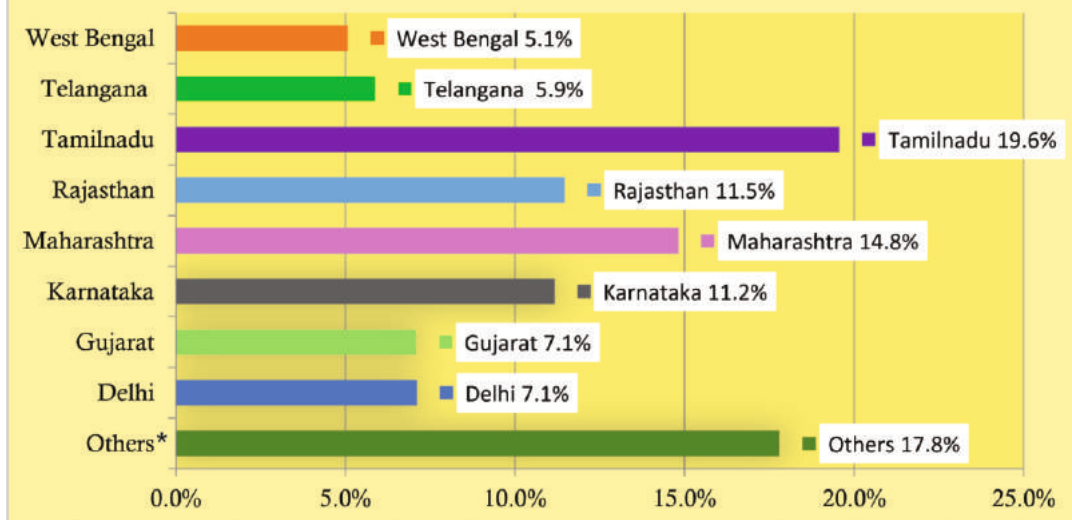
* as on 31st March 2020



Loans sanctioned during 2019-20



Loan Outstanding as on 31 March 2020



*Others covers States such as Andhra Pradesh, Assam, Bihar, Chattisgarh, Haryana, Jharkhand, Kerala, Madhya Pradesh, Odisha, Punjab & Uttar Pradesh



Sector wise portfolio

(Rs. in lakh)

Sector	Sanctions	Disbursements	Outstanding
Activity based lending through NGOs/Trusts/Sec8 Companies	210.00	415.00	3591.74
Panchayat Level Federations (PLFs)	-	-	493.71
NBFCs	24900.00	25770.00	44496.26
Micro Finance Institution	32725.00	27350.00	38101.18
Farmers' Producer Organizations (FPOs)			
- Direct Lending	5598.94	3621.38	3973.02
- On lending	1250.00	1730.00	3860.65
PACS as MSC	-	150.00	118.10
Agri Corporates and Others	-	-	483.12
Total	64683.94	59036.38	95117.78

New clients & Diversification of Business

The financial year 2019-20 saw clients across business verticals and Chairman / Board of Directors engaged in strategic conversations with new NBFC and Corporate clients. During the year, 26 MFIs, 16 NBFCs and 2 entities for activity-based lending were supported under the bulk lending portfolio. Out of this, 20 new clients were added during the year. Around 51% of the total portfolio was for MFI clients and support to NBFCs constituted 38% of the total lending portfolio. An integrated fish farming project in the State of Odisha was also supported through GU Financial Services Private Ltd.

Initiatives for supporting Producer Companies

The Company emerged as one of the leading financial institution in terms of funding Producer Companies (PCs) with coverage of 162 FPCs lent directly and another 3 agencies in on-lending model covering 44 FPOs and 5500 JLGs. During the year 102 new FPO clients were added including two new Off-Farm POs. Three Off Farm Producer Organisations viz., Kanjamalai Textile Weaver Producer Company, Tamilnadu; Bangalore Greenkraft PCL, Karnataka & Gogukiranalu PCL, Andhra Pradesh were extended working capital assistance during the year.

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

- NABKISAN has been working with Government of Tamil Nadu for developing support schemes for financing Farmer Producer Companies. Subsequently, NABKISAN was designated as the Implementing partner for financing FPCs in Tamil Nadu through G.O.Ms.No.266 dated 15 November 2019 issued by Government of Tamil Nadu, wherein allocation of Rs.266.70 crore was made for implementation of three schemes viz., Mezzanine Capital assistance, Credit Guarantee fund and Revolving fund scheme.
- NABKISAN acts as administrator for Credit Guarantee fund of Rs.10 crore, established by Government of Odisha for loans sanctioned to FPCs in the State of Odisha.



- Collaborative arrangements are being worked out with various stakeholders on the lines of Tamil Nadu Government and Odisha Government.
- Sensitisation meets were held with FPOs for availing benefits under various schemes announced by the Government under Stimulus package.
- Various initiatives were taken by NABKISAN for tie-up with agencies like NCDEX, NSTFDC, NeML etc. for the benefit of FPOs.
- During the year, three commodity awareness programmes were organised in Madhya Pradesh, Maharashtra and Tamil Nadu for 60 FPOs supported by NABKISAN.
- Moratorium for repayment of instalments falling due from 01 March 2020 has been extended to FPOs.
- 36 tribal dominated FPOs were covered under NSTFDC refinance scheme wherein concessional finance is provided.
- Organized capacity building programmes for CEOs and Board members of various FPOs in Tamil Nadu, Maharashtra and Madhya Pradesh, as part of Corporate Social Responsibility.
- A coffee table booklet consisting of Success stories of 30 FPOs across the Country was released by Chairman, NABARD on 21 January 2020.

Workshops & Meetings

- Business Plan Meet was conducted during 08-10 April 2019 for all the Business Development Managers of NABKISAN for setting business targets for current financial year. Chairman, NABKISAN presided over the meet.
- Stakeholders meet was conducted at SFAC, New Delhi on 06 December 2019, wherein operational modalities to form 10000 new FPOs were discussed where NABKISAN participated.
- Management discussions were held with many corporate clients during the year.
- NABKISAN Participated in the SFAC Stakeholders Consultation Meet held on 21 May 2019 at Federation of Karnataka Chambers of Commerce and Industry, Bangalore.
- NABKISAN participated in the NBFC Seminar conducted on 27 June 2019 by ET Now on Networking with select NBFCs.
- Meeting with Secretary, Budget, Government of Karnataka was held on 05 July 2019 to discuss on share capital contribution to NABKISAN and support schemes for FPOs.
- Discussions held with Tribal Welfare Department, Government of Telangana on 06 July 2019 and 13 Tribal Development Department FPO proposals were sanctioned.
- Meeting was held with NeRL on 29 August 2019 to explore options for pledge financing support for FPOs.
- Discussions held on co-origination and other areas of co-operation with DGM, SBI on 05 September 2019.
- Attended the CPE Meeting on Audit of NBFCs - Role & Responsibilities of Auditors conducted by The Institute of Chartered Accountant of India, Chennai on 20 September 2019.
- On 24 September 2019, BoDs of NABKISAN interacted with select FPOs and NBFC clients at Chennai to understand their requirements and issues.
- On 25 September 2019, State Level meeting on FPO lending, chaired by Principal Secretary, Agriculture, Odisha was conducted and MoU signed by NABKISAN with Odisha Government on Credit Guarantee Scheme was appraised to FPOs/Banks.
- During 26-27 September 2019, three officers participated in the Refresher Training Program for SEBI recognized Commodity Derivatives Trainers, organised by National Institute of Securities Market (NISM), Chennai.



- On 18 October 2019, MD participated as panelist at the FPO Award function organised by ET Now and Samunnati at New Delhi.
- NCDEX training programme was imparted for BDMs on 24 October 2019.
- On 16 December 2019, MD attended a meeting panel member on SHG-FPO lending organised by BIRD, Lucknow under Chintan Baitak Programme.
- FPO Buyer Seller Meet held on 30 Dec 2019 at Dehradun, Uttarakhand was attended by Shri Rakesh Pangat, VP (Credit) and Ms. Shifali Sharma, BDM.
- Meeting was held with Kshema Corporate on 30 December 2019, an insurance agent for onboarding FPOs for distributing weather based insurance products.
- Meeting of Stakeholders was organised at Rajasthan on 06 January 2020, wherein participants included NABKISAN, Public sector banks and FPOs.
- On 21 January 2020, CFO, Sr. Mgr (Audit) attended IND AS workshop organised by Accounts Department, NABARD HO, Mumbai
- Had a meeting with NeRL, Mumbai on 24 January 2020 to discuss operations of NABKISAN as a Depository Participant with a view to onboard more FPOs.

Technology initiatives

During the year, the Company improved upon its existing operations by adding several features to the loan management and accounting software. Finflux software was made more user friendly. System generation of provisioning was enabled. IT systems were made more adequate and a DR drill was carried out on 21.02.2020.

Auto email for generation of demand letter, Credit Information Report, balance confirmation report for clients, NACH report, report for schedules of Profit and Loss a/c, digitalising monitoring of loans, posting of success stories and testimonies in social media etc., are some of the features enabled during the year.

Human Resources

Summer Internship policy was introduced during the year to provide valuable feedback with a fresh perspective, through studies/projects undertaken by students on themes of interest to NABKISAN.

Capacity Building of employees was facilitated by training the BDMs and other support staff at corporate and registered offices, on topics related to financial aspects of loan sanction, disbursement, monitoring and recovery, corporate governance, compliances etc., through BIRD Lucknow, SBI and CRISIL.

- Business Development Managers were deputed for the Credit Programme during 27-29 May 2019 at State Bank Institute of Consumer Banking, Hyderabad, Andhra Pradesh.
- Senior Manager Audit and Senior Manager IT attended the workshop for NBSCs on filling of supervisory returns in new XBRL platform, conducted by Reserve Bank of India on 26 December 2019.
- Business Development Managers were deputed for the programme on Capacity Building at Bankers Institute of Rural Development, Lucknow during 27 - 29 February 2020.

Social Security Measures were put in place for NABKISAN employees and NABKISAN was made labour law compliant for the below Acts:

- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Maternity Benefit Act, 1961



- The Payment of Gratuity Act, 1972
- The Employees' Compensation Act, 1923
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Manpower enhancement by recruiting BDMs in the states of Gujarat, Odisha and Tamil Nadu apart from Mumbai has helped the company with its growth and expansion plan.

Other Initiatives

- Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund was made to the tune of Rs.32 lakh.
- Assistance of Rs.36,270/- was extended to Panchayat Union Middle School, Kadayampatty, Magudanchavadi Union, Salem, as part of CSR initiatives.

Corporate Governance

The Board consists of 10 Directors as on 31 March 2020 including three Directors from NABARD, two nominee Directors and five Independent Directors. All the Directors of the Board are highly experienced in their areas of specialisation whose knowledge, experience and guidance are valuable to the Company. Necessary disclosures have been obtained from all the Directors regarding their Directorship in other companies and have been taken on record by the Board.

The Board met eight times during the financial year 2019-20. 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 2019-20 are as under:

Board/Committee Meetings	No. of meetings held during 2019-20
Board Meetings	08
Loan Committee	05
Investment Committee	01
Audit Committee Meeting	02
Corporate Social Responsibility Committee	01
Nomination and Remuneration Committee	01
Risk Management Committee	01
IT Strategy Committee	03
Independent Directors Meeting	01

Way Forward for 2020-21

With a view to transform small and marginal farmers from subsistence farming to market oriented commercial farms, the Company is intended to explore new geographies during the year ahead, with focus on financing Farmer Producer Collectives. The Company will be recruiting new Business Development Managers in States having business potential. In addition to the existing debt instruments, the Company 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.



The roadmap ahead for 2020-21 includes the following initiatives:-

- Exploring business under the Central Sector scheme to promote 10,000 FPOs with ODOP motto.
- Implement three schemes for FPO financing in Tamil Nadu, operate Credit guarantee scheme of Odisha and Rabo Foundation portfolio guarantee scheme.
- Focus on higher lending under FPO sector with target of 400 FPOs to be credit linked.
- Launch new products like pledge financing for FPOs in partnership with NeRL.
- Increase the share of FPO portfolio and retail portfolio to 15% of total loan outstanding.
- Spread geographical outreach to potential States.
- Explore business under special refinance scheme of NABARD for Watershed/Wadi areas.
- Enable FPOs to avail assistance under the Agri Infrastructure Fund (AIF) for development of marketing and farm-level value addition infrastructure for FPOs.
- Migration to Ind-AS accounting system.



Opening ceremony of renovated Registered Office at Chennai



Capitalizing on Cumin - The Digital Way

Banas Farmer Producer Company



Incorporated In
2016



Share Capital
Rs. **17.31** Lakh



No. of Shareholders
1086



Promoted by
Reliance Foundation



Turnover
Rs. **312** Lakh



The FPC operates in 21 villages of Patan District of Gujarat. The major activities include Agri Input Supply, Neem Seed Collection for Gujarat, Narmada Fertilizer Company (GNFC), the *USP of the Company being Physical and Demat Trading and Marketing of Cumin, Castor and Jowar Seeds.*

The FPC has established backward and forward linkage with various agencies. For big and medium scale buyers, forward linkage has been established with Satvik, GNFC, IFFCO kisan, NCDEX. The Buyers include big and medium scale companies like – ITC, IFFCO Kisan, OLAM, GUJPRO, RELIANCE Retail and big Unjha Traders. The Company has launched its brand “*Chorad Cumin*” in the market.

With the term loan of NKFL, the FPC is in the process of installing a cumin-processing unit and acquiring a vehicle for transport.

Reaping the benefits of Scientific Storage

RamRahim PPCL, Dewas, Madhya Pradesh



Incorporated In
2014



Share Capital
Rs. **58.80** Lakh



No. of Shareholders
4200



Promoted by
Female members of
SPS-promoted
Self Help Groups



Turnover
Rs. **498** Lakh



The FPC operates in 89 villages of Bagli, Kannod of Madhya Pradesh. The primary mandate of RAMRAHIM is to link small and marginal farmers with organized agricultural commodity markets. With the loan availed from NABKISAN Finance and FWFB, the FPC could transport their commodities to distant organised markets. To preserve the quality of NPM produce, hermit cocoon bags to hold carbon dioxide are used by the FPC which are procured out of grant support from NABKISAN. RamRahim also became India's first Farmer Owned Company to enlist in NCDEX and become a commodity market participant member.

RamRahim PPCL was conferred the “Best FPO” award which the BoDs received from Sh. Narendra Singh Tomar, Hon'ble Minister of Agriculture, Govt of India in a ceremony held in New Delhi in February 2020.



Success Stories

Building blocks for a bigger Enterprise

Sirumalai Vegetables Farmer Producer Company Limited



Incorporated In
2017



Share Capital
Rs. **5.61** Lakh



No. of Shareholders
561



Promoted by
Centre for Rural
Education and
Development (CRED)



Turnover
Rs. **12.75** Lakh



The FPC operates in 16 villages of Madurai and Dindigul district of Tamil Nadu. The Company undertakes bulk procurement of farm produce such as pepper, coffee, banana from its members and sells to customers at high margin. A rural mart has been set up in Sirumalai Pudur with NABARD support, providing market linkage to the PCL at competitive rates, thereby maintaining quality of produce for rural consumers. An input center has been established in Sirumalai Pudur, enabling farmers to avail input services without requiring to travel down to the plains. The FPO also provided capacity building training to its members with grant assistance from NABARD routed through NABKISAN.

During the lockdown, the FPO was actively involved in supplying vegetable family kits worth Rs. 100, procured from its members and the rural community of the region were benefited.

Farm and Off-Farm together leads the way

Gogu Kiranalu Producer Company Limited



Incorporated In
2016



Share Capital
Rs. **10** Lakh



No. of Shareholders
1000



Promoted by
Youth Club,
Bejjipuram



Turnover
Rs. **44** Lakh



The FPC operates in 24 villages of Srikakulam district of Andhra Pradesh. The Company is engaged in input and output business and also in production of various multipurpose Jute articles. Shareholders have become jute craft artisans and undergone various training programs. The jute products are being sold in the rural mart (Supported by NABARD).

Bulk orders are procured by the Company from various government and non-government institutions for sale of Jute bags/files, jute baskets, mats, lamp shades etc., and the Company is able to realize 30-35% margin on most of the items.

During Covid-19 induced lockdown, the Company received order for face mask production from the District Collectorate. With the loan assistance of Nabkisan, the Company proposes to procure paddy, maize from farmers, apart from supplying inputs and production of Jute products.



NABKISAN FINANCE LIMITED
Regd. Office: Ground Floor, NABARD TNRO Building,
No.48, Mahatma Gandhi Road, Nungambakkam, Chennai 600 034

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the shareholders of the company will be held at 04.00 p.m. on Friday, the 23rd day of October 2020 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, 2020, the statement of profit and loss, the cash flow statement for the year ended on that date and the reports of the Board of Directors and Auditors thereon be and are hereby adopted.”

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

“RESOLVED THAT pursuant to Section 139 (5) and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s. G. Balu Associates, LLP, Chartered Accountants as Statutory Auditors of the company for the year 2020-21 as proposed by the Comptroller and Auditor General of India (CAG), New Delhi be and is hereby approved, on such remuneration as may be fixed by the Board of Directors of the Company and further resolved that the aforesaid Auditors appointed by the CAG under Section 139 (5) of the Companies Act, 2013 shall hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company”.

3. To re-appoint Shri. T. Dhanaraj, 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. T. Dhanaraj, Director who retires by rotation be and is hereby re-appointed as Director of the company”.

For and on behalf of the Board
For NABKISAN Finance Ltd

Place: Mumbai
Date: 29/09/2020

Sd/-
Suseela Chintala
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 23rd Annual General Meeting are requested to forward their queries to the Registered Office of the company, at least 10 days before the date of the meeting.
5. Members are requested to bring their copies of Annual Report for the meeting.
6. Members / Proxies are requested to bring the Attendance Slip sent with the Annual Report duly filled in for attending the meeting.

For and on behalf of the Board
For NABKISAN Finance Ltd

Place: Mumbai
Date: 29/09/2020

Sd/-
Suseela Chintala
Managing Director



DIRECTORS' REPORT TO THE SHAREHOLDERS

It is the privilege of the Directors to present the 23rd Annual Report on the business and operations of the company together with the Audited Financial Statements for the year ended March 31, 2020. 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 2019-20 is summarized below:

(Rs. lakh)

Particulars	2018-19	2019-20	Growth %
Gross Income	6585.81	10602.29	61
Profit before tax	2759.54	4400.82	59
Profit after tax (before exceptional items)	1907.25	3260.24	71
Profit after tax	1907.25	3260.24	71

OPERATIONAL HIGHLIGHTS

- Profit before tax has risen by 59% to Rs.44.01 cr from Rs.27.58 cr during 2018-19.
- Profit after tax has risen by 71% to Rs.32.60 cr from Rs.19.07 cr during 2018-19.
- The total assets of the company increased from Rs.733.70 crore as on 31.03.2019 to Rs.987.15 crore as on 31.03.2020.
- Loan outstanding increased to Rs.951.18 cr (Rs.717.78 cr during 2018-19), registering a growth of 33%.
- The position of borrowings as on 31.03.2020 stands at Rs.693.84 crore as against Rs.564.06 crore as on 31.03.2019.
- Revenue from operations jumped from Rs.64.18 crore as on 31.03.2019 to Rs.104.55 crore as on 31.03.2020, showing a rise of 63%.
- Sanctions and disbursements aggregated to Rs.646.84 cr (Rs.550.10 cr) and Rs.590.36 cr (Rs.497.31 cr) respectively.
- Owned funds increased to Rs.263.84 cr (Rs.148.58 cr) indicating a growth of 78%.

IMPACT OF COVID-19 ON THE BUSINESS OPERATIONS

- The office operations of the company are continuing and active. However, during lockdown, work from home has been facilitated.
- During the prevailing circumstances, field visits could not be undertaken for appraisal of fresh proposals, on site monitoring and recovery. However, desk monitoring and desk appraisal has been resorted to.
- For Accounting and Loan Management, NABKISAN uses Finflux software which can be accessed through Net and currently there are no problems associated with internet connectivity or access to servers which are hosted on NABARD domain in Mumbai.



- Accounting of transaction, voucher posting are carried out on a daily basis
- Internal audit is also in place and being carried out concurrently.
- NABKISAN has been able to mobilise requisite funds from its lender, NABARD.
- Nearly 50 % of the dues as on 01 April 2020 have been collected. Some of the clients have already sought moratorium from us. Hence, there will be collections only from clients who decide not to avail moratorium.

CAPITAL STRUCTURE

Change in the capital structure of the company during the year

The paid-up share capital of the company has increased from Rs.86,85,44,500/- divided into 8,68,54,450 equity shares of Rs.10/- each to Rs.137,62,79,320/- divided into 13,76,27,932 equity shares of Rs.10/- each.

Issue of Shares

During the year, the company has issued 5,90,61,026 equity shares of Rs.10/- each at the book value of Rs.17.10 per share under right basis.

- Date of issue – Opening and closing of the issue – 28.11.2019 to 27.12.2019 (inclusive of both the days)
- Date of allotment - 30/12/2019
- Method of allotment – Rights Issue
- Issue price – Rs.17.10 per share
- Number of shares allotted - 5,07,73,482 equity shares

INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

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

MANAGEMENT

Directors & Key Managerial Personnel and changes during the year

Shri. Avinash C Shrivastava Nominee Director	Chief General Manager, NABARD, HO, Mumbai
Shri.Niraj Kumar Verma Nominee Director	Chief General Manager, NABARD, HO, Mumbai
Shri.M.Nagarajan Nominee Director	GM, Indian Bank, Chennai
Shri.M.Arvind, IAS Nominee Director	Dy. Secy. to Govt. (Budget), Finance Dept., Chennai



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. Arindom Datta Independent Director	Rabo India Securities Pvt. Limited - Asia Head, Sustainability Banking, Rabobank Group
Shri.Alok Bhargava Independent Director	Management Consultant
Shri.Deepak Singhal Independent Director	Sector Expert, Retired Executive Director of RBI
Shri.T.Venkatakrishna	Managing Director & CEO, NABKISAN
Dr.K.S.Mahesh	Chief Financial Officer, NABKISAN
M.Bhuvaneswari	Company Secretary, NABKISAN

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

- Shri.T.Venkatakrishna, General Manager, NABARD was appointed as Managing Director cum CEO in place of Shri.Niraj Kumar Verma w.e.f. 30.04.2019.
- Dr.P.M.Ghole, CGM, NABARD had ceased to be a Director w.e.f. 29.05.2019 due to super annuation from the services of NABARD.
- Shri.Alok Bhargava, Shri.Arindom Datta and Smt.Vijayalakshmi Das, Additional Directors were regularised and appointed as Independent Directors w.e.f. 29.05.2019.
- Shri.R.Amalorpavanathan, DMD of NABARD ceased to be the Chairman and Nominee Director w.e.f. 31.05.2019 due to super annuation from the services of NABARD.
- Shri.Avinash C Shrivastava, CGM, NABARD was appointed as Nominee Director w.e.f. 15.07.2019.
- Shri.Deepak Singhal was appointed as Additional Director w.e.f. 19.08.2019 and was regularised as Independent Director w.e.f. 23.09.2019.
- Shri.M.Nagarajan, General Manager, Indian Bank was appointed as Nominee Director w.e.f. 16.09.2019 in place of Shri.D.Devaraj, General Manager.
- Shri.S.Dwivedi, Chief General Manager, NABARD ceased to be a Director w.e.f. 31.01.2020 due to super annuation.
- Smt.Vijayalakshmi Das ceased to be a Director w.e.f. 08.02.2020 due to her demise.
- Shri.Niraj Kumar Verma, CGM, NABARD was appointed as Nominee Director w.e.f. 11.02.2020.

Changes that have taken place in the Board of Directors and Key Managerial Personnel after 31.03.2020:



- Shri.M.Nagarajan, GM, Indian Bank ceased to be a Director w.e.f. 31.05.2020 on withdrawal of nomination by the appointing authority.
- Shri.Shaji KV, DMD, NABARD was appointed as Nominee Director w.e.f. 12.06.2020 and was subsequently appointed as Chairman of the Board.
- Shri.T.Ramesh, GM, NABARD was appointed as Nominee Director in place of Shri.Niraj Kumar Verma, CGM, NABARD w.e.f. 19.06.2020.
- Smt.Suseela Chintala, GM, NABARD was appointed as Managing Director cum CEO in place of Shri.T.Venkatakrishna w.e.f. 29.06.2020.
- Shri. Nilay D Kapoor, CGM, NABARD was appointed as Nominee Director in place of Shri. Avinash C Shrivastava, CGM, NABARD w.e.f. 20.07.2020.
- Dr.R.Anandakumar, IAS, Special Secretary to Government, Finance Department, Government of TamilNadu was appointed as Nominee Director w.e.f. 28.08.2020 in place of Shri.M.Arvind, IAS.
- Shri. T.Dhanaraj, GM, Indian Bank was appointed as Nominee Director w.e.f. 03.09.2020, in place of Shri. M.Nagarajan who has ceased to be Director on withdrawal of nomination.

Retirement by rotation

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

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

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

Code of Conduct

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

Independent Directors

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



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (3) (c) of the Companies Act, 2013 read with the Companies (Directors' Responsibility) Rules 2000, the Directors state that:

- (a) The applicable accounting standards have been followed in the preparation of the annual accounts along with proper explanation relating to material departures, if any.
- (b) Accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
- (c) Proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) The annual accounts have been prepared on a going concern basis.
- (e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTION

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

AUDITORS

Internal Audit

M/s. Jagadeesh & Keerthy, Chartered Accountants who were appointed as Internal Auditors for the financial year 2019-20 had carried out the Internal Audit from 01st April 2019 to 30th June 2019. Thereafter, the internal audit was carried out by Shri.K.Sridhar, Chartered Accountant, employee of NABKISAN. The reports of the internal auditors were placed before the Audit Committee at their meetings at regular intervals.

Statutory Audit

In pursuance of Section 139 of the Companies Act, 2013, the Comptroller & Auditor General of India had appointed M/s. V.Senthilnathan & Co., Chartered Accountants, Chennai as Statutory Auditors of the Company for the financial year 2019-20.

Reporting of Frauds by Auditors:

During the year under review, the Statutory Auditors and the Secretarial Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the



Audit Committee under section 143(12) of the Companies Act, 2013, details of which need to be mentioned in this Report.

Supplementary Audit by C&AG

Comptroller and Auditor General of India vide their report dated 22.09.2020 (**Annexure II**) have forwarded their certificate under Section 143(6)(b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31st March 2020.

Comments by CAG and Management replies:

(i) Notes 2.15- Provisions, Contingent Liabilities and Contingent Assets

Contingent Liabilities

Note 2.15 on contingent liabilities states that Company has Contingent liabilities in the nature of loan commitments pending disbursement mainly on account of lockdown due to Covid-19 amounting to Rs. 20.31 crore. However, the correct amount of loan commitments pending disbursement was Rs.80.76 crore as on 31 March 2020. This has resulted into understatement of contingent liabilities by Rs.60.45 crore.

Management Reply:

Loan commitment pending disbursement is disclosed in the notes to accounts as contingent liabilities as part of RBI regulations applicable for NBFC sector. Such disclosure is required for the purpose of arriving at the Capital Adequacy Ratios. Loan commitment pending disbursement are not in the nature of capital expenditure and also it is not a liability instead it creates assets which are receivable in future as principal repayments and recognising the interest income on the balance outstanding in the financial statements. Therefore, it is not capital commitments or other commitments as per the schedule III to the Companies Act.

Loan commitment arises only when pre-disbursement conditions spelt out in the sanction advice are complied by the client which includes acceptance of all the terms & conditions of sanction, execution of required loan documents by the client, creation of security interest in favour of the Company and payment of processing fees. The amount of Rs.20.31 crore reflects where the clients have complied to the pre-disbursement conditions and in few cases partial disbursement is already done. The amount of Rs.60.45 crore reflects where the sanction letters are yet to be accepted by the client and loan documentation is pending and resultantly there is no loan commitment to the client. Therefore, the loan commitment is not understated.

(ii) Other relevant notes

The Board of Directors of the company approved proposal for entering into MOU with the Department of Agricultural Marketing and Agriculture Business, Govt of Tamil Nadu for implementing three schemes including Interest Subvention Support to provide concessional credit to Farmer Producing Companies. The Contribution from Govt of TN was ₹ 166.70 crore and company was to provide ₹ 333.30 crore of credit in phased manner upto the year 2022-23. Though Govt of TN has issued administrative sanction for its part of contribution, however MOU between Company and Govt. of Tamilnadu is yet to be signed. Considering the amount involved and status of financial arrangements, the facts on the matter should have been disclosed in the notes to accounts. Thus notes to accounts are deficient to that extent.



Management Reply:

As per the ICAI guidance notes, capital commitment pertains to future liability for capital expenditure in respect of which contracts have been made like commitments arising from long term contracts for purchase of raw material, employee contracts, lease commitments, investments, employee contracts etc.

In this case financial assistance under various schemes for FPCs by the Government of Tamilnadu will be an asset in the form receivable and does not create any capital expenditure. The MoU is yet to be signed with Government of Tamilnadu and upon signing of the MoU, Government of Tamilnadu will be releasing funds to NABKISAN for implementation of the schemes. Pending signing of MoU, there is no financial commitment from NABKISAN and that's the reason the same was not disclosed in the financial statements. However, the company will be disclosing the information in the Financial Statements in the year of implementation.

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 2019-20 and her report is annexed to this Board report vide **Annexure III**.

Comments made by Secretarial Auditor and Management Reply:

The company has crossed the employee strength of 20 in the month of Jan'20. The following acts are applicable to the company during 19-20.

- a. The Employees Provident Fund and Miscellaneous Provisions Act, 1952
- b. The Payment of Gratuity Act, 1972
- c. The Maternity Benefit Act, 1961

However, the company is yet to register for the above said acts.

Management Reply:

- a. The Employees Provident Fund and Miscellaneous Provisions Act, 1952

Registration process has been initiated and the entire amount due since the applicability of the Act is expected to be remitted along with September EPF contribution.

- b. The Payment of Gratuity Act, 1972

Provision of Gratuity fund under the act has been approved by the Board and action in this regard has been initiated.

- c. The Maternity Benefit Act, 1961



A policy to provide benefits under the Maternity Benefits Act and operational guidelines for the same has been approved by the Board, which will be effective from the year 2020-21. Annual returns for the same will be submitted as and when they fall due.

Dividend

Keeping in view the guidelines of Reserve Bank of India vide letter No. DOR.BP.BC. No. 64/21.02.067/2019-20 dated 27 April 2020 for Banks and the Covid 19 pandemic and the extended lockdown situation, the Board of Directors of the company have recommended that no dividend be paid for the financial year ended 31st March 2020. The Profit After Tax will be ploughed back for the growth of business activities during the year.

Reserves

The company has transferred Rs.652.05 lakh to special reserve u/s 45-IC of RBI Act, 1934 as against Rs.381.45 lakh transferred during the previous financial year. The company has made a profit after tax of Rs.3260.24 lakh during the financial year ended 31st March 2020.

Status of NPA Accounts:

As on 31 March 2020, the company had a gross NPA of Rs.1922.62 lakh as against Rs.961.16 lakh as on 31 March 2019. 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. Accordingly, as per the offer, Rs.39 lakh was remitted during 2017-18, Rs.13 lakh during 2018-19 and Rs.7.495 lakh during 2019-20. The remaining principal balance of OTS amount of Rs.7.505 lakh is outstanding in the financials as at 31.03.2020.

There are 99 NPA clients comprising 71 PLFs, 7 NGOs, 20 FPCs and one company. In monetary terms, the total NPA is Rs.19.23 crore out of which Rs.4.94 crore is for PLF accounts, Rs.1.67 crore is for NGOs, Rs.5.21 crore for FPCs and Rs.7.41 crore for corporate. Since the PLF recoveries are not forthcoming despite all efforts, the company has made enhanced provisions during the year. The NPAs in most of the FPOs are due to cash flow issues, however, repayments are coming from them with delays. Monitoring follow up with Trustees and issue of legal notices in few cases are being done for NGOs.



BOARD AND ITS COMMITTEES

Board Meetings

The Board of directors met eight times during the year 2019-20 on 30th April 2019, 29th May 2019, 17th July 2019, 19th August 2019, 24th September 2019, 22nd November 2019, 22nd January 2020 and 05th March 2020.

Other Committees of the Board

As on March 31, 2020, the Board had 8 (eight) Statutory Committees viz: Audit Committee, Loan Committee, CSR Committee, Nomination and Remuneration Committee, Risk Management Committee, IT Strategy Committee, Investment Committee and Share Transfer Committee.

(1) Audit Committee

In terms of Section 177 of the Companies Act, 2013, the Board had constituted an Audit Committee. The Audit Committee met two times during the year 2019-20 on 30th April 2019 and 22nd November 2019.

The present committee consists of Smt.Suseela Chintala, Managing Director, Shri.Alok Bhargava, Independent Director and Shri.Ashok Kumar Yadav, Independent Director .

(2) Loan Committee – Composition & Meetings

The present Loan Committee comprises of Smt.Suseela Chintala, Managing Director, Shri.T.Ramesh, Director, Nominee Director of Indian Bank, Shri.Deepak Singhal, Independent Director, Dr.K.S.Mahesh, CFO and Shri.S.Ramesh, COO – Convener.

During the year ended March 31, 2020, five (5) meetings of the Committee were held on 24th June 2019, 11th November 2019, 11th December 2019, 22nd January 2020 and 05th March 2020.

(3) CSR Committee – Composition & Meetings

The present CSR Committee comprises of Smt.Suseela Chintala, Managing Director, Shri.Nilay D Kapoor, Director, Shri.Deepak Singhal, Independent Director and Shri.Alok Bhargava, Independent Director.

During the year ended March 31, 2020, one meeting of the Committee was held on 17th July 2019.

(4) Nomination and Remuneration Committee – Composition & Meetings

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

During the year ended March 31, 2020, one meeting of the Committee was held on 19th August 2019.



(5) Risk Management Committee – Composition & Meetings

The present Risk Management Committee comprises of Shri.T.Ramesh, Director, Shri.Arindom Datta, Independent Director and Shri.Ashok Kumar Yadav, Independent Director.

During the year ended March 31, 2020, one meeting of the Committee was held on 17th July 2019.

(6) IT Strategy Committee – Composition & Meetings

The present IT Strategy Committee comprises of Shri.Vijay Sardana, Independent Director, Smt.Suseela Chintala, MD cum CEO, Dr.K.S.Mahesh, Chief Financial Officer, Shri. S.Ramesh, Chief Operating Officer and Shri.Venkata Ganesh Pokuru, IT Officer.

During the year ended March 31, 2020, three (3) meetings of the Committee were held on 17th July 2019, 22nd January 2020 and 05th March 2020.

(7) Investment Committee – Composition & Meetings

The present Investment Committee comprises of Smt.Suseela Chintala, Managing Director, Shri.T.Ramesh, Director, Dr.K.S.Mahesh, CFO and Shri.S.Ramesh, COO.

During the year ended March 31, 2020, one meeting of the Committee was held on 10th December 2019.

(8) Share Transfer Committee – Composition & Meetings

The present Share Transfer Committee comprises of Smt.Suseela Chintala, Managing Director and Shri.Nilay D Kapoor, Director.

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

Other Committees

In addition to the Board Committees, three other committees viz., Asset Liability Committee, Human Resource Committee and Business Development Committee are in place.

(1) Asset Liability Committee – Composition & Meetings

The present Asset Liability Committee comprises of Smt.Suseela Chintala, Managing Director, Dr.K.S.Mahesh, Chief Financial Officer and Shri. S.Ramesh, Chief Operating Officer.

During the year ended March 31, 2020, three (3) meetings of the Committee were held on 12th July 2019, 22nd January 2020, 05th March 2020.

(2) Human Resource Committee – Composition & Meetings

The present Human Resource Committee comprises of Shri. T.Ramesh, Director, Shri.Alok Bhargava, Independent Director and Smt.Suseela Chintala, Managing Director cum CEO.

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



(3) Business Development Committee – Composition & Meetings

The present Business Development Committee comprises of Shri. Shaji KV, Director, Shri. Nilay D Kapoor, Director, Shri. Ashok Kumar Yadav, Independent Director, Shri. Arindom Datta, Independent Director and Smt. Suseela Chintala, Managing Director.

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

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 2019-20 are set out in the prescribed format under **Annexure IV** and forms part of this report.

INFORMATION ON ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE AS PER SECTION 134 OF THE COMPANIES ACT, 2013

Our company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings. Foreign Exchange outgo during the year in terms of actual outflows –Euro equivalent to INR 293393.06 towards payment of Guarantee fees to M/s. St.RF Klantenfonds, Netherlands.

Vigil Mechanism:

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

Risk Management

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

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

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



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

EXTRACT OF ANNUAL RETURN

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

DEPOSITS FROM PUBLIC

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

EMPLOYEE BENEFITS

During the year, the company has voluntarily contributed 8.33% on Basic Pay to Permanent staff towards Public Provident Fund as practiced in the earlier years and the company has been covered by the provision of The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 as the no. of Employees crossed 20 in the month of January 2020 and is in the process of registration. The company has already made provisions for gratuity at half a month salary for each year of completed service, after completion of five years' service. Further, the company has initiated the process for extending gratuity benefit to the contract employees and has initiated the process for deployment as per the relevant act. The Gratuity of Deputation Staff of NABARD is being reimbursed to NABARD.

SECRETARIAL STANDARDS

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

FUTURE OUTLOOK

The Board of Directors of the company has approved the following business plan of the company for the financial year 2020-21:

(Amounts in Rs. lakh)

S. No	Activity	Target 2020-21
1	Activity based lending through NGOs/ Trusts / Sec 8 Companies	2500.00
2	NBFCs	20000.00
3	Micro Finance Institutions (MFIs)	22500.00
4	Farmers' Producer Organizations (FPOs)	



	<i>Direct Lending</i>	<i>15000.00</i>
	<i>On-lending</i>	<i>2500.00</i>
5	PACS as MSC	5000.00
6	Agri Corporates and Others	5000.00
	TOTAL	72500.00

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board
For NABKISAN Finance Ltd

Place: Mumbai
Date: 29.09.2020

Sd/-
Suseela Chintala
Managing Director



FORM NO. AOC -2**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

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

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

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.691,81,55,795/-
e)	Date of approval by the Board	29/05/2020
f)	Amount paid as advances, if any	--

Sd/-
Suseela Chintala
Managing Director



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 2020

The preparation of financial statements of NABKISAN Finance Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with 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 30.07.2020 which supersedes their earlier Audit Report dated 29.05.2020.**

I, on the 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 2020. 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.

Comments on Disclosure

(i) Note 2,15: Provisions, Contingent Liabilities & Contingent Assets

Contingent Liabilities

Note 2.15 on contingent liabilities states that company has contingent liabilities in the nature of loan commitments pending disbursal mainly on account of lockdown due to Covid 19, amounting to Rs.20.31 Crore. However the correct amount of loan commitments pending disbursal was Rs. 80.76 Crore as on 31 March 2020. This has resulted into understatement of contingent liabilities by Rs. 60.45 crore.



(ii) Other Relevant Notes

The Board of Directors of the Company approved (July 2019) proposal for entering into MoU with the Department of Agricultural Marketing and Agriculture Business, Government of Tamil Nadu for implementing three schemes including Interest Subvention Support to provide concessional credit to Farmer Producer Companies. The contribution from Government of Tamil Nadu was Rs. 166.70 Crore and Company was to provide Rs. 333.30 Crore of credit in phased manner upto the year 2022-23. Though Government of Tamil Nadu has issued administrative sanction for its part of contribution, however MoU between Company and Government of Tamil Nadu is yet to be signed. Considering the amount involved and status of financial arrangements, the facts on the matter should have been disclosed in the Notes to Accounts. Thus Notes to Accounts are deficient to the extent.

Place:
Date:22.09.2020

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

Sd/-

**(Amitabh Prasad)
Principal Director of Audit
(Agriculture, Food & Water Resources)**



Form No.MR-3
SECRETARIAL AUDIT REPORT
 FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
NABKISAN Finance Limited

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

Based on my verification of NABKISAN Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2020 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 31.03.2020 according to the provisions of :

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

NABKISAN Finance Limited is a subsidiary of National Bank for Agriculture and Rural Development (NABARD) (holding 87.48% of the shares of NABKISAN Finance Limited as on 31.03.2020) 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

1. The company has crossed the employee strength of 20 in the month of Jan'20. The following acts are applicable to the company during 19-20.
 - a. The Employees Provident Fund and Miscellaneous Provisions Act, 1952
 - b. The Payment of Gratuity Act, 1972
 - c. The Maternity Benefit Act, 1961

However, the company is yet to register for the above said acts.

2. Special resolutions were passed for increase of Authorised Share Capital from Rs.100 Crore to Rs.200 Crore and for Increasing the borrowing powers of the company, vide EGM held on 29.05.19.
3. Statutory auditor as proposed by Comptroller and Auditor General of India (CAG) is appointed by the company u/s 139 (5) of the Companies Act, 2013. But in the Company Master Data maintained by the Ministry of Company Affairs, the Company Sub-category appears as "Non-Govt Company". But, the company is treated as a deemed Government Company and hence, claims exemptions from the following compliances:
 - a. Placing of declaration obtained from independent directors in the first Board meeting
 - b. Obtaining DIR-8 from directors u/s 164 (2)
 - c. Approval of Related Party Transactions by the Audit Committee, Board, etc.
 - d. Appointment of auditor by Audit Committee.
4. DIN of the directors Mr. VIJAY SARDANA and Mr. ARVIND MANICKAVASAGAM are marked "Director of ACTIVE non-compliant company".

I further report that

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.



2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company and have relied on the report of statutory auditors and financial statements.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. The compliance by the Company of the applicable financial laws like direct and indirect taxes and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subject to review by statutory financial audit, CAG and other designated professionals.

Place: CHENNAI
Date: 29.09.2020

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



Corporate Social Responsibility Report

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

With the applicability of Section 135 of the Companies Act, 2013, the Board at its meeting held on 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 recommended 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.Suseela Chintala, Managing Director
- Shri.Nilay D Kapoor, Director
- Shri.Deepak Singhal, Independent Director and
- Shri.Alok Bhargava, Independent Director

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

PARTICULARS	AMOUNT
Profits/(Loss) before Tax for the FY 2016-17	11,81,14,430/-
Profits/(Loss) before Tax for the FY 2017-18	19,28,48,711/-
Profits/(Loss) before Tax for the FY 2018-19	27,59,54,493/-
Total Profits for 3 years	58,69,17,634/-
Average of the Above profits	19,56,39,211/-

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

2% of average profit – Rs.39,12,784/-

5. Details of CSR spent during the financial year:

- (a) Total amount to be spent for the financial year - Rs.39,12,784/- . Total amount spent for the financial year - Rs.39,11,991/-
- (b) Amount unspent, if any: Rs.793/-
- (c) Manner in which the amount is spent during the financial year is detailed below:



1	2	3	4	5	6	7	8
Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the project or programs 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent : Direct through implementing agency
1.	Organising capacity building workshops for Farmer Producer Organisations (FPOs)	Promoting education and skill development Schedule VII (ii)	Maharashtra	Rs.1,67,550	Direct Expenditure	Rs.1,67,550	Yuva Mitra
2.	Organising capacity building workshops for Farmer Producer Organisations (FPOs)	Promoting education and skill development Schedule VII (ii)	Madhya Pradesh	Rs.2,43,729	Direct Expenditure	Rs.2,43,729	Action for Social Advancement (ASA)
3.	Organising capacity building workshops for Farmer Producer Organisations (FPOs)	Promoting education and skill development Schedule VII (ii)	Tamilnadu	Rs.99,442	Direct Expenditure	Rs.99,442	National Agro Foundation (NAF)
4.	Contribution to the tune of Rs.11,00,000/- to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund.	Contribution to PM Care Fund Schedule VII (viii)	-	Rs.11,00,000	Direct Expenditure	Rs.11,00,000	Direct



Amount provided during 2019-20

1. Provision of Rs.1,65,000/- for organising capacity building workshops for Farmer Producer Organisations (FPOs) in Karnataka
2. An amount of Rs.36,270/- to Panchayat Union Middle School, Kadayampatty, Magudanchavadi Union, Salem for purchase of printer and public address system, paid on 04.04.2020.
3. Rs.21,00,000/- provision made for payment to be made to Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM CARES) Fund, paid on 09.04.2020.

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 considers social responsibility as an integral part of its business activities and endeavours to utilize allocable CSR budget for the benefit of society. NABKISAN's CSR initiatives are on the focus areas approved by the Board benefitting the community. NABKISAN has spent the two percent of the average net profit of the last three financial years except for a negligible amount of Rs.793/-

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

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

Sd/-
Suseela Chintala
MD & CEO

Sd/-
Nilay D Kapoor
Director

Sd/-
Deepak Singhal
Independent Director

Sd/-
Alok Bhargava
Independent Director

Place: Mumbai
Date: 29.09.2020



Success Stories

Adding Value through Processing

Veerachozhan Uzhavan Producer Company Limited



Incorporated In
2016



Share Capital
Rs. **20** Lakh



No. of Shareholders
1044



Promoted by
Centre for Indian
Knowledge Systems



Turnover
Rs. **118** Lakh



The FPC operates in 44 villages of Mayiladuthurai district of Tamil Nadu. The Company is involved in procurement and sale of paddy and paddy seeds from its shareholders. Currently, the FPO is constructing a seed processing unit in Mayiladuthurai under MSDA scheme of Government of Tamil Nadu.

The FPC has started an input shop in Manganallur and sells fertilizers and pesticides to the farmers in the region. In order to build the capacities of the member farmers, the Company conducted training on 'Organic Paddy cultivation and value addition in Paddy' to its members through Tamil Nadu Rice Research Institute, Aduthurai and organised an exposure visit to IIFPT, Thanjavur with the help of grant assistance of NABARD routed through NABKISAN.

Empowering the Women Artisans

Bangalore Greenkraft Producer Company Limited



Incorporated In
2012



Share Capital
Rs. **250** Lakh



No. of Shareholders
10 SHG's



Promoted by
Industree
Foundation



Turnover
Rs. **118** Lakh



The Company operates in 20 villages of Madurai District in Tamil Nadu as also in Bangalore. The USP of Greenkraft is that it is entirely artisan-owned and artisans enjoy 100% of the profits of the company. 98% are women artisans. The members of the company procure the banana pseudostem, convert them into excellent artifacts such as baskets and home décor products with their weaving skills.

The technical and management support is being provided by Industree Foundation while the market facilitation to IKEA, FabIndia is provided by Industree Skill Transformation Pvt Ltd. COVID pandemic has created an opportunity for the Company to train their members in concepts like 'how to make their own masks', distance learning through short visual curriculums, etc.



Capacity Building of FPOs



Training on Commodity Derivatives at Tamil Nadu



Training programme on Commodity Derivatives at Bhopal



Training Programme on Commodity Derivatives at Nasik

Independent Auditors' Report

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 2020, 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 our completion of audit on 29.05.2020 that the para Information other than the financial statements and Auditors Report thereon was not included, that in Report on other legal and regulatory requirements Annexure was mentioned instead of Annexure A and that in point (vii) to the Annexure A to the auditor report Insurance was mentioned instead of Employees State Insurance. Hence, the auditor's report is revised to rectify the same.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 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 2020 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, Chairman's Statement, Director's Report but does not include the financials statements and our auditors report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in the audit or otherwise appears to be



materially misstated. If based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KEY AUDIT MATTER

We draw attention to the Impact of COVID 19 on the financial reporting relating to current pandemic situation prevailing across the country, physical documentations of the advances was verified to the extent, physical verification of borrowers was not possible due to physical distancing, time and other related constraints, Other related audit works were verified based on the documents made available online.

Responsibility of Management and those charged with governance 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. 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.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

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



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, 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, we 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 applicable 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.
 - viii. With respect to the matter to be included in the auditor's report under section 197(16) of the companies act:

In our opinion and according to the information and explanation given to us, the Company has paid/ reimbursed in the form of professional charges for



managerial remuneration to the directors on deputation of the company/
NABARD.

- 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
Membership No. 024244

Place : Chennai
Date : 30.07.2020



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 2020, 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 Finance 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) 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

However, the company is yet to deposit the professional tax in the states of Maharashtra, Telangana, West Bengal, Gujarat of the employees for the FY 2018-2019 and also Input Tax Credit due to error in application of provisions of the GST act as said in the note 2.18 Statutory compliance –under GST.

- (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 has raised money by way of rights offer to the existing shareholders of the company and the same has been applied for the purposes for which it was raised by the company..
- (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 paid/ reimbursed for managerial remuneration to the directors of the company/ NABARD.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) 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 Under Companies act 2013 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-IA of the Reserve Bank of India Act 1934 vide no .B-07.00712

For V SENTHILNATHAN & CO

Chartered Accountants
Firm Reg No.003711s

Sd/-

V SENTHILNATHAN
Partner
Membership No. 024244

Place : Chennai
Date : 30.07.2020



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 2020 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 control based on the assessed risk. The procedures selected depend on the auditors' 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 Controls 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 the 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 or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 above emphasis of matter 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 2019, 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 2020 and the material weakness has affected our opinion on the standalone financial statements of the company and we have issued a unqualified opinion on the standalone financial statements.

For V SENTHILNATHAN & CO

Chartered Accountants
Firm Reg No.003711s

Sd/-

V SENTHILNATHAN
Partner
Membership No. 024244

Place : Chennai
Date : 30.07.2020



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	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes. There are no accounting transactions outside IT systems as information technology is 100% computerized.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	There is no such cases applicable to the company during the FY 2019-2020.
3	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	The company during the year received Producer Organization Development Fund grant from NABARD for onward transmission to Farmer Producer organization and the same has been properly done as per its terms & conditions.

For V SENTHILNATHAN & CO

Chartered Accountants
Firm Reg No.003711s

Sd/-

V SENTHILNATHAN
Partner
Membership No. 024244

Place : Chennai
Date : 30.07.2020



BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Note Ref	As at March 31, 2020 (in Rs.)	As at March 31, 2019 (in Rs.)
I EQUITY AND LIABILITIES			
1) Share Holders' Funds			
Share Capital	3.1	1,37,62,79,320	86,85,44,500
Reserves & Surplus	3.2	1,26,21,08,123	61,72,66,447
2) Non-current Liabilities			
Long-term borrowings	3.3	3,75,83,02,616	3,20,26,97,476
Long term provisions	3.4	6,93,25,281	4,16,82,038
3) Current Liabilities			
Other current liabilities	3.5	3,27,33,18,348	2,50,94,95,432
Short-term provisions	3.6	13,21,59,612	9,73,50,226
Total		9,87,14,93,300	7,33,70,36,119
II ASSETS			
1) Non-current Assets			
Property, Plant and Equipment			
- Tangible Assets	3.7	15,33,929	3,01,107
- Intangible Assets		91,351	2,47,966
Long term loans and advances	3.8	5,46,65,46,201	4,32,92,98,887
Deferred tax asset (net)	3.9	2,93,908	1,86,683
Other non current assets	3.10	13,70,02,209	9,84,28,537
2) Current Assets			
Cash And Cash Equivalents	3.11	21,68,10,500	5,37,98,763
Short term loans and advances	3.12	4,04,53,48,307	2,84,85,75,813
Other Current Assets	3.13	38,66,895	61,98,363
Total		9,87,14,93,300	7,33,70,36,119
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		For NABKISAN Finance Limited	
	Sd/- Niraj Kumar Verma Director	Sd/- T Venkata Krishna MD & CEO	
V SENTHILNATHAN Partner M.No.024244	Sd/- Dr.K.S.Mahesh Chief Financial Officer	Sd/- M.Bhuvanewari Company Secretary	
Mumbai, 29.05.2020			



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)

Particulars			
Liabilities side:		Amount	Amount
(1)	Particulars	Outstanding	Overdue
	Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debentures Secured	Nil	Nil
	Unsecured (other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	Nil	Nil
	(d) Inter-Corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (Un-secured loan - Refinance from NABARD & NSTFDC)	69383.86	Nil
(2)	Break-up of (1) (f) above (Outstanding public deposits inclusive of Interest accrued thereon but not paid):		
	(a) In the form of Unsecured debentures	Nil	Nil
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	Nil	Nil
	(c) Other public deposits	Nil	Nil
Assets side:		Amount Outstanding	
(3)	Break up of Loans and Advances including bills receivables (other than those included in (4) below):		
	(a) Secured		95117.78
	(b) Unsecured		0.00
(4)	Breakup of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease Assets including lease rentals under sundry debtors:		Nil
	(a) Financial Lease		
	(b) Operating Lease		
	(ii) Stock on hire including hire charges under sundry debtors:		Nil
	(a) Assets on hire		
	(b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities		Nil
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		
(5)	Break-up of investments :		
	Current investments :		
	1. Quoted :		
	(i) Shares : (a) Equity		Nil
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (Please specify)		



(Rs. in lakhs)

Particulars				
2. Unquoted: (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		2000.00		
Long Term Investments: 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)		Nil		
2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)		Nil		
(6) Borrower Group-wise classification of assets financed as in (2) and (3) above:				
Category	Amount net of provisions			
	Secured	Unsecured	Total	
1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Nil	Nil	Nil	
2. Other than related parties	94709.56	-	94709.56	
Total	94709.56	-	94709.56	
(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 of Provisions)	
1. Related Parties ** (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Nil	Nil	Nil	
2. Other than related parties	Nil	Nil	Nil	
Total	Nil	Nil	Nil	



(Rs. in lakhs)

Particulars		Amount
(8)	Other Information	
(i)	Gross Non-Performing Assets (a) Related parties (b) Other than related parties	Nil 1922.62
(ii)	Net Non-Performing Assets (a) Related parties (b) Other than related parties	Nil 1514.39
(iii)	Assets acquired in satisfaction of debt	Nil

**Vide our report of even date
for V Senthilnathan & Co
Chartered Accountants
Firm Reg No.003711s**

for and on behalf of the Board of Directors

**Sd/-
Niraj Kumar Verma
Director**

**Sd/-
T Venkata Krishna
MD & CEO**

**Sd/-
V SENTHILNATHAN
Partner
M.No.024244**

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

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



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Note Ref	For the year ended March 31, 2020 Rs.	For the year ended March 31, 2019 Rs.
I INCOME			
Revenue from Operations	4.1	1,04,54,53,705	64,18,12,944
Other Income	4.2	1,47,75,612	1,67,67,741
Total A		1,06,02,29,317	65,85,80,685
II EXPENDITURE			
Finance Cost	4.3	53,22,33,763	33,05,16,565
Employee Benefits Expenses	4.4	1,12,80,320	70,69,591
General & Administrative Expenses	4.5	4,11,50,491	1,82,88,717
Provisions & Contingencies	4.6	3,47,95,981	2,62,47,927
Depreciation	3.7	6,86,528	5,03,392
Total B		62,01,47,083	38,26,26,192
III Profit before exceptional and extraordinary items and tax (I-II)		44,00,82,234	27,59,54,492
IV Extraordinary items		-	-
V Profit / (Loss) before Taxation		44,00,82,234	27,59,54,492
VI Tax Expenses			
- Earlier Tax		-	6,75,806
- Current Tax		11,41,65,370	8,46,14,500
- Deferred Tax		(1,07,225)	(60,992)
VII Profit / (Loss) after Tax		32,60,24,089	19,07,25,179
VIII Earning per Equity Share:			
Basic & Diluted	2.14	3.27	2.76
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		For NABKISAN Finance Limited	
Sd/- V SENTHILNATHAN Partner M.No.024244		Sd/- Niraj Kumar Verma Director	Sd/- T Venkata Krishna MD & CEO
Mumbai, 29.05.2020		Sd/- Dr.K S Mahesh Chief Financial Officer	Sd/- M.Bhuvaneshwari Company Secretary



Significant Accounting Policies

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 Major Shareholder holding a controlling Interest of 87.48% 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;

The Company has become Systemically Important Non-Banking Finance Company not accepting public deposit from the Financial Year 2018-19 engaged in the business of providing financial assistance to producer organizations, agriculture & allied activities to companies and also through PLFs/Trusts/Societies, etc.

The company has altered the object clause in the memorandum of association by complying with the provisions of Companies Act 2013.

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 98.61% of the gross income and its financial asset (loan asset) is 96.36% of the total assets.

During the year, the company has adopted Accounting Standards specified in companies accounting standard amendment rules 2016.

As per the Provisions of the Companies Act 2013 relating to phase wise implementation of IND AS, the net worth of the company for the purpose of applicability of IND AS shall be based on the audited financial statements as on 31 March 2019. The company's networth has not exceeded Rs.250 crores as on 31 March 2019 for applicability of IND AS, hence adoption and preparation of financial statements in accordance with the Indian Accounting Standards (Ind-AS) will be applicable from FY 2020 - 21.



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 17.02.2020) issued for Non-Banking Financial Companies (NBFC) SI ND. 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.

In spite of pandemic situation due to COVID -19 prevailing across the country from March 2020, the management of the company is confident that impact of pandemic will be minimal on its operations and hence the financial statements are prepared on going concern basis.

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 Property, Plant and Equipment and intangible assets. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

2.3 Property, Plant and Equipment and Depreciation

- (i) Property, Plant and Equipment 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 Property, Plant and Equipment 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.
- (v) In the case of refurbishment of the registered office premises of the company the management of the company classified the electrical portion of building under furniture & fixtures as it is more beneficial to amortize the assets over the period.
- (vi) In case of sale/exchange of asset the profit or loss on sale/exchange has been recognized in the statement of profit and loss account. Accordingly, the company during the year has recognized the loss amounting to Rs.32,658/- and profit amounting to Rs.62,800/- in the financial statements.

2.4 Investments

During the Financial Year 2019-20, the company has not made any investments.

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 17.02.2020). 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 2020 and not considered in the accounts is Rs.21,53,393/- (Previous year Rs.26,96,468/-).

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

Income from current investment

Interest income on fixed deposits with banks are accounted / recognized on accrual basis.

2.6 Employee Benefits

The company has been covered by the provision of The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and is in the process of registration. During the year, the company has voluntarily contributed 8.33% on Basic Pay to Permanent staff towards Public Provident Fund as practiced in the earlier years. 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 has already made provisions for gratuity and has initiated the process for deployment as per the relevant act. Further, the company has initiated the process for extending gratuity benefit to the contract employees.



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 Refinance from NABARD and National Scheduled Tribes Finance and Development Corporation (NSTFDC)

The company has “Refinance” arrangements with NABARD and NSTFDC, 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%	42	21,15,69,000
2.	7.70%	9	39,15,00,000
3.	7.60%	50	1,37,24,99,999
4.	7.90%	50	1,31,87,06,667
5.	7.65%	22	18,37,50,000
6.	7.80%	18	96,00,00,000
7.	8.35%	4	4,50,00,000
8.	8.00%	11	14,78,99,995
9.	8.05%	18	15,30,00,000
10.	8.20%	14	16,59,46,800
11.	8.50%	7	10,50,00,000
12.	8.70%	15	38,89,50,003
13.	8.75%	9	16,99,99,999
14.	8.95%	19	51,10,00,000
15.	8.80%	36	79,33,33,332
16.	5.00% (NSTFDC)	95	2,02,30,000
		Total	6,93,83,85,795

The current maturities (payable within the period of 12 months) of “Refinance” commitments, are classified as Current Liabilities amounting to Rs.3,18,00,83,179/-and the remaining commitments are classified under Long term borrowing amounting to Rs.3,75,83,02,616/- (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. The Taxation review will be done by tax consultants and accordingly proper norms for tax computation will be adhered to by the company.

The company has opted for concessional rate of tax at the rate of 22% u/s 115BAA of the Income tax Act as it is more beneficial to the company from FY 2019-2020.

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.



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 17.02.2020) for NBFC relating to income recognition, asset classification and provisioning for non-performing assets. However, management decided to make higher provision in the case of PLFs provision of 20 % is made for Sub-Standard assets and 50 % for Doubtful assets against the norms of 10 % and 30 % respectively depending on the age of the NPA.
- (ii) In accordance with RBI Circular no.DOR.No.BP.BC.47/21.04.048/2019-20 dated 27.03.2020 and Board approved policy of NABKISAN, moratorium on repayment was extended to 87 accounts and as the moratorium is not sought by / extended to Accounts in default but standard as on 29.02.20, no provision is required to be made as per the RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17.04.2020
- (iii) 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.2,58,44,786/- (Previous Year Rs.91,19,684/-).The company has reversed the NPA provisions to the tune of Rs.23,24,229/- pertaining to Eerattil Poultry & Agro Farm Private Limited, Centre for Human and Natural Resources Development, Agrippath Farmer Producer Company Limited, Ektha Apparel Producer Company Limited, Dilasa Janvikas Pratishtan. Provisions are made against sub-standard and doubtful assets at the rates prescribed in the RBI Guidelines.
- (iv) Provisions made as per RBI Guidelines are written back as prescribed by the Guidelines.
- (v) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. The company`s loans are considered as secured as the Company has valid recourse to assets / recovery by:
 - a. equitable mortgage of property and/or
 - b. hypothecation of assets and/or
 - c. company guarantees supported by assets and/or
 - d. decrrial debts where Courts have attached property.
- (vi) Provision for Standard Assets is made at 0.40% of the outstanding standard assets based on RBI Master Direction 2016 dated 01st September 2016 (updated on 17.02.2020).



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 87.48% of the paid up equity capital of the company. The following payments have been made /payable by the company to NABARD during the financial year 2019-20.

Amount in Rs.

Particulars	2019-20	2018-19
Office Rent (including Property & Sewage Tax, etc)	2,63,839	2,05,764
Professional Charges for staff deputed/posted	2,60,40,782	1,02,76,950
Interest on Loan	53,16,69,017	33,05,16,565
Total	55,79,73,638	34,09,99,279

The professional charges include 100 % of expenses towards deputation of MD cum CEO and officers/staff of NABARD posted to NABKISAN. During 2018-19, the same was considered at 100% for MD cum CEO and 20 % for all other officers/staff of NABARD posted to NABKISAN

Unsecured Loan

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

Amount in Rs.

Particulars	2019-20	2018-19
Opening Balance	5,64,05,70,063	3,71,33,80,995
Loan received during the year	4,52,25,00,000	3,74,79,00,000
Loan repaid during the year	3,24,49,14,268	1,82,07,10,932
Closing Balance	6,91,81,55,795	5,64,05,70,063
Interest paid/payable on above	53,16,69,017	33,05,16,565

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	2019-20	2018-19
(A) Profit for the year after taxation (in Rupees)	32,60,24,089	19,07,25,180
(B) Average number of equity shares of face value of Rs.10/- (in numbers).	9,97,55,909	8,68,54,450
(C) Basic & Diluted earnings per share (A/B) (in Rs.)	3.27	2.76

2.15 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.

As on 31.03.2020, the company has Contingent liabilities in the nature of loan commitments pending disbursement mainly on account of lockdown due to Covid 19 amounting to Rs.20.31 Crore. Same will be disbursed to clients upon receipt of request and completion of loan formalities.

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

IMPACT OF COVID-19 ON THE FINANCIAL REPORTING

There was no shutdown in operations of the company. Even though, the office of the company was closed from 23.03.2020, the operations were continuing and active as all the staff were used to the concept of work from home and completed the annual closing of the accounts.

Accordingly, the company has filed the Companies Affirmation of Readiness to COVID 19 with the registrar of companies on 23rd March 2020 voluntarily.

With regard to the Audit of the company, due to current pandemic situation prevailing across the country, physical documentation of the advances was verified to the extent possible, physical verification of borrowers was not possible due to restriction in movement, time and other related constraints. Other related audit works were verified based on the documents made available online.

A. Going Concern Assessment – As per the management of the company, there will be minimal impact on the company with regard to the repayment of dues and other related activities in future due to the pandemic based on the assessment that the staff are interacting with clients regularly over phone and mail towards repayment follow up, desk monitoring, etc. All the staff are equipped with laptops and work from home is going on smoothly in the areas such as preparation of sanction notes, disbursement notes, office note for payments. Virtual Private Network (VPN) facility has been provided to select staff at Corporate Office. For Sanctions and Disbursement / payments, approval obtained from authorities via mail and as usual all receipts and payments are routed through banking channels. For Accounting and Loan Management System, NABKISAN uses Finflux software which can



be accessed online and accounting of transactions and voucher posting are done on daily basis. Internal audit is also in place and was carried out concurrently.

Hence, the financial statements of the company are prepared based on the going concern assumption.

Loans appraisal pending for field appraisal amounts to Rs.8,22,00,000/- as on 31.03.2020.

B. Impairment of Assets-AS 28

Due to the pandemic situation the company's financial assets will undergo a downgrade risk of non repayment of advances by the borrowers of the company for which management of the company is confident that the risk of downgrade will be mitigated by frequent desk monitoring and periodic field monitoring of the borrowers regularly. Accordingly, the management of the company does not foresee any impairment of financial assets and therefore, no impairment loss has been recognized in the financial statements of the company for the financial assets.

Since the company is a service industry there will be no impact of impairment due to non-financial assets in the financial statement of the company and therefore no impairment loss has been recognized in the financial statements of the company.

C. Leases- AS 19

Since there is no change in the terms of lease arrangement with the NABARD for any concession, no adjustment has been recognized in the financial statements of the company for the YE 31.03.2020.

D. Revenue Recognition

The company has recognized the Interest accrued amounting to Rs.3,08,25,696/- on all the loans relating to borrowers who have availed the moratorium as per the RBI notification in the financial statement as the management of the company is reasonably certain of collection from the borrowers after the moratorium period.

E. Provisions, Contingent Liabilities and Assets

Deduction under chapter VIA of the Income tax Act can be claimed based on the remittance made upto the period 30th June 2020 for the FY 2019-20 as per the announcement of Government of India, accordingly the company has made a provision for the contribution/donation to PM CARES Fund for the COVID 19 purpose amounting to Rs.21,00,000/- in the financial statements of the company.

F. AS-22 Taxes- The company has recognized the deferred tax assets based on the assumptions that future profit will be available for the recoverability of the deferred tax assets in accordance with AS 22.

G. Government Grant/incentives – AS 12

The government of India has made certain relaxation due to COVID 19 pandemic situation which are as follows:

1. GST returns – GST returns from the month of February 2020 can be filed without any late fees and remittance of GST amount can be made with NIL interest till 30.06.2020



based on the prescribed aggregate turnover of the company. Accordingly the management of the company has opted to avail the concession in remittance and filing of GST returns since the aggregate turnover of the company is below Rs.5 crores and hence no interest and late fee will be applicable till 30.06.2020

2. Deduction under chapter VIA of the Income tax Act can be claimed based on the remittance upto the period 30th June 2020 for the FY 2019-20 as per the announcement of Government of India. The company has made contribution to the PM CARES Fund during the month April 2020 amounting to Rs.21,00,000/- which can be claimed in the tax computation for the FY 2019-20. Also the company has made contribution of Rs.11,00,000 in the month of March 2020, thereby the total contribution of Rs.32,00,000/- can be claimed as deduction in the FY 2019-20.
3. RBI through its notification provided a moratorium of 3 months for the dues falling between 1st March 2020 and 31st May 2020 to the borrowers availing Term loans, CC etc., for the repayment of principal and interest. However, the management of the company has not availed any moratorium from NABARD as the repayment of loans availed are due only on 31st July / 01st August 2020. However, the management of the company is planning to approach NABARD for suitable moratorium for the repayment.
4. The Ministry of Corporate Affairs deferred the applicability of CARO 2020 in the Audit Report and it is applicable from FY 2020-21 for all the companies.
5. The due date for filing the income tax returns for the FY 2019-2020 for the company has been extended to 30th November 2020.
6. Relaxation for the company relating to Conducting of Annual General Meeting (AGM) of the company through video conferencing has been provided under the Companies Act, 2013 for the YE 31.03.2020.

OTHER RELEVANT NOTES

- 2.16** The Company during the year has sanctioned advances in the form of loan to the tune of Rs.64683.94 lakh to various institutions, Farmer Producer Organisation and other corporate etc.
- 2.17** 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.
High Court	Kiruba Charitable Trust and 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 Eerattil Poultry & Agro Farms Pvt Ltd during 2017-18 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.39lakh was remitted during the year 2017-18, Rs.13 lakh during 2018-19 and Rs.7.495 lakh during 2019-20. The remaining principal balance of OTS amount of Rs.7.505 lakh is outstanding in the financials as at 31.03.2020.

2.18 STATUTORY COMPLIANCE

UNDER COMPANY'S ACT 2013

1. The management of the company has been following the practice of consenting to the related party transaction as per section 177 of the Companies Act, 2013 as part of the approval of Significant Accounting Policies in the ensuing audit committee meetings held for approval of financial statements of company for the respective years.
2. The Management of the Company has devised a policy for Corporate Social Responsibility, and the following are the disclosure for the financial year.
 - a. Gross amount required to be spent by the company during the year Rs.39,12,784
 - b. Amount Spent during the year Rs.39,11,991/- (includes GST).

The company has decided not to carry forward the unspent CSR amount of Rs.793/- of the year 2019-20 to the next financial year.

UNDER GST

1. For the following errors in the GST provisions, the management of the company preferred to rectify the same at the time of filing of GSTR 3B for the month of March 2020 and the same can be filed without Interest and late fee on or before 30.06.2020
 - Service Tax input credit for Rs.48,012/- erroneously claimed in the GSTR 3B for the month of July 2017 as well as trans 1form resulting in dual claims of ITC
 - NBFC shall be eligible for 50% credit of input tax, however in the earlier years 100% of the input was claimed resulting in excess claim of Rs.30,091/-
 - During the month of April 2018 an excess input tax credit of Rs.2,383/- utilized against the GST payable.



UNDER THE INSOLVENCY AND BANKRUPTCY CODE 2016

1. As per section 215(1) of the Insolvency & Bankruptcy Code 2016, the company is yet to file the financial information relating to assets with the Information Utility being NeSL which will be filed in due course.

DISCLOSURE REQUIREMENTS RELATING TO RBI DIRECTIONS

1. Capital Adequacy Ratio

Particulars	As at 31.03.2020	As at 31.03.2019
CRAR (%)	27.87	21.93
CRAR – Tier I capital (%)	27.48	20.68
CRAR – Tier II capital (%)	0.39	1.25
Amount of subordinated debt raised as Tier-II capital	NIL	NIL
Amount raised by issue of Perpetual Debt Instruments	NIL	NIL

2. Derivatives - NIL

3. Exposure

- a. Real Estate Sector (both direct and indirect)

Category	Current Year (Rs. in crore)	Previous Year (Rs. in crore)
Indirect Exposure		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	32.61	42.16

- b. Capital market – NIL

- c. Financing of Parent Company Product – NIL

- d. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC – NIL

- e. Unsecured advances – NIL



4. Maturity Pattern of Asset and Liability

Particulars	Assets (Rs in Cr)		Liabilities (Rs in Cr)
	Advances	Investments	Borrowing from NABARD / NSTFDC
Up to 1 month	5.25	20.00	0.02
Over one month to 2 months	38.33	--	0.03
Over 2 months to 3 months	44.21	--	0.03
Over 3 months to 6 months	101.86	--	176.17
Over 6 months to 1 year	214.88	--	141.76
Over 1 year to 3 years	494.57	--	355.57
Over 3 years to 5 years	50.03	--	20.26
Over 5 years	2.05	--	--
Total	951.18	20.00	693.84

5. Percentage of Loans against Gold Jewelry to Total Assets – Nil

6. Registration obtained from Financial Sector Regulators

Sl.No.	Regulator	Registration Number
1.	Ministry of Corporate Affairs	U65191TN1997PLC037525
2.	Reserve Bank of India	B-07.00712

7. Rating assigned by Credit Rating Agencies and Migration of Rating during the year – Nil

8. a) Managerial Remuneration paid – NIL
b) Directors Sitting fees paid - Rs.7.96 lakh

9. Penalties levied by any regulator – Nil

10. Information with regard to joint venture and overseas subsidiary – Nil

11. Provisions and Contingencies

(Rs. in lakh)

Break up of 'Provisions and Contingencies shown under the head Expenditure in the Statement of Profit and Loss	For the year ended 31.03.2020	For the year ended 31.03.2019
Provision towards NPA	258.45	91.20
Provision made towards Income tax	1141.65	846.15
Provision for Standard Assets	89.51	171.28
Provision for Gratuity	2.36	1.67
Provision for leave salary	0.38	0.43

12. During the year, the company has not Drawn Down any amount from Reserves

13. Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Advances / Exposure

Particulars	Rs. in Lakh
Total Advances to twenty largest borrowers	34181.81
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	35.94



b) Concentration of NPAs

Particulars	Rs. in Lakh
Total Exposure to top four NPA accounts	1017.52

c) Sector-wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector
1	Agriculture & allied activities	9.24%
2	MSME	-
3	Corporate borrowers	0.90%
4	Services	-
5	Unsecured personal loans	-
6	Auto loans	-
7	Other personal loans	-

14. The following is the Movement of NPA as on 31.03.2020 :

	Particulars	As at 31.03.2020 Rs. Lakh	As at 31.03.2019 Rs. Lakh
(i)	Movement of NPAs (Gross)		
	(a) Opening balance	961.16	500.47
	(b) Additions during the year	1181.32	684.47
	(c) Reductions during the year	219.86	223.78
	(d) Closing balance	1922.62	961.16
(ii)	Movement of Net NPAs		
	(a) Opening balance	788.15	363.46
	(b) Additions during the year	1061.69	467.09
	(c) Reductions during the year	335.44	42.40
	(d) Closing balance	1514.40	788.15
(iii)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	173.01	137.00
	(b) Provisions made during the year	258.45	91.20
	(c) Write-off / write-back of excess provisions	23.24	55.19
	(d) Closing balance	408.22	173.01
(iv)	Gross NPA %	2.02	1.34
(v)	Net NPAs to Net Advances (%)	1.59	1.10

15. Disclosure of Complaints

No. of complaints pending at the beginning of the year	-
No. of complaints received during the year	-
No. of complaints redressed during the year	-
No. of complaints pending at the end of the year	-

16. The company has to obtain Legal Entity Identifier registration and the management has indicated that it will be done in due course

2.19 The company during the year Financial Year 2019-20 raised the Share Capital through the Rights Issue to the existing shareholders for 5,07,73,482 shares at a premium of Rs.7.10

based on the book value of the company computed, accordingly complying with the provisions of act applicable for the issue of shares.

- 2.20** For the purpose of issue of rights shares to the shareholders, the company has increased the Authorized Capital of the company by incurring expense with the Registrar of company for Rs.75,00,000/- which the management of the company preferred to amortize over the period of 5 years in the financial statements starting from FY 2019-20.
- 2.21** There is a professional tax payable of Rs.11200/- which includes amount of Rs.10,200/- pertaining to the Financial year 2018-19 in 4 states viz Maharashtra, Telangana, West Bengal, Gujarat which is not remitted to the respective State Government and will be remitted in due course.
- 2.22** There is gratuity payable of Rs.5,80,796/- outstanding to NABARD deputation staff from the year 2013 onwards which either needs to be reversed or paid to the respective staff, but the management preferred to remain the same as there is no demand from NABARD.
- 2.23** The management of the company has preferred to reverse in due course the balance in service tax payable account for (-) Rs.547.99 to the profit & loss statement.
- 2.24** The management of the company has reversed all the TDS receivable, advance tax paid and provision for taxation for the Financial year 2017-18 and recognized net effect of Rs.1,61,01,834.74 as IT refund due as an asset in the financial statements.
- 2.25** During the Financial year 2019-2020, Corporate Insolvency Resolution under the Insolvency bankruptcy Code 2016 has been initiated against the company S&S Industries & Enterprises Limited being debtor of the company for the Inter corporate deposit made with them for Rs.2 crores with interest on various dates during the Financial Year 1997-1998 which subsequently became non performing asset due to non repayment of the deposit along with the interest and accordingly the company has written off the debt due to the company in the financial statements during the FY 2007-08.

As a result of the Corporate Insolvency Resolution of the debtor, the management of the company has made a claim for the inter corporate deposit during the year 1997-1998 with the Resolution Professional (RP) and the same has been accepted by the RP in the committee of creditors meeting which is in initial stages of recovering the dues by the RP.

- 2.26** During the Financial Year 2019-2020, the company has accepted one time settlement of an account - Essel Finance Business Loans Limited (EFBLL) for the loan disbursed of Rs.10 crores on 27.09.2017 due to closure of their business and financial problems faced by the promoter group. EFBLL sold the assets/loan portfolio through direct assignment in favour of Adani Capital Private Limited (Portfolio with DPD upto 60 days) and Kotak Bank (portfolio with DPD 60 plus days). Accordingly the company received proportionate share of proceeds amounting to Rs.468.14 lakh from Adani Capital deal and Rs.24.27 lakh from Kotak deal. The company also encashed the FD marked lien in its favour amounting to Rs.30.66 lakh with interest accrued.

As agreed upon in the Joint Lenders Forum on 08.11.19, the accounts were frozen and the company was required to reverse the Interest accrued in the account since 31.10.19 amounting to Rs.11.83 lakh. Further, principal amount of Rs.9.87 lakh was also waived.

The management decides to recognize as Income, any amount received in addition to the above transaction in future which may reduce the amount waived.



The summary of the One time settlement is as mentioned in the below table :

Rs. Lakh

Date of Loan	Loan Amount	Loan O/s	Dummy Interest	Total	Amt settled	Net loss on OTS	P&L Debit Interest	Waiver of Undebited Interest
		(A)	(B)	(A+B)	(D)	(A-D)	(C- D-E)	
		31.10.19		(C)		(E)		
27-09-2017	1,000.00	532.94	11.83	544.77	523.07	9.87	11.83	-

- 2.27** During the year, there has been claim by shareholders from the unclaimed dividend accounts amounting to Rs.2,050/-, Rs.2050/- and Rs.2100/- for the years 2015-16, 2016-17 & 2017-18 respectively.
- 2.28** The Company has collected NABARD guarantee fees from the customers which will be paid to NABARD upon receipt of invoice and amount outstanding as on 31.03.2020 is Rs.18,67,487/-in the books
- 2.29** Like-wise the company is yet to collect from the customers for the payment made to RABO bank for guarantee fees amounting to Rs.3,66,071/-
- 2.30** There is balance outstanding in the over payment liability amounting to Rs.11,15,636/- which relates to amount received by the company from the borrower in excess of the periodical repayments which needs to be adjusted or refunded to the borrower.
- 2.31** During the year, the company has written off the FBT amount refundable pertaining to the AY 2007-08 and AY 2009-10 amounting to Rs.16,218/- and presented under Rates and taxes (Note 4.5)
- 2.32** Considering the Covid 19 situation and its impact and also the RBI Advisory to banks, no dividend has been proposed for the year 2019-20 by the company.

As per our report of even date

For V SENTHILNATHAN & CO
Chartered Accountants
Firm Reg No.003711s

Sd/-
V SENTHILNATHAN
Partner
Membership No.024244
Mumbai,

For NABKISAN Finance Limited

Sd/-
Niraj Kumar Verma
Director

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

Sd/-
T.Venkata Krishna
MD & CEO

Sd/-
M.Bhuvaneshwari
Company Secretary



**Accompanying Notes to the Financial Statements
for the year ended March 31, 2020**

NOTE 3 : Notes to the Balance Sheet

3.1 SHARE CAPITAL

a. Details of authorised, issued and subscribed share capital

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Authorised Capital 20,00,00,000 equity shares of Rs.10/- each	2,00,00,00,000	1,00,00,00,000
Issued Capital 13,76,27,932 (Previous year 8,68,54,450) equity shares of Rs.10/- each, fully paid up	1,37,62,79,320	86,85,44,500
Subscribed and Paid up 13,76,27,932 (Previous year 8,68,54,450) equity shares of Rs.10/- each, fully paid up	1,37,62,79,320	86,85,44,500
	1,37,62,79,320	86,85,44,500

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, 2020		March 31, 2019	
	No of Equity Shares held	%	No of Equity shares held	%
Shares Held By Holding Company				
National Bank for Agriculture and Rural Development	12,04,00,050	87.48%	7,16,66,700	82.51%
Shares Held By Others				
Govt. of Tamil Nadu	91,80,000	6.67%	91,80,000	10.57%

c. Reconciliation of number of shares

Particulars	Equity Shares		Equity Shares	
	Number	Rs.	Number	Rs.
	As at 31.03.2020		As at 31.03.2019	
Shares outstanding at the beginning of the year	8,68,54,450	86,85,44,500	5,77,24,350	57,72,43,500
Shares Issued during the year	5,07,73,482	50,77,34,820	2,91,30,100	29,13,01,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	13,76,27,932	1,37,62,79,320	8,68,54,450	86,85,44,500

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

e. Terms & Rights attached to Equity Shares

The Company has one class of equity share having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Considering the Covid 19 situation and its impact and also RBIs Advisory to banks, no dividend has been proposed for the year 2019-20 by the company.

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



3.2 - RESERVES & SURPLUS

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Surplus in Statement of Profit and Loss		
Opening Balance	34,83,76,468	23,05,34,161
Transfer from Profit & Loss Account	32,60,24,089	19,07,25,180
Amount available for appropriation	67,44,00,557	42,12,59,341
Less : Transfer to Reserve Fund 45-IC of RBI Act, 1934	6,52,04,818	3,81,45,036
Less : Dividend @5% to the extent paid up	3,45,68,482	2,88,62,175
Less : Dividend Distribution Tax	71,05,652	58,75,660
Balance as at the end of the year (A)	56,75,21,605	34,83,76,470
Special Reserve		
Opening Balance	11,42,09,146	7,60,64,110
Add: Transferred from Surplus to create Reserve Fund u/s 45-IC of RBI Act, 1934	6,52,04,818	3,81,45,036
Balance as at the end of the year (B)	17,94,13,964	11,42,09,146
Share Premium Account		
Opening Balance	15,46,80,831	-
Add: During the year	36,04,91,723	15,46,80,831
Balance as at the end of the year (C)	51,51,72,554	15,46,80,831
TOTAL (D) = (A) + (B) + (C)	1,26,21,08,123	61,72,66,447

3.3 - LONG TERM BORROWING

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Secured	-	-
Unsecured - Loan from NABARD	3,75,67,55,166	3,20,26,97,476
Unsecured - Loan from NSTFDC	15,47,450	-
Total	3,75,83,02,616	3,20,26,97,476

3.4 - LONG-TERM PROVISIONS

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
<i>Gratuity</i>	19,72,496	17,36,979
Contingent Provisions against Standard Assets (Refer Note i)	2,15,69,666	1,71,39,422
Provision for Non-Performing Assets (Refer Note ii)	4,08,22,251	1,73,01,694
Interest De-recog. on Term Loan	21,53,393	26,96,468
Subsidy Reserve Fund (Refer Note iii)	28,07,475	28,07,475
Total	6,93,25,281	4,16,82,038



Notes:

i) During the year, the company has made a general provision at the rate of 0.40% on the standard assets based on RBI Master Direction-NBFC - Systemically Important Non-Deposit Taking Company (Reserve Bank) Directions, 2016 dated 01.09.2016 (updated as on 17.02.2020).

ii) In accordance with the Guidelines issued by the RBI, the company has made a provision for Non Performing Assets (NPA). However, in the case of PLFs provision of 20 % is made for Sub-Standard assets and 50 % for Doubtful assets against the norms of 10 % and 30 % respectively depending on the age of the NPA. The details of movement in provision are as follows:

Movement in Provision for Non-Performing Assets

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Opening Balance	1,73,01,694	1,37,00,522
Add : Provision made during the year	2,58,44,786	91,19,684
Add : Provision utilised from Contingences	-	-
Less : Provision reversed during the year	23,24,229	55,18,512
Closing Balance	4,08,22,251	1,73,01,694

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 back ended subsidy and will be adusted against last installment/s

(In Rs.)

Subsidy Reserve Fund	2019-20	2018-19
Opening Balance	2807475	2807475
Add: Subsidy during the year	0	0
Less : Subsidy Adjusted	0	0
Closing Balance	2807475	2807475

3.5 - OTHER CURRENT LIABILITIES

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Current maturities of Long-term debt - NABARD	3,16,14,00,629	2,43,78,72,587
Current maturities of Long-term debt - NSTFDC	1,86,82,550	-
Interest accrued but not due on borrowings	8,73,94,765	6,71,19,830
Others		
- Outstanding Expenses	46,28,722	24,82,441
- Withholding Taxes	12,11,682	20,20,574
Total	3,27,33,18,348	2,50,94,95,432

3.6 - SHORT TERM PROVISIONS

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Provisions for employee benefit		
- Leave Encashment	1,50,605	1,47,088
Others		
- Contingent Provisions against Standard Assets	1,57,08,398	1,11,87,448
- Provision for Income Tax	11,41,65,370	8,46,14,500
- Unclaimed Dividend 2015-16	9,175	11,225
- Unclaimed Dividend 2016-17	9,175	11,225
- Unclaimed Dividend 2017-18	9,175	11,275
- Unclaimed Dividend 2018-19	9,175	-
- Guarantee Fee Payable (Net)	20,98,539	13,67,465
Total	13,21,59,612	9,73,50,226



Note - 3.7 Property, Plant and Equipment

(In Rs.)

Year	Particulars	Tangible Assets					Intangible Assets	Grand Total
		Furniture	Office Equipments	Computers	Com. (Networks)	Total		
2018-19	GROSS BLOCK							
	As at 01 April 2018	5,40,527	1,69,565	7,21,399	25,785	14,57,276	12,83,950	27,41,226
	Additions	-	-	2,16,061	-	2,16,061	-	2,16,061
	Disposals / Adjustments	-	-	99,615	-	99,615	-	99,615
	As at 31 Mar 2019	5,40,527	1,69,565	8,37,845	25,785	15,73,722	12,83,950	28,57,672
2019-20	As at 01 April 2019	5,40,527	1,69,565	8,37,845	25,785	15,73,722	12,83,950	28,57,672
	Additions	15,68,710	-	2,26,683	-	17,95,393	-	17,95,393
	Disposals / Adjustments	4,38,724	61,775	1,26,880	25,785	6,53,164	-	6,53,164
	As at 31 Mar 2020	16,70,513	1,07,790	9,37,648	-	27,15,951	12,83,950	39,99,901
2018-19	DEPRECIATION							
	As at 01 April 2018	4,99,061	1,31,420	6,35,712	22,787	12,88,980	6,10,861	18,99,841
	Charge for the year	4,582	15,675	56,303	1,709	78,269	4,25,123	5,03,392
	Disposals	-	-	94,634	-	94,634	-	94,634
	As at 31 Mar 2019	5,03,643	1,47,095	5,97,381	24,496	12,72,615	10,35,984	23,08,599
2019-20	As at 01 April 2019	5,03,643	1,47,095	5,97,381	24,496	12,72,615	10,35,984	23,08,599
	Charge for the year	3,14,180	10,764	2,04,969	-	5,29,913	1,56,615	6,86,528
	Disposals	4,16,788	58,686	1,20,536	24,496	6,20,506	-	6,20,506
	As at 31 Mar 2020	4,01,035	99,173	6,81,814	(0)	11,82,021	11,92,599	23,74,621
	NET BLOCK							
	As at 31 March 2019	36,884	22,470	2,40,464	1,289	3,01,107	2,47,966	5,49,073
	As at 31 Mar 2020	12,69,478	8,617	2,55,834	0	15,33,929	91,351	16,25,280



3.8 - LONG TERM LOANS AND ADVANCES		
Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
a) Secured, Considered good	5,39,24,16,603	4,28,48,55,479
b) Secured, Considered doubtful	7,41,29,598	4,44,43,408
	5,46,65,46,201	4,32,92,98,887

3.9 - DEFERRED TAX ASSET (NET)		
Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Deferred tax Asset / Liabilities at the beginning of the year	1,86,683	1,25,691
Add / Less: Adjustments during the year	1,07,225	60,992
Deferred tax Asset / Liabilities at the end of the year	2,93,908	1,86,683

3.10 - OTHER NON-CURRENT ASSETS		
Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
(a) Advance Income Tax (net of provisions)	13,25,02,209	9,84,28,537
(b) Unamortized Expenses	45,00,000	-
	13,70,02,209	9,84,28,537

Note :

Unamortized Expenses - An amount of Rs. 75.00 lakh was paid to Registrar of Companies towards increase of authorised share capital of which 1/5th i.e. Rs. 15.00 lakh considered as Expenditure during the year. Out of the remaining amount of Rs. 60.00 lakh, Rs. 45.00 lakh was classified as Non-Current Assets based on the provision for Schedule III of the Companies Act, 2013.

3.11 - CASH AND CASH EQUIVALENTS		
Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Balances with Banks		
- In Current Account		
Indian Overseas Bank	28,25,379	21,23,672
Axis Bank	2,74,264	2,65,699
HDFC Bank	1,36,71,356	1,58,71,938
Unclaimed Dividend A/c with IOB - 2015-16	9,175	11,225
Unclaimed Dividend A/c with IOB - 2016-17	9,175	11,225
Unclaimed Dividend A/c with HDFC - 2017-18	9,175	11,275
Unclaimed Dividend A/c with HDFC - 2018-19	9,175	-
- In Deposit Account	20,00,00,000	3,55,00,000
Cash on Hand	2,801	3,729
	21,68,10,500	5,37,98,763
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	20,00,00,000	3,55,00,000



NOTE 3: Notes to the Balance Sheet**3.12 - SHORT-TERM LOANS AND ADVANCES**

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Credit Facilities		
a) Secured Considered good	3,92,70,99,481	2,78,43,97,622
b) Secured, Considered doubtful	11,81,32,081	5,16,73,080
c) Unsecured, Considered good	-	1,24,64,315
Other Loans and Advances		
Deposits & Prepaid Expenses	1,16,745	40,796
	4,04,53,48,307	2,84,85,75,813

Note : 3.12 (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. Disha is closed during the current year.

3.13 - OTHER CURRENT ASSETS

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Income accrued on Fixed Deposits	1,71,967	12,158
Income accrued on Term Loan	21,94,928	54,36,205
Unamortized Expenses	15,00,000	7,50,000
	38,66,895	61,98,363



NOTE 4: Notes to the Statement of Profit and Loss

4.1 - Revenue From Operations

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Interest	1,01,12,70,385	61,19,06,929
Processing Fee	3,41,83,320	2,99,06,015
	1,04,54,53,705	64,18,12,944

4.2 - Other Income

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Interest on		
- Term Deposit	1,23,84,597	1,02,90,121
- Investment	-	9,58,538
Reversal of NPA Provisions	23,24,229	55,18,512
Profit on Sale of Assets	62,800	
Misc. Income	3,986	570
	1,47,75,612	1,67,67,741

4.3 - Finance Costs

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Refinance Interest from		
- NABARD	53,16,69,017	33,05,16,565
- NSTFDC	5,64,746	-
	53,22,33,763	33,05,16,565



NOTE 4: Notes to the Statement of Profit and Loss

4.4 - Employee Benefit Expenses

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Salaries & Allowances	1,07,66,960	66,95,108
Contribution to Welfare Fund	3,03,998	2,38,987
Staff Welfare Expenses	2,09,362	1,35,496
	1,12,80,320	70,69,591

4.5 - General & Administrative Expenses

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Communication charges	99,574	1,01,173
Insurance	11,250	6,840
Legal and professional & consultancy fees	17,23,170	11,29,966
Professional Charges - NABARD Dep. Staff	2,60,40,782	1,02,76,950
Statutory Audit Fee	1,50,000	1,00,000
Audit Fee - Others	25,000	25,000
Tax Audit Fee	20,000	12,500
Printing and Stationery	5,63,639	6,14,549
Rent	2,63,839	2,05,764
Rates and taxes	28,31,250	11,52,244
Travel & conveyance	19,84,911	18,37,438
Repairs and maintenance	4,34,737	3,33,845
Principal Waived off	9,87,060	-
Office expenses	2,04,428	1,96,190
CSR Expenses	38,93,402	15,45,000
Administration expenses	18,80,291	7,43,278
Loss on fixed assets	32,658	3,481
Corporation Tax	4,500	4,500
	4,11,50,491	1,82,88,717

4.6 - Provisions and Contingencies

Particulars	March 31, 2020 Rs.	March 31, 2019 Rs.
Provisions for NPA	2,58,44,786	91,19,684
Provisions for Standard Assets	89,51,195	1,71,28,243
	3,47,95,981	2,62,47,927



Cash Flow Statement for the year ended March 31, 2020

Particulars	March 31, 2020		March 31, 2019					
	Rs.	Rs.	Rs.	Rs.				
Cash Flow from Operating Activities								
Net Profit before taxation and extraordinary items		44,00,82,234		27,59,54,493				
Adjustment for:								
Interest Income	(1,23,84,597)		(1,12,48,659)					
Provision for NPA	2,35,20,557		36,01,172					
Depreciation	6,86,528		5,03,392					
Loss on Fixed Assets	32,658	1,18,55,145	3,481	(71,40,613)				
Operating profit before working capital changes		45,19,37,379		26,88,13,880				
Adjustment for:								
Increase / (Decrease) in Secured Advances	(2,33,39,43,858)		(2,64,83,36,263)					
Increase in Advances & Deposits recoverable in cash or kind	(3,63,18,153)		(2,34,558)					
Increase / (Decrease) in current liability & provisions	61,61,49,536		98,06,05,702					
		(1,75,41,12,475)		(1,66,79,65,119)				
Cash generated from Operations		(1,30,21,75,097)		(1,39,91,51,239)				
Direct Taxes paid (net of refunds)		(11,41,65,370)		(8,52,90,306)				
Extraordinary item		-		-				
Net Cash from Operating Activities		(1,41,63,40,467)		(1,48,44,41,545)				
Cash flow from Investing activities								
Purchase of Fixed Assets	(17,95,393)		(2,16,061)					
Sale of Fixed Assets	-		1,500					
Interest Income	1,23,84,597		1,12,48,659					
Net Cash flow investing activities		1,05,89,203		1,10,34,098				
Cash flow from Financing Activities								
Increase in Share capital		86,82,26,543		44,59,81,831				
Proposed dividend and tax paid		(4,16,74,134)		(3,47,37,835)				
Increase in Long term Debt		74,22,10,592		1,01,68,09,996				
Net cash from Financing Activities		1,56,87,63,001		1,42,80,53,992				
Net increase in cash and cash equivalents		16,30,11,738		(4,53,53,454)				
Cash and cash equivalent at beginning of the year		5,37,98,763		9,91,52,217				
Cash and cash equivalent at end of the year		21,68,10,501		5,37,98,763				
<table style="width: 100%; border: none;"> <tr> <td style="width: 45%; vertical-align: top;"> <p>Vide our report of even date for V Senthilnathan & Co Chartered Accountants Firm Reg No.003711s</p> <p>Sd/- V SENTHILNATHAN Partner M.No.024244 Mumbai, 29.05.2020</p> </td> <td style="width: 10%; text-align: center; vertical-align: middle;"> <p>For NABKISAN Finance Limited</p> </td> <td style="width: 45%; vertical-align: top;"> <p>Sd/- Niraj Kumar Verma Director</p> <p>Sd/- Dr.K.S.Mahesh Chief Financial Officer</p> </td> <td style="width: 10%; text-align: center; vertical-align: middle;"> <p>Sd/- T Venkata Krishna MD & CEO</p> <p>Sd/- M.Bhuvaneshwari Company Secretary</p> </td> </tr> </table>					<p>Vide our report of even date for V Senthilnathan & Co Chartered Accountants Firm Reg No.003711s</p> <p>Sd/- V SENTHILNATHAN Partner M.No.024244 Mumbai, 29.05.2020</p>	<p>For NABKISAN Finance Limited</p>	<p>Sd/- Niraj Kumar Verma Director</p> <p>Sd/- Dr.K.S.Mahesh Chief Financial Officer</p>	<p>Sd/- T Venkata Krishna MD & CEO</p> <p>Sd/- M.Bhuvaneshwari Company Secretary</p>
<p>Vide our report of even date for V Senthilnathan & Co Chartered Accountants Firm Reg No.003711s</p> <p>Sd/- V SENTHILNATHAN Partner M.No.024244 Mumbai, 29.05.2020</p>	<p>For NABKISAN Finance Limited</p>	<p>Sd/- Niraj Kumar Verma Director</p> <p>Sd/- Dr.K.S.Mahesh Chief Financial Officer</p>	<p>Sd/- T Venkata Krishna MD & CEO</p> <p>Sd/- M.Bhuvaneshwari Company Secretary</p>					





Annual General Body Meeting



Meeting of the Board of Directors

Enabling Market Linkage for FPOs



Buyer-Seller Meet organised at Bangalore



Buyer-Seller meet at Dehradun

Knowledge Sharing with Client Institutions



At IRMA, Anand



At BIRD, Lucknow



Release of FPO Tales by Chairman NABARD



ATTENDANCE SLIP
(To be presented at the entrance)

23rd 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 23rd Annual General Meeting of NABKISAN Finance Limited to be held on 23rd day of October. 2020.

Ledger No.:.....

No. of Shares Held

Signed this day of October 2020.

Signature

(affix 1 Re.
Revenue
Stamp)



Capacity Building of the Staff of NABKISAN

SBI **Programme on Credit Management for NABARD Officials**
 At State Bank Institute of Consumer Banking, Hyderabad. From 27-05-2019 to 29-05-2019

L to R
 Sitting : Pritu Singh, Arshi Hanfi, A Laxmi, Rajeetha Reddy, Dr Pradeep S Parate (DGM - NABARD), Ramdas N Wadkar (Faculty), Vijay Kumar (CGM - NABARD), Lakshmi Srinivas (DGM), Ramdas K Kamath (Faculty), M Surya Prakasam (Faculty), Vikraman N (DGM - NABARD), M L Lalwani.
 1R Stand : Padmapriya V, Kruti Jagad, Soumya S Padhee, Rashmi Raina, Aaditya Mallick, Smarat Kumar Mohanty, Naga Siva Prasad, Johnson Paul, Suman Chatterjee, Neha Gupta, Saurabh Sharma, Mahesh Bhojar, Rakesh Pangat, Vasumathi Krishnan, Maheep Panwar, Shashanka Rekulapalli.
 2R Stand : Rohit Kashyap, Deepak Malviya, Manjeet Singh.

BIRD **BANKERS INSTITUTE OF RURAL DEVELOPMENT, LUCKNOW** 
 Capacity Building Programme of Business Development Managers (BDMs) of NABKISHAN on FPO
 27-29 February 2020

Left to Right
 Sitting on Chair : Shifali Sharma, Pritu Singh, Padma Priya .V, B. Sridhar (Programme Director), Mukesh Vats (Joint Director), M. K. De (Programme Director), Vasumathi Krishnan, D. Dhanasekar, Deepak Malviya,
 Standing : Ankush Rathod, Mithesh Chhabaria, Sourabh Sholma, Johnson Paul R, Suman Chatterjee, Manop Pal, Mahesh Bhojar, Surendran S, K. Sridhar



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