



North Eastern Development Finance Corporation Limited



Transforming opportunities
Triggering growth

ANNUAL
REPORT 2008-2009



A spinning top, traditionally, starts off as a block of wood. It gets chiseled into its perfect symmetrical shape which, when given the correct impetus, showcases the beautiful gyroscopic motion, sustaining it for a long time on its own, without any outside support. What it simply needs is a transformation – from wood to a top by its maker, and a trigger – the impetus of the top thrower.

In the North East, NEDFi plays a comparable role, albeit in the huge arena of the region's economic scenario. Markedly different from typical financial organizations, NEDFi assumes the role of a trainer and knowledge imparter, shaping the region's entrepreneurial talent; a financier to give the start up units the necessary impetus; and finally a facilitator supporting the units to stand up on their own. In a way, NEDFi triggers economic growth by transforming opportunities for business establishments – making them capable of sustained progress and finally completing the circle by generating growth on their own.

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OUR PURPOSE

- to make lives better

We are the impetus for North East's economic growth. From fueling industrialization, we nurture entrepreneurial spirit and innovation; helping create a shared vision. We also help the enterprising woman turn her dreams to reality. We transform situations into opportunities. We light the spark that turns into the warming fire of enterprise. We are NEDFi.



Statement of the CMD



It gives me great pleasure to welcome you all to the 14th Annual General Meeting of the Corporation and present to you the Annual Report of your Corporation for the financial year 2008-09.

The Director's Report and the Audited Balance Sheet of the Corporation for the period ended 31st March 2009 are already with you. With your permission I take them as read.

The Indian economy has had an impressive growth during the last decade touching a growth rate in excess of 9 per cent. However, following the US sub-prime crisis in the later half of 2007, it has also witnessed a downturn. A crisis of this magnitude in industrialized countries is impacting economies around the world and India is no exception. But, the long-term growth syndrome of the Indian economy is still intact. In the North Eastern Region, barring the real estate, equity, financial and services sectors, where the slowdown has had a marginally adverse effect, the impact on the whole has not been severe, as the economy of the Region is primarily agrarian and the industrial sector is largely focused on the domestic market rather than export oriented.

NEDFi as a development bank has been able to hold its own and has made steady and significant progress:

- Our loan outstanding has increased to Rs.425.71 cr. over previous year's level of Rs.

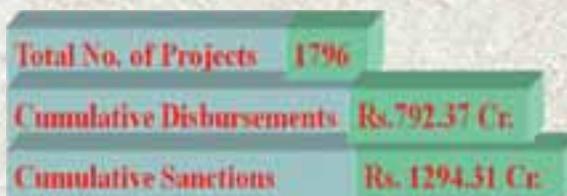


330.03 cr., thereby registering a growth of 29%,

- The net worth of the Corporation has grown by 9.6% to Rs. 308.08 cr. from Rs.281.21 cr.
- We delivered record net profits of Rs. 29.68 cr. in comparison to previous year's Rs. 24.34 cr.
- Total assets of the Corporation have also increased from Rs. 491.91 cr. to Rs. 608.12 cr. during the financial year 2008-09 with new highs in most key parameters.
- Our sanctions to 173 projects touched Rs.266.89 cr. and disbursements stood at Rs.184.09 cr.
- Our income was at an all-time high of Rs.52.83 cr. as compared to Rs. 36.58cr. in 2007-08.
- While our gross NPAs were reduced to 17.42% from the previous year's 20.56%, the net NPA was pegged at 3.73%.



Thus, it will be observed that during the last three years, we have doubled our business, while substantially improving the asset quality. While ageing and ailing assets have been recovered through one-time settlements within the RBI norms and approved parameters laid down by the Board of Directors of the Corporation, recoveries through Lok Adalats, DRT and our own recovery machinery have been quite substantial pushing our recovery percentage to 74% as on 31.03.2009, from 65% during the last fiscal. Our constant endeavour is to keep our operations closely guided by a comprehensive Risk Management Policy. An internal credit rating mechanism has, therefore, been put in place to guide the Corporation's credit management policy.



The range of our operation covers a wide spectrum across the eight north eastern states, from large projects in power, hospitality, infrastructure, manufacturing sectors to small and micro enterprises in agriculture, allied activities and handloom/handicraft sectors. Through our Micro-finance initiative, we have reached out to the grassroots and our outstanding portfolio in Micro-finance stood at Rs. 25.27 cr. at year end.

NEDFi over the last 14 years has grown manifold and its cumulative sanctions as on 31.03.2009 stood at Rs. 1294.31 cr. From an average lending of Rs. 35 cr. in the initial years, NEDFi has leapfrogged to an average annual lending of more than Rs. 200 cr. in the past 4 years. The Corporation is now a dividend paying company. During the last two years dividend aggregating Rs. 6.00 cr. has been paid and the total payout with dividend tax has been Rs. 7.02 cr. After enjoying a tax holiday for ten years, upto 2004-05, NEDFi has given back to the exchequer by way of taxes an amount of Rs. 17.89 cr. during the last two years.

The direct and indirect social and financial benefits accruing from the Corporation's operation and its assisted units have also been significant. Till the end of the year, we have been able to generate total capital investment in the Region of around Rs.4576 cr. and provided employment, direct and indirect, to around 58445 through our assisted units. Similarly, 83367 beneficiaries have benefited from our micro finance scheme, of which women beneficiaries constitute 72%.

NEDFi recognizes the need to create national and international linkages to unleash productive synergy for catalyzing and supporting economic growth in the Region. We propose to hold a series of Business to Business Investment Meets at various cities in the country to create more awareness about the Region and its inherent investment potential. Our role in Business Summit held in Bangkok in 2007-08 was an effort at opening new doors for business and cooperation with South East Asian countries.



The Stakeholders' Meet on Organic Farming in North East India, organized by NEDFi at Guwahati in April 2008

The North-Eastern Region is expected to see a massive growth momentum in next few years. Improved law and order situation coupled with several policy initiatives by the Central Government and respective State Governments, especially in the form of North-East Industrial and Investment Promotion Policy (NEIIPP) 2007, have generated interest among investors in sectors like Cement, Power, Steel, Infrastructure, Healthcare, Higher and Technical Education, Tourism and Hospitality etc. The Assam Gas Cracker Project has opened up avenues for a number of downstream industries in plastic processing and allied activities. Increased public spending by the State Governments and the Centre in the recent years has created substantial space for private investments.

A study carried out by Indian Institute of Bank Management (IIBM), Guwahati has shown that demand for Micro Credit alone is around Rs.2600

cr in the Region. It is, therefore, not surprising that national and international Micro-finance Institutions and Private Equity investors are evincing interest in the Region.

In the period from April 2007 to March 2009 i.e., after the announcement of NEIIPP-2007, around 140 Nos. of Expression of Interests (EOIs) and Industrial Entrepreneurs Memorandums (IEMs) registered in the States of the North East Region indicate a proposed investment of around Rs.16,798 cr. Even if only 20% of the aggregate debt requirement of this proposed investment is targetted, NEDFi's fund requirement in next five years would be about Rs.2000 cr.

There is clearly a rise in the demand for institutional credit from private investors and it is likely to be on an upward swing. We believe that a matching response by Banks and financial institutions will further boost the growth momentum in the Region.

NEDFi is now poised for rapid growth and looks forward to make wider and deeper market penetration and in the years ahead and reach a higher orbit of productivity and excellence.

Though we are planning to expand our business in the coming years by at least 20-25 per cent on year-on-year basis, lack of resources is a serious handicap to our growth plans. Hence, there is an urgent need for capital augmentation. We are requesting our existing shareholders to increase their share in the equity and also like minded organizations like NABARD, IIFCL, EXIM Bank, to join as shareholders. We have also requested the



CMD, NEDFi, interacting with the former RBI Governor Dr. Y. V. Reddy & Members of the Central Board of Directors of RBI, during their visit to NER.



CMD, NEDFi, at the World Tourism Day function organised by Department of Business Administration, Tezpur University

Ministry of DONER to increase their budgetary support by way of loan or a one-time grant of a suitable corpus. We are hopeful of augmenting the resources of the Corporation to increase its reach and coverage and create a balanced impact across the Region.

NEDFi takes pride in maintaining its intrinsic regional character while aligning its corporate strategy to national priorities.

Notwithstanding the opportunities, there are several challenges and we are seized of these issues. With the changing market dynamics in the Region there are also diversified credit demands and we need to devise suitable products to suit these requirements if we are to operate in an environment of competition. A new set of products is, therefore, on the anvil especially to tap the growing education, healthcare and infrastructure sectors.

NEDFi has always kept its interest rates low in order to dispense affordable credit to entrepreneurs keeping in view its special mandate. But it is also necessary to keep a reasonable alignment with the prevailing rates in order not to create a distortion in the market. Hence, we maintain a fine balance between these two compulsions and deliver the best possible formulation to our clients.

NEDFi's mandate is to promote entrepreneurship through dispersed investments throughout the region. However, the development of infrastructure and industrial growth within the

region is uneven and the capacity for absorption of credit is at different stages of maturity in the States. Hence, credit deployment is slow in the States where industrial infrastructure is inadequate or limited as compared with those having better infrastructural and logistical support system.

Since the early days, NEDFi has learnt many lessons through successes and failures. Lessons from the past will guide our future direction. Many serious challenges still remain but

they are not insurmountable.

Looking ahead, therefore, I feel confident that notwithstanding increasing competition, our organisation supported by its strong financials will deliver a resilient earnings profile and stay ahead of the curve. Our strategy in the coming years is to expand our product offerings to provide a compelling value proposition to clients in our core sector. We will use this strength to build a robust institutional platform with a wider footprint and a more diversified revenue stream over time.

I sincerely appreciate the valuable contribution and cooperation extended by the young and vibrant NEDFi team, on whom lies the onus of taking the organisation forward. My grateful thanks are also due to the eminent members of the NEDFi Board for their advice and guidance. It is also my privilege to record a note of gratitude to the Governments in the States and the Centre for reposing their continued trust and confidence on the Corporation.

I assure you that NEDFi is on a high growth path and will grow manifold in the years ahead.

K.N. Hazarika

we are NEDFi

NEDFi's mission

Certified as an ISO 9001:2008 Company, NEDFi aims to be a dynamic and responsive organization to catalyze the economic growth of the North East. It assists in efficient capital formation and creation of fixed assets by identifying, financing and nurturing eco-friendly and commercially viable industrial, infrastructure, agro-horticulture, allied agriculture, fishery and animal husbandry projects in the region.

The realization of our mission is achievable on the robust foundation of Team NEDFi competencies. These competencies are the foundation of our culture that is centred on mutual trust and our people's entrepreneurship potential.

In keeping with our commitment to ethical, social and environmental responsibilities, all employees are guided by NEDFi's professionalism that has matured over the years.

Every member of Team NEDFi is guided by our defined mission giving us collective direction, focus and passion. Our unwavering commitment is to deliver sustainable value to our clients. All our activities are driven by our mission that makes us the preferred development finance institution of the North East region.

Our goal

The main objectives pursued by NEDFi as per its Memorandum of Association are: to carry on and transact the business of providing credit and other facilities for promotion, expansion and modernisation of industrial enterprises and infrastructure projects in the North Eastern Region of India, also carry on and transact business of providing credit and other facilities for promotion of agri-horticultural plantation, medicinal plantation, sericulture plantation, aquaculture, poultry, dairy and animal

husbandry development in order to initiate large involvement of rural population in the economic upsurge of the society and faster economic growth of different parts of the North Eastern Region.

Beyond just finance

NEDFi has a holistic approach to enterprise creation. We do a hand holding exercise. We find solutions. The promoters are guided, trained, counselled and helped to set up units. The endeavour has been to make the enterprise succeed.

What we look for

Primarily, NEDFi is a financial institution. It finances business projects. In order to be eligible for NEDFi financing, a project must meet a number of NEDFi criteria -

- The project must be located anywhere in the eight states of North East of India i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura
- It must be financially and economically viable
- It must be technically sound
- It must benefit the local economy
- It must be environmentally sound and socially beneficial

Our focus area

In an effort to make the North East economy grow in a healthy manner and to encourage investment in hitherto untapped sectors, NEDFi has identified certain focus areas where it extends financial assistance. They are:

- Industrial Projects
- Infrastructure
- Equipment Leasing/ Financing
- Contract Finance
- Agri-horticulture Projects
- Medicinal & Aromatic Plants
- Food Processing

- Handloom and Handicrafts
- Rural Godown/ Cold Storage
- Animal Husbandry Projects
- Tourism/ Information Technology Enabled Services
- Advisory/ Consultancy Services

Quality is paramount

NEDFi believes that when it comes to quality, there should be no compromise. We are committed to achieve the maximum customer satisfaction by providing timely and effective financial solutions to the entrepreneurs, continuously improving the effectiveness of the Quality Management System and continuous employee development.

Our Credit Processes

At NEDFi, critical credit evaluation of projects is made before taking decision, supported by ongoing systems for monitoring credit exposures and proactive action on impaired assets. There are strong systems for maximizing recoveries of non-performing assets.

A strong credit process requires good databases and models that estimate the risk elements of

the borrower's activities. It also requires a team of professionals skilled to deliver credit and maintain good accounts.

NEDFi has ensured that its credit appraisal and monitoring systems are as good as the industry benchmark norms, and implements them in the mutual interest of the borrowers and the Corporation.

Socially Responsible

At NEDFi, we believe that CSR is about how we manage our business and operations to produce an overall positive impact on society. Although, predominantly engaged in lending, we have also taken up activities for the development of the region, which, to a great extent, fulfills our Corporate Social Responsibility.

NEDFi has been involved in various causes like contributing to disaster funds and Chief Minister's Relief Fund, child welfare, National Child Congress and Children's Book Festival, supporting orphanages and helping organizations working for mentally ill and abandoned women. We play our part in creating qualified technically skilled entrepreneurs from the region for diversified fields through Entrepreneurship Development Programmes in collaboration with IIE and CIPET.



Our Offerings

Our Outstanding Finance Schemes

NEDFi has always strived to devise financial products which are tailor-made for the North East. Moreover, we know that smaller and start-up businesses need more than just finance. They need a partner to help them sustain through the initial periods - one that understands their needs and gives them the best possible financing option. That is why our finance schemes carry some of the lowest interest rates.

The **Project Term Loan** aims at providing long term finance for establishment of new industrial and infrastructure projects as well as expansion, diversification and modernization of existing industrial enterprises. Under this scheme NEDFi ordinarily finances projects with loan component of Rs.25 lakh and above as rupee term loan. However, smaller projects in innovative fields and in the hill states are also considered.

Equipment Finance provides financial assistance up to 70% of cost of equipment plus taxes/duties, transportation and installation charges for acquiring specific machinery/ equipment for industrial units that have already been in operation.

Under **Working Capital Finance**, assistance is provided to units, currently facing problems due to lack of working capital support from banks, but which can be made viable with the infusion of fresh funds by way of one time core working capital assistance. 75% of the working capital requirement is provided for one cycle of operation repayable over a period of 18 months.

Under the **North East Entrepreneurs Development Scheme (NEEDS)**, new projects (especially to help the first generation entrepreneurs) in tiny & SSI sectors as well as expansion, modernization and diversification

of existing units with a maximum project cost of Rs.25 lakh are eligible. Assistance up to 25% of project cost is provided as soft loan, which bears a service charge of 1% per annum and up to 60% as term loan at PLR+2%.

Initiative for Development of Entrepreneurs in Agriculture (IDEA) is a very recent initiative undertaken by the Corporation to encourage entrepreneurs in the agri-business sector, who generally face difficulty in getting timely and adequate finance at reasonable rate. This scheme is eligible for project cost not exceeding Rs. 25 lakh for individual and Rs. 50 lakh for a partnership firm or a company.

Also, along the same lines of the NEEDS, some special need based schemes were introduced. These are:

- **Women Entrepreneur Development Scheme (WEDS):** To provide assistance to women entrepreneurs for taking up business ventures. Soft loan-25% @ 1%, term loan -60% at PLR and project cost should not exceed Rs.5.00 lakh.
- **Jute Enterprise Development Scheme (JEDS):** To provide financial assistance to new/existing tiny units in the jute sector. Soft loan-25% @ 1%, term loan -60% at PLR and project cost should not exceed Rs.10.00 lakh.
- **Scheme for North East Handloom & Handicrafts (SNEHH):** To help the manufacturers, designers/exporters of handloom & handicraft products. Soft loan-25% @ 1%, term loan -60% at PLR and project cost should not exceed Rs.20.00 lakh.

Realizing the huge need for micro-credit in the Region, the Corporation launched the **Micro Finance Scheme** in August 1999 to cater the needs of the bottom of the pyramid sections. The objective of the scheme is to develop and

support NGOs/ JLGs/ CBOs/MFIs with good track record for on-lending to the “needy” for taking up productive activities like agri and agri-allied, farm and non-farm activities, petty trade, rural industries, etc. NEDFi also builds the capacity of the partner institutions through training, workshops and exposure visit to different MFIs in India.

And more than Finance

Apart from just financing business ventures, NEDFi recognizes the need to augment and discover newer opportunities that can be utilized for the North East’s economic growth. That is why we have put in place a number of support services that seek to transform opportunities - making it more rewarding, more economically viable.

Being a mega bio-diversity hot spot in the country, the North East harbours a number of valuable Medicinal & Aromatic Plants (MAPs), the cultivation of which is supported by the Region’s diversified agro-climatic and soil conditions. NEDFi had set up **Research & Development Centre for MAPs** at Khetri, Sonapur in the district of Kamrup considering the enormous potential for cultivation of MAP in the region. Another centre at Agartala has been set up on similar lines.

Since lack of access to relevant economic information acts as a major deterrent for entrepreneurs & promoters interested in making investments in the state, it was felt that the creation of a comprehensive Regional Resource Database and its wide dissemination was necessary. NEDFi took the initiative by developing “**NE Databank**”. It contains, besides general information, state and district-wise data on various sector as well as policies and incentives, and identified sectors of potential investment. The data is available at <http://databank.nedfi.com>. The Corporation is also publishing an exclusive sector-wise quarterly journal, “**NEDFi Databank Quarterly**”.

Under its **Techno-Economic Development Fund** provided by the Central Government through NEC to fund techno-economic feasibility studies for industry and infrastructure projects suitable to the region, NEDFi has completed 56 studies till date. Last year, it had initiated two studies on the Assam Gas Cracker Project. The Corporation is also conducting **design and skill upgradation programmes** on a regular basis to provide new designs, avenues for product diversification, upgrading skills of the artisans, introducing better production techniques, providing linkages to improve margins & incomes and also capacity building for credit linkages. The organization also conducts a special programme called **Business Facilitation Programme** in all the states of the region to boost the SME sector by targeting the first generation entrepreneurs, including women entrepreneurs.

In its endeavor to give a boost to the local industries and products of the region, the corporation has set up **NEDFi Haat** in the year 2002, a permanent exhibition cum selling platform to display, sell and develop marketing network of the products of artisans, cottage and small scale industries from all over the NE and also from other parts of India. NEDFi is also providing **marketing assistance** by facilitating participation of deserving units from the NE at various national and international trade fairs and exhibitions.

NEDFi has also initiated other income generating activities by setting up a separate business unit for **Advisory and Consultancy Services** to mop up fee based services.

The organization is also the nodal institution for disbursing **Central Government subsidies** for the North Eastern Region. Presently it is disbursing transport, capital investment, working capital interest and insurance subsidies provided by the Central Government.

we are Different

Our initiative on Water Hyacinth

Water Hyacinth (*Eichhornia Crassipes*) is an aquatic plant which can live and reproduce floating freely on the surface of fresh water or can be anchored in mud. In Assam and other North Eastern states it has been a menace to the farmers except for its use in potato cultivation or for cattle fodder. The same material has been used in handicraft products of countries like Thailand, Malaysia and China. To tap this potential NEDFi adopted a strategy under its



Aggressive International Marketing Project initiative. The strategy incorporates a 4-step process - first, **training the trainers** on “Integrated Design & Skill Development Programme on Water Hyacinth” at its R&D Centre in Khetri; second, **creating awareness about the product and assessment of market demand**; third, **capacity building of artisans** where training programmes were arranged in association with DRDAs. The training imparted to beneficiaries of 4 districts also included awareness of new markets for processed raw material. The final step is to **provide market linkage** to the trained artisans for both domestic and export markets.

Preparing entrepreneurs of North East for Export Market

NEDFi under its Aggressive International Marketing Project has been providing training to the entrepreneurs who are engaged in production of handloom & handicraft products. The programme includes the following components:

1. Training on Export Procedure & Documentation
2. Skill Development Programme
3. Product Specific Training Programmes
4. Marketing Exposure through Participation in Indian Handicraft & Gift Fair



Indian Handicrafts & Gift Fair at NEDFi Pavillion, IEML, Noida

The training programmes are conducted covering all the 8 North Eastern States. The entrepreneurs are thus finally provided a direct platform to market their products among the foreign buyers and big domestic business houses and retail chains who visit the Indian Handicraft & Gift Fair held at India Exposition Mart in October and February, every year.

Marketing support to artisans & craftsmen

A buyers and sellers hub has been created by NEDFi at the NEDFi-Haat, Ambari, Guwahati, which has 26 Pre-fabricated stalls along with other infrastructure like electricity and security. In the year 2008-09, 22 fairs were held in NEDFi Haat which facilitated sale of products worth Rs. 1.87 crores. Most of the participants of the fairs were from handloom and handicraft sector who do not have their own marketing outlets. Apart from providing a platform at NEDFi Haat, NEDFi also sends 35 entrepreneurs to India International Trade Fair (IITF) which is held at Pragati Maidan, New Delhi from 14th to 27th November every year.



Pre Rongali Fair at NEDFi Haat



IITF-08, Pragati Maidan, New Delhi

Creating awareness on NEIIPP 2007

NEDFi has been actively associated with the Government of India's North East Industrial & Investment Promotion Policy (NEIIPP) 2007 under which incentives are provided to the industrial units of the North Eastern Region. Apart from disbursement of subsidies, NEDFi takes active steps in creating awareness on the NEIIPP 2007 through publications and workshops.



Workshop on NEIIPP-07 at Gangtok



Workshop on NEIIPP-07 at Tezpur

Focussing on new areas: Clean Development Mechanism

NEDFi organized a “Sensitization Workshop on Clean Development Mechanism (CDM) - Opportunities in the North East” on 16th March, 2009 at Guwahati with Clean Trade Group (CTG), USA, led by its director Mr. Noah Greenberg, as the knowledge partner.



Promotion of Organic Farming: partnering Thailand - a NEDFi initiative

NEDFi was successful in bringing Mr. Noritada Morita, Former Director-General, Programs Department (West), Asian Development Bank (ADB) for promotion of organic farming in the North East. A team led by Mr. Morita visited the North East from 2nd April, 08 to 8th April, 08. The visit comprised of a stakeholders meeting on organic farming at Guwahati, training programmes on use of EM Technology for Organic Farming in the states of Assam and Meghalaya.



Mr. Morita engrossed in a discussion with the H'ble Chief Minister of Sikkim in presence of CMD, NEDFi

Building new bridges: Fostering foreign investment

In an effort to bring in foreign investment to the North East,

NEDFi in collaboration with the Embassy of the Czech Republic, New Delhi identified possible sectors for investment. A high level Czech delegation led by his Excellency Dr. Hynek Kmonicek, Ambassador visited the region from 13th to 19th April 2008. During their visit, they held a series of discussions with various Government officials, Entrepreneurs and other business associations. Seminar on Czech technology and knowhow on different sectors were held in Shillong and Guwahati. Subsequently, a Czech mining delegation representing 3 companies visited Meghalaya on 12th June 2008 and held meetings with senior government officials and entrepreneurs. This was followed by a visit from a Czech business team to the region from 19th to 27th October 2008 which held a series of meetings and seminars in Aizawl, Shillong, Guwahati, Itanagar and Gangtok.



The Ambassador in a meeting with Shri P.C. Sarma, IAS, Chief Secretary to the Govt. of Assam along with other State Officials and CMD, NEDFi at the Conference Room of Assam Secretariat.



The Ambassador in a meeting with Dr. Donkumar Roy, Hon'ble Chief Minister of Meghalaya in the presence of his cabinet colleagues, state officials and CMD, NEDFi at the Chief Minister's Secretariat, Shillong

Harnessing natural potential: Our R & D Centre

In its endeavour to harness the huge potential of medicinal and aromatic plants in the region and for promoting its commercialization, both the R & D Centres at Khetri & Nagichhera are working with zeal in various research and promotional activities. During the period 2008-09, twelve training programmes with 636 participants were conducted on MAP. Throughout the year, the R & D Centres on MAPs have carried out a number of field and extension activities as well as laboratory studies on some important MAPs.



Agar Plantation at Golaghat; Lemongrass plantation in demonstration field; Sugandhmantri - collection under NMPB project, at R& D centre



Centrally assisted projects

Three Central Government Department assisted projects were conducted in 2008-09. They are:

- Multi- location field trials of high yielding cultivar(s) of patchouli in Northeast India (Project Code GAP-003)
- Network Project on RET Medicinal Plants Conservation and Utilisation in South and North-East India (Project Code GAP-004)
- Bio-diesel Project (Project Code GAP-005)

Promoting Livelihoods through skill trainings -

Centre for Practical Livelihood Training (CPLT)

In spite of having enough potential and natural resources, the North East's economy is characterized by low per capita income, productivity, industrialization, poor infrastructure and unemployment. Studies have shown that self-employment is one of the most rewarding avenues in the region which is agriculture centric and where the marginal productivity of labour is negative. However, the Region lacked institutions which promoted self-employment for self-subsistence.

NEDFi was the first to come forward to set up such a type of institute in the North East, viz. Centre for Practical Livelihood Training (CPLT), jointly with Institute Management Committee of ITI Nalbari and NABARD. Inaugurated on 28th August 2008, CPLT will directly help the rural unemployed to get trained, to avail bank finance and eventually get self employed.

The main objectives of the CPLT:

- To identify, orient, motivate and train youth and impart them with the knowledge and skills required for taking up self-employment ventures.
- To assist the trained youth in obtaining credit facilities from banks and other financial institutions and also to help them in setting up their ventures successfully.



During FY 08-09, the centre conducted seven training programmes on basic electrical module, tailoring and designing, computer application and weaving, where 124 rural youth, mainly women, were trained.

innovative Interventions

Skill Up-gradation

A one-month Skill Up-gradation program on broom making from 17th March to 16th April 2008 was organized by NEDFi in association with Ephiphany Society for Rural Upliftment, Mawlynnong in East Khasi Hills of Meghalaya. Incidentally Mawlynnong is considered the greenest village in Asia and in its vicinity, eco-tourism projects have been planned. Twenty trainees from villages in and around Mawlynnong participated in the programme and they were trained on value addition to broomsticks which they produced locally. This was to enable them to improve the production process which could earn them a better livelihood. The end products included table brooms and computer brushes, besides brooms of different sizes. A buy back arrangement has also been arranged. The training was conducted by three expert trainers from Hnam Chhantu Pawl, a reputed NGO from Mizoram.



NEDFi has also conducted a base line economic survey of the village and surrounding villages with the help of a well-known economist of this region, which gives a fair idea of the economic potential of the village. The developmental steps taken by NEDFi are not in isolation and wherever necessary it conducts specific studies to identify the need of a particular target group of beneficiaries. The Skill Upgradation Programme on Broom Making at Village Mawlynnong, East Khasi Hills, Meghalaya is thus the beginning.

Prajanma

an initiative to support families of Ganeshguri bomb blast victims:

The Bomb Blast at Ganeshguri on 30th October, 2008 brought immense pain and sorrow to the blast victims and their families. It was felt at NEDFi that only

a sustainable livelihood programme can provide support to the families who were affected by the incident. Accordingly, in a meeting held on the 10th of November '08, with the victims and their relatives, it was found that the support can be provided through capacity building of the women of the affected households in handloom and cutting & tailoring. To provide this handholding support, NEDFi engaged the Society for Social Transformation and Environment Protection (sSTEP), an NGO involved in livelihood support programmes. Altogether 29 women from blast affected families were selected and provided with a comprehensive 3-month training programme which commenced on the 16th December '08.



During the Pre Rongali Fair (April 9 - 13, 2009) held at NEDFi Haat, the group was allotted a free stall to provide market exposure. The group was named "Prajanma" and it started with a modest beginning at NEDFi Haat selling bed sheets, pillow covers, children's wear and ladies garments in addition to traditional food items. A sales outlet-cum tailoring centre was opened for "Prajanma" in Nayanpur Road, near Ganeshguri which will facilitate the marketing platform. NEDFi will also provide embroidery and peko machine from its CSR fund so that the beneficiaries can diversify their product range and can run the outlet on a self sustainable mode.

Capacity Building Programme of NGOs/MFIs

In order to build up capacity of NGOs / MFIs, NEDFi has been constantly providing trainings through its in-house MF team, focussed on developing systems and processes. Till date, 8 training programmes across all the North Eastern states have been conducted covering around 142 participants from 73 NGOs. Further, in collaboration with DONER, IIBM, EDA Rural Systems, MASTERCARD Foundation, another 129 participants from 75 NGOs have been trained by NEDFi.



Workshop cum Training Programme on Managing Micro Finance Module-1 at Itanagar

Performance Highlights

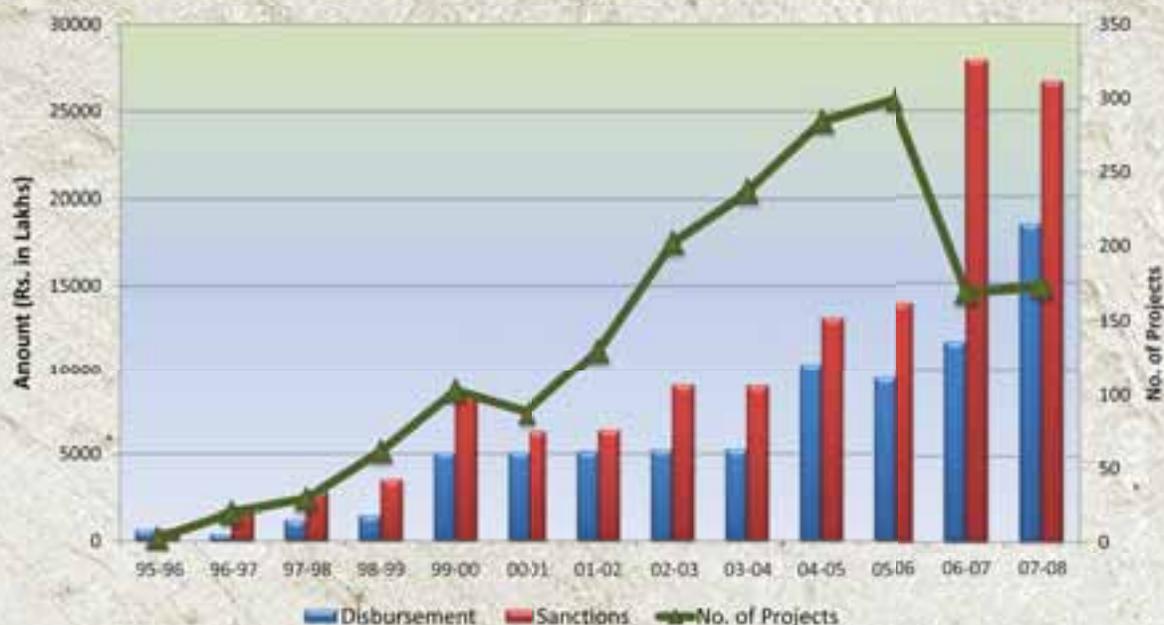
Total Sanctions, Disbursements and Number of Projects Sanctioned (As on March 31, 2009)

STATE-WISE AMOUNT SANCTIONED (Rs. in lakh)														
State	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	Grand Total
Arunachal Pradesh	0	518	235	38	418	291	136	942	762	1593	780	1230	1254	8197
Assam	682	1164	2198	1725	3945	3166	3401	2639	4084	7053	8545	16588	21351	76541
Manipur	0	66	49	263	350	80	59	76	65	50	109	519	540	2227
Meghalaya	0	-	173	772	2659	2582	2114	4607	3458	2874	3122	8510	1994	32865
Mizoram	0	25	51	208	156	45	114	152	40	102	362	350	88	1693
Nagaland	0	110	34	234	490	124	80	102	63	167	258	195	432	2289
Sikkim	0	-	-	-	-	-	-	97	358	75	389	159	713	1791
Tripura	0	40	58	255	306	16	460	355	102	1218	307	394	318	3829
Total	682	1923	2798	3495	8324	6304	6364	8970	8932	13132	13872	27945	26689	129431

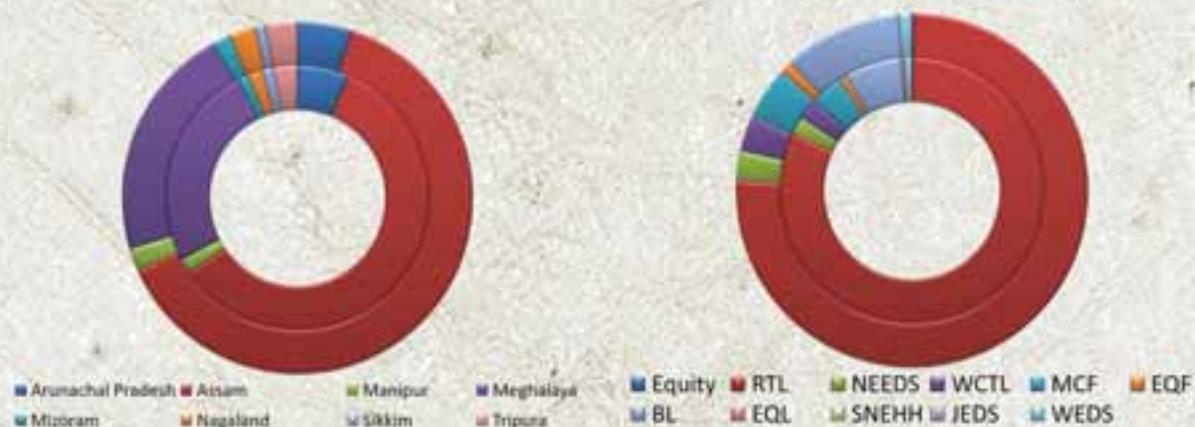
STATE-WISE AMOUNT DISBURSED (Rs. in lakh)														
State	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	Grand Total
Arunachal Pradesh	0	9	24	150	206	397	246	341	778	610	725	118	415	4019
Assam	615	227	1062	932	3360	2472	2170	2964	2285	5342	6680	8872	13071	50052
Manipur	0	39	31	153	285	152	68	70	105	50	69	106	498	1626
Meghalaya	0	-	4	62	618	1467	2404	1349	1542	3199	1320	1405	3833	17203
Mizoram	0	-	25	30	60	192	87	96	85	70	115	539	42	1341
Nagaland	0	80	34	41	323	259	97	175	152	32	105	252	321	1871
Sikkim	0	-	-	-	-	-	-	14	88	128	355	103	76	764
Tripura	0	0	37	95	194	140	38	200	200	1000	55	249	153	2361
Total	615	355	1217	1463	5046	5079	5110	5209	5235	10431	9424	11644	18409	79237

STATE-WISE NUMBER OF PROJECT SANCTIONED														
State	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	Grand Total
Arunachal Pradesh	0	2	2	1	4	4	10	11	21	37	55	16	17	180
Assam	2	12	13	25	37	49	69	91	129	110	98	66	73	774
Manipur	0	2	4	12	20	7	9	8	10	8	15	18	28	141
Meghalaya	0	0	2	3	7	12	20	19	19	16	14	10	9	131
Mizoram	0	1	3	5	12	3	7	48	5	45	17	1	18	165
Nagaland	0	1	3	12	19	9	11	8	9	8	19	20	7	126
Sikkim	0	0	0	0	0	0	0	12	36	23	27	18	9	125
Tripura	0	1	1	2	2	2	5	7	9	38	55	20	12	154
Total	2	19	28	60	101	86	131	204	238	285	300	169	173	1796

Year-wise Amount Sanctioned, disbursed & project sanctioned



Cumulative State-wise and Scheme-wise sanctions and disbursements (as on March 31, 2009)



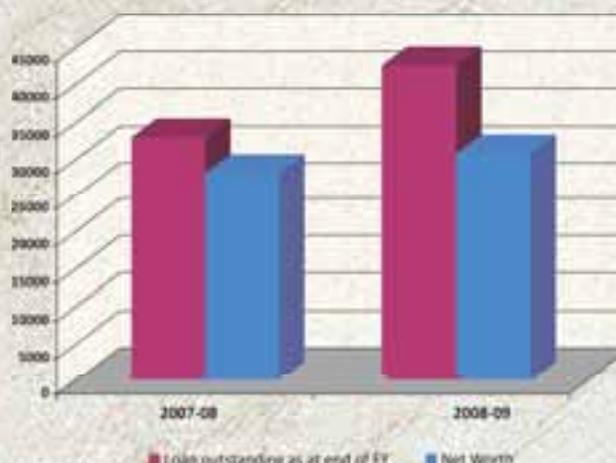
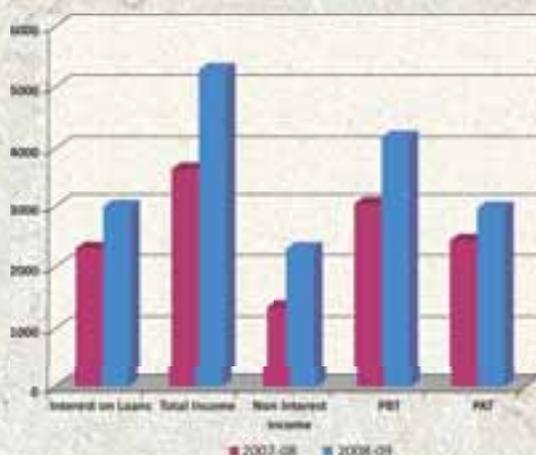
Micro Finance (as on March 31, 2009)

(Amount in Rs. Lakh)

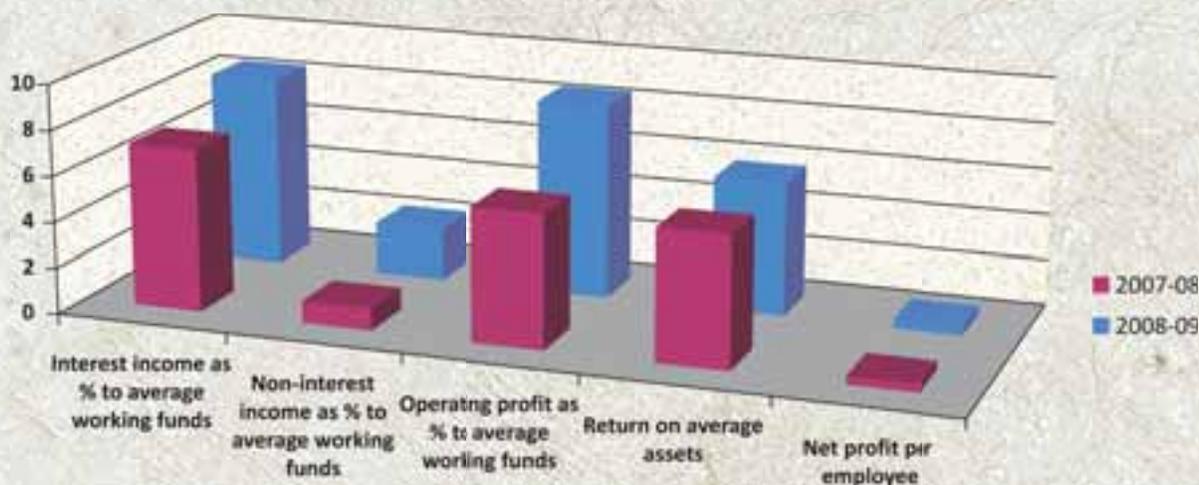
	FY 07-08	FY 08-09	Cum as on 31 Mar 09
Amount Sanctioned	1216	1510	5073
Amount Disbursed	673	1229	3860
No. of Projects Assisted	11	20	373
No. of Groups/SHGs/JLGs	3285	3147	10177
No. of Beneficiaries	20868	23638	83367
No. of Women Beneficiaries	17056	21253	60247
No. of SC/ST Beneficiaries	6920	6825	28990

Financial Highlights

Yearwise	(Rs. Lakh)		% change
	2007-08	2008-09	
Loan outstanding as at end of FY	33003	42571	29
Interest on Loans	2304	2995	30
Total Income	3658	5283	44
Non Interest Income	1354	2299	70
PBT	3042	4187	38
PAT	2434	2968	22
Net worth	28121	30808	10



Operating Results		2007-08	2008-09
Interest income as percentage to average working funds	(%)	7.08	8.43
Non-interest income as percentage to average working funds	(%)	0.98	2.27
Operating profit as a percentage to average working funds	(%)	5.78	8.48
Return on average assets	(%)	5.66	5.78
Net profit per employee	(Rs. Crore)	0.35	0.38



transforming Potential

Aglo Packaging (P) Ltd., North Guwahati

Growing market of mineral water and soft drinks in the Region has led to increase in the demand of quality pet bottles and caps round the year from



manufacturers of packaged drinking water, mineral water and fruit juices. In view of the growing market, Aglo Packagings (P) Ltd, a company promoted by Sri. Prakash Agarwal of Kolkata has decided to put up a plastic caps and closures manufacturing unit at Abhaypur, North Guwahati. NEDFi has sanctioned a term loan of Rs.255 lakh towards the project. The promoter has the experience of running a similar facility in Kolkata. This unit will be using compression moulding machine imported from Italy which will be the first of its kind in the entire eastern region.

NETES Institute of Technology & Science (NITS), Mirza

The socio-economic development of a region is dependent largely on the development and availability of quality technical personnel. Recognizing the fact that since long the North East has had a dearth of engineering colleges, North East Technical Education Society (NETES) has set up an engineering college at Mirza in Assam, just six kilometers from LGB Airport, Guwahati. Initiated by a society formed by successful engineers and people from other fields, the institute is established as per the guidelines of All India Council for Technical Education (AICTE) and will award degrees in the fields of Electrical,



Mechanical, Computer Science, Electronics & Communication engineering and also a degree in Science & Humanities. NEDFi came forward to become the financier with an amount of Rs.1000 lakhs. The college has become functional from July 2009.

SK Petro Services Pvt. Ltd, Sibsagar

With the present New Exploration & Licensing Policy (NELP) and the demand of oil & oil equivalent gas, the nation has witnessed a growth in exploration



& production activities among the oil-sector companies. Companies like ONGC and Oil India Limited have outsourced many activities to the private sector, one being the service of work over rigs. One unit which has benefited with this change in the scenario is SK Petro Services Pvt. Ltd., Sibsagar. ONGC has awarded a contract for charter hiring of 4 Workover Rigs to GCT Oil Field Services Pvt. Ltd., which in turn has sub-contracted one of its rigs to SK Petro Services. Recognizing the economic viability of the project, the corporation has part financed it at Rs. 200 lakh, under its Equipment Finance Scheme. The work on the project is underway at a healthy pace and the venture is expected to be a profitable and employment generating one.

Hotel Kent, Dimapur

Hotel Kent has been financed by NEDFi for an amount of Rs 125.00 lakh under the RTL Scheme in December 2008. Promoted by Captain Hekiye Sema (Rtd.), who had earlier served in the Indian Army, the hotel is located at Ellora Lane, Golaghat Road, Dimapur and has 48 boarding rooms in a Ground + 4 floor building. Hotel Kent has been certified as a 3-star hotel and will be the first Star Category Hotel in Nagaland, when it commences commercial operation in October 2009.



Trinity Diagnostic Centre, Aizawl

Magnetic Resonance Imaging (MRI) has emerged to be one of the essential technologies in the field of Radiology in medical science. However, MRI facilities are mostly unavailable in certain states of the North East - Mizoram being one. Trinity Diagnostic Centre in Aizawl is the first and only centre to provide MRI facilities in the state. Started with a capital of Rs. 183 lakhs from NEDFi, and now fully operational, the centre has gone a long way in resolving the state's obstacles in effective delivery of medical services.



Chirang Logistics Company Pvt. Ltd., Kajalgaon (BTAD)

Incorporated to provide various support works under infrastructural development projects in the country, Chirang Logistics Company Pvt. Ltd. was awarded a contract by the Bodoland Territorial Council to set up an infrastructural development project and logistic hub at Kajalgaon in the district of Chirang, BTAD, Assam. The hub will include a multipurpose cold storage of capacity 7500 MT, an ice plant of capacity 10MT, a rural godown of capacity 5000 MT and a weigh bridge. The project cost is Rs. 894.50 lakh and NEDFi is extending Rs. 500 lakh for the same.



Greenwood Resorts Pvt. Ltd., Guwahati



Promoted by Ms. Asha Bora and Mr. Sidharth Sarkar, Greenwood Resorts Pvt. Ltd. is located amidst the lush green hills at Khanapara on the outskirts of Guwahati. Already a popular relaxation and entertainment destination, the promoters decided to capitalize on the brand value by expanding the facilities and incorporating three star category accommodation through a unique concept of 24 cottages each housing two suites, thereby targeting the corporate traveler. Also on the plans are other facilities like convention centre, health club, water sports, herbal centre and children's park to make the resort a multi-facility attraction. The corporation has financed a term loan of Rs.500 lakhs towards the project. Today, the renovated resort is doing well and has succeeded in its objectives.

Fabric Plus Pvt. Ltd, Chaygaon



Promoted by Dilip Barooah, CS Nahata and J Roy, Fabric Plus Pvt. Ltd. is a company involved in the business of silk yarn, silk fabric and silk garment

manufacturing with their products selling in both the domestic and export markets of Europe and USA. Although the company owns a handloom unit, most of their production is carried out through contract manufacturing in Mumbai and Kolkata and commission weaving with various weavers in different states. With overseas demand increasing, the company decided to set up a production unit at Chayagaon Industrial Growth Centre near Guwahati. The company approached our corporation for a term loan of Rs. 125 lakhs to part finance the project, which was granted. With the work on the project moving at a steady pace, the company will commence commercial production very soon. The project will also lead to considerable direct and indirect employment since most of the raw material will come from local muga and eri silk farmers and reelers of the area.

May Fair Diagnostic Centre, Agartala



With a term loan of Rs.23.35 lakhs from NEDFi and promoted by Shri Ajoyesh Chakraborty and Dr. Joy Chakraborty, May Fair Diagnostic Centre in Agartala is a modern centre which provides advanced digital coloured diagnostic reports. Prior to setting up of this unit, there was no digital Colour X-Ray machine in the Tripura. This unit has the most modern machineries and renders diagnostic services for Sonography, Digital X-Ray, Pathology Tests, ECG and PFT. By financing the unit in Tripura, NEDFi has been able to fill up a much felt gap in the area of clinical facilities in the state.

Don Bosco College of Engineering and Technology, Azara

With the mission to promote technical excellence and holistic development of human resource, the Don Bosco Society has established an engineering college, viz; Don Bosco College of Engineering and Technology. It is the first constituent college of the school of Technology of the Don Bosco University, Assam and is approved by the All India Council for Technical Education (AICTE). Set up amongst beautifully laid out gardens and lush green lawns on the Guwahati Airport Road (NH-37) at Azara, the College initially offers four streams



- Computer Science & Engineering, Electrical & Electronics Engineering, Electronics & Communication Engineering and Information Technology & Engineering, all leading to a



degree of Bachelor of Technology. Launched with a project cost of Rs. 2000 lakhs, the society is ably supported in this endeavour by NEDFi with a term loan of Rs. 1000 Lakhs.

Rhino Agencies Ltd., Amingaon, Guwahati

One of the leading breweries of the country, Yuksom Breweries Ltd. promoted by bollywood actor, Danny Dengzongpa has set up the first brewery unit in



Assam with NEDFi's assistance of Rs. 800 lakhs. This project holds importance in view of the fact that the leading beer manufacturers of the country do not have their own manufacturing facility in the North Eastern states and generally cater to the market from their units located in other parts of the country. To meet this growing demand, the company has set up a plant in Amingaon (Guwahati), Assam.

KBH Infraserivices (P) Ltd., Chaygaon

When three local individuals, who were working in multinational companies, come together to create an entrepreneurial dream, the result is something like KBH Infraserivices (P) Ltd. Manufacturing mattresses, pillows and cushions using siliconized fibres sourced from Reliance Industries, the project was set up at the Industrial Growth Centre, Chaygaon in the Kamrup district of Assam. The corporation has helped KBH Infraserivices in their venture with a loan of Rs. 150 Lakhs. Presently, the project is making steady progress in production and profitability.



Meghmallar Estates & Services, Guwahati

Meghmallar Estates & Services Pvt. Ltd., promoted by Shri Anup Saikia and his father Shri Bholanath Saikia, is the first ISO 9001:2000 certified real estate company in the NE and is one of the pioneering companies of the region. With wide experience and high reputation in this field, our corporation came forward to assist them with an amount of Rs.1820 lakhs for a huge project involving three residential complexes in Lokhra, Tarun Nagar and Satgaon. This project is unique in the sense that it has been registered for Green building certification by the Indian Green Building Council, Hyderabad. It is the first such project in the entire eastern region and one of the very few selected from all over the country.



Satyam Industries, Senapati, Manipur

This unit located in Taphou of Senapati district, Manipur was sanctioned an amount of Rs. 450 lakh under term loan of the Corporation. The project is promoted by Satyam Group, a well known group involved in the iron & steel sector for many years. The group is the first to enter the state of Manipur in steel manufacturing on a large scale. The project is an integrated steel mill having a capacity to produce 27,000 MT of MS re-rolled products.



Small Opportunities are the beginnings of new Enterprise

Oju Craft Centre, Arunachal Pradesh

With years of experience in the weaving business, Oju Craft Centre is promoted by Smt.



Binny Yanga who is also a well known social activist of Arunachal Pradesh. Since, the tribal men and women in the state are well known for their specialized work in weaving and craftsmanship, the centre was established with an endeavour to uplift the backward and less privileged womenfolk by streamlining their skills and providing them with an avenue for income.

For expansion and upgrading the craft centre, the promoter had approached NEDFi for financial assistance. An amount of Rs. 4.25 lakhs was sanctioned under its WEDS scheme. Post upgradation, Oju Craft Centre has now enhanced its productivity and employs a considerable number of women weavers whose craftsmanship has ensured that the demand for the centre's products is high, both within and outside the state.

H.L. Dairies, Hnahthial, Mizoram

For travelers on the highways of Mizoram, a popular stopover destination is the village of Hnahthial in Lunglei District. This village is famous for its highway restaurants and hotels.



Obviously, the demand of raw materials and milk is very high in the area. To capitalize on the opportunities provided by the high demand for milk, H.L. Dairies was set up. Although, the unit was running steadily, increasing demand meant that it needed to expand. However, financial constraints hampered its expansion process.

The promoter of H.L. Dairies approached NEDFi for financial assistance for its expansion and was sanctioned a loan of Rs. 2.55 lakhs under the NEEDS scheme. The amount was utilized in the most optimum manner and today, the proprietor and his wife are well on their way to realize the dream of running the biggest dairy in their village.

Click N Browse Cyber Café, Meghalaya

The advent of information technology, especially the development of the internet has resulted in the world gradually evolving into one huge global village. However, to make the benefits of the digital world available to all, it is imperative



that the internet can be accessed from all places. Click N Browse Cyber Café plays a role in bringing internet facilities to the people of Shillong.

Located at Regalia Mini Complex, Mawlai Mawdatbaki, Shillong, the cyber café is promoted by Smt. Cordilia Kharbuli, a local Khasi entrepreneur. The project which has been financed by the corporation under its WEDS scheme with an amount of RS. 1.92 lakh, is the only cyber café in the area and has been able to meet the needs of the locality and its surrounding areas.

Modern Fabrication Unit, Sikkim

Modern Fabrication Unit is a steel and grill fabrication unit in Sikkim and has been running successfully, catering to the needs of the local contractors, builders and house owners alike. The proprietor Shri Jit Bahadur Chettri,



aged about 30 years is a young, dynamic and experienced entrepreneur who has been in this profession for past 2 years. Although his unit has earned goodwill in the market, Shri Chetri was unable to cater to the increasing demand or venture out to take up contract works from various government organizations and PSUs, because his unit fell short in the requirements of various machineries, tools and equipments.

Approaching NEDFi for financial assistance, Modern fabrication Unit was sanctioned Rs 1.70 Lakhs for the expansion of a grill and steel fabrication unit in Middle Sichey, Gangtok,

Sikkim under its NEEDS scheme. Free of its constraints, today the unit has been successful in acquiring various work orders from state government departments.

Polyhouse Vegetable Cultivation, Sikkim

The promoter of Polyhouse Vegetable Cultivation, Mr. Leezeng Lepcha approached NEDFi for financial assistance to set up



commercial cultivation of seasonal and organic vegetables in the spare land he owned. With ample land already at the promoter's disposal, the project cost amounted to Rs. 4 Lakhs which included land development cost, construction of the polyhouse, small irrigation equipment and working capital. Under its NEEDS scheme, NEDFi provided a loan of Rs. 3.40 lakh to the unit. It has started operating, producing high quality vegetables which will be retailed in the local market and supplied to various restaurants in Sikkim.

Jalah Food Products, Assam

With a flair for cooking, Mr. Manmohan Nath acquired training in food and beverages at the Food Craft Institute in Guwahati and experience by working in Kolkata's Hotel Airport Ashok and New Delhi's Centre hotel. With this rich experience behind him, he initially started out on his own, preparing pickles, jam, jellies and different kinds of juices at home and selling them locally.



Encouraged by good customer response, he undertook further training in processing and packaging at SISI, Guwahati. In order to fulfill his dream of starting an industry of his own, he approached several banks for finance but was disheartened and finally, he approached NEDFi where he was given a chance to start his dream project with a loan assistance of Rs. 1.80 Lakhs under NEEDS for expansion of his existing food products unit located at Baksa, BTAD, Assam. Today, his unit, Jalah Food Products is a successful venture.

Kedar Dhar Industries, Tripura



M/s Kedar Dhar Industries, located at Dharmanagar, North Tripura is promoted by a local entrepreneur. It is the only cane based industry operating in North Tripura which outsources its raw materials from Cachar (Assam). The industry provides employment to more than 50 artisans and exports its products to European countries like France. NEDFi financed the industry under its SNEHH, disbursing an amount of Rs. 4.25 lakh.

Tai Sien, Arunachal Pradesh

The unit is a garment store exclusively for traditional 'gale' (Wrap around) and tops for the ladies and children. The unit is a retail shop located at Akashdeep complex, Itanagar,



Arunachal Pradesh. The promoter Ms. Georgina Tasung had always wished that she could have her own showroom where she could display and sell a wide range of local traditional dresses and she could achieve this objective with the intervention of NEDFi's assistance of Rs.3.00 lakh under WEDS.

Mishing Weave, Assam



Livelihood through craft and preservation of traditional designs being her motto, Swarnalata Pegu started her enterprise of blended fabrics, Mishing Weave in January 2002. Initially, she started her work with only two looms as she did not have sufficient funds. Later, with NEDFi's assistance of Rs. 2.89 lakhs under WEDS, she has been able to expand her business substantially.

Financing the unreached and building capacity through **Micro Finance** - a glimpse

Grameen Sahara, Assam

Grameen Sahara is an organization that endeavours to promote and support a large number of livelihoods in a sustainable manner, based on the resources available locally or within the reach of the community. Working with poor families, its target areas are the less developed areas of the North East which are not reached by the mainstream approaches and institutions. Currently operating in three districts of Assam - Goalpara, Kamrup-Rural and Kamrup-Urban, it is expected to have its presence in more than ten districts of Assam, Meghalaya and Nagaland within the next three years.

Among Grameen Sahara's initiatives is Micro Finance Services which is supported by different funding agencies including NEDFi and from the borrowers. The service features provision of collateral-free financing to the poor, especially women in the rural and urban areas, in a simple, efficient and affordable manner. Supporting the



endeavour, NEDFi has supplied funds for the micro finance service at various times - Rs. 5 Lakhs in January 2007, Rs. 50 Lakhs in February 2008 and Rs. 100 Lakhs in November 2008. At present, 4200 members have taken loan and utilized it in their existing businesses. Today, Grameen Sahara is one of the growing MFIs in Assam providing credit services to the poor but economically active people.

Weaker Section Development Society (WSDS), Manipur

Since 2002, WSDS-initiate, Manipur has evolved as a Civil Society Organization and transformed itself

into a development organization founded by a group of like-minded educated youth coming together to work for the weaker and marginalized section of the society especially women. The WSDS-initiate, Manipur has acted as both the catalyst and initiator for innovation, social and economic change through SHGs/LOM where majority are women, to



address and respond to complex issues facing the North East. Today, WSDS-initiate, Manipur is one of the pioneers in the field of Micro-Finance and Livelihood, Natural Resource Management, Micro-Enterprise development, community Health, Social Security and Micro-Insurance. Currently, WSDS-initiate, Manipur is operating in the hilly terrain of Senapati, Churachandpur and Chandel districts of Manipur. Strongly based upon the already existing LOM, WSDS-Initiate has formed Self Help Groups and gives priority on the financial aspect. With this objective WSDS-initiate has provided training on financial management to all LOM members. The high level of savings that the SHG LOMs have been able to garner is partly attributed to the strong group discipline enforced through the traditional institution.

Starting their micro finance programme in 2002 with a small loan of Rs. 2.50 Lakhs from NEDFi, WSDS-initiate has been provided with three loans over time, the last being sanctioned in November 2008. With the unavailability of formal financial institutions and with sources of capital being limited and costly, NEDFi has played a role in ensuring access by poor people to financial services to smooth out fluctuations in their income and consumption levels, often linked to the agricultural cycle. The initiative has also provided them with the means to purchase inputs, acquire asset or take advantage of other opportunities to increase the returns to their labour; and to take precautions against, or cope with, crisis.



Sri K. N. Hazarika

Chairman and Managing Director of NEDFi has been a professional banker having served State Bank of India for over three decades. He has worked extensively for many years in the North East during his tenure with the bank. He is a post graduate in Arts and has been trained in the Wharton School, Pennsylvania, USA, on 'Strategic Thinking for Competitive Management'

Sri K. N. Hazarika has been nominated by the Ministry of Commerce & Industry, Government of India to all the commodity boards viz. Tea Board, Coffee Board, Rubber Board, Spices Board and Agricultural and Processed Food Products Export Development Authority. He is a Member in the NEIPP Committees of Government of India (under NEIPP-07).

Sri A. K. Dev

The Chief General Manager of State Bank of India, North Eastern Circle, joined as a Probationary Officer in 1974 and has served the bank in several important capacities. Earlier, he was the General Manager Network-I in the Circle.



Sri P. K. Biswas

He is the General Manager, IDBI Bank Ltd., North East Zonal Office, Guwahati.



Sri R. R. Dash

The Zonal Manager, Life Insurance Corporation of India, Kolkata. Prior to this posting, he was Executive Director (Inspection) at the Central Office, Mumbai.



Dr. D. N. Borthakur

An eminent agricultural scientist of national repute and retired as the Vice Chancellor of the Assam Agricultural University. Dr. Borthakur is well-known for his outstanding contribution in research & development in the field of agriculture.

Sri Lalithara

The Chief Secretary, Government of Nagaland who belongs to the Indian Administrative Service (1975 Batch - Nagaland Cadre). Earlier he was Additional Chief Secretary to the Government of Nagaland.



Sri Surender Kumar

He is the Director, Ministry of Development of North Eastern Region (DoNER), New Delhi. He belongs to Indian Forest Service (1985 Batch). Earlier he served as Chief Conservator of Forests, Government of Tripura.



Sri U. K. Sangma

He is the Secretary, North Eastern Council. He belongs to the Indian Administrative Service (1978 Batch). Prior to joining this assignment, he was Principal Secretary, Social Welfare Department, Government of Jharkhand.

Sri V. K. Dev

The Development Commissioner (Finance), Government of Arunachal Pradesh who belongs to Indian Administrative Service (1987 Batch).

(Not seen in photo)

directors' Report

The Directors of your Company have pleasure in presenting their Annual Report and Accounts for the year ended 31st March, 2009.

FINANCIAL REVIEWS

The financial results of the year are highlighted below:

Working Results	(Rs. Cr.)	
Financial Year	2007-08	2008-09
Gross Income	36.58	52.83
Expenditure	5.15	8.81
Provisioning	5.19	2.15
Profit Before Tax	30.42*	41.87
Profit After Tax	24.34	29.68
Earnings Per Share (in Rs.)	2.44	2.97
Dividend	3.00	3.00
Interest income as percentage to average working funds (%)	7.08	8.43
Non-interest income as percentage to average working funds (%)	0.98	2.27
Operating profit as a percentage to average working funds (%)	5.78	8.48
Return on average assets (%)	5.66	5.78
Net profit per employee	0.35	0.38
Capital to Risk (Weighted) Assets Ratio (CRAR) (%)	80	70

*including Prior period adjustment of Rs. 4.18 Cr.

Financial Position

Authorised Capital	500.00	500.00
Paid up Capital	100.00	100.00
Net worth	281.21	308.08
Total Assets	491.91	608.12
Sanctions	279.45	266.89
Disbursements	116.44	184.09
Recovery (%)	65.16	73.80
Loan Outstanding	330.03	425.71

The Corporation maintained the growth momentum initiated during the last few years and reached new heights in key parameters such as gross income, profits, disbursements and recovery as at the end of March 2009. Steady and healthy growth in sanctions and disbursements in the past few years are translating into

rising revenue and higher earnings. To put this matter in perspective, it is necessary to observe sanctions and disbursements in the past five years along with cumulative performance as on March 31, 2009:

(Rs. Cr.)

Year	Sanctions	Disbursements
2004-05	89.33	52.35
2005-06	131.32	104.31
2006-07	138.72	94.24
2007-08	279.45	116.44
2008-09	266.89	184.09

(Rs. Cr.)

Cumulative		
Year	As on 31.3.2008	As on 31.3.2009
Sanctions	1027.42	1294.31
Disbursements	608.27	792.37
No. of Projects	1623	1796
Capital Investment Generation in NER	3722	4576
No. of Employment Generated	56140	58445

Operating profit as a percentage to average working funds was 8.48% in comparison to 5.78% in the previous year. Return on average assets was 5.78% in the year under review as compared to 5.66% in 2007-2008. Net profit was Rs. 29.68 Cr. as against Rs. 24.34 Cr. in 2007-08, an improvement of 22% over the previous year. Capital Adequacy Ratio is 70% as against last year's 80%.

The Board of Directors of your Company has recommended a dividend of Rs. 0.30 per share for the financial year 2008-09. The payout ratio is 11.8% of the net profit and total outgo on account of dividend and tax thereon is Rs. 350.99 lakhs.

REVIEW OF OPERATIONS

During the year under review-

- The Corporation had cumulative book size i. e. net portfolio of loans and other credit facilities aggregating Rs. 425.71 Cr. This is 29% higher as compared to Rs. 330.03 Cr. as at 31st March, 2008. Credit exposure to five emerging sectors - cement, contract finance, power generation, iron & steel and hotels - constituted around Rs. 217 Cr. which is approximately 51% of the loan book.

- An amount of Rs. 266.89 Cr. was sanctioned to 173 new and viable projects and disbursement was 58% higher at 184.09 Cr. More significantly, overdues were reduced, and the recoveries totalled Rs. 119.93 Cr. (an increase of over 47%).
- Out of the 38 sectors financed by the Corporation, the maximum recovery has been from the industries engaged in cement, ferro-alloy, industrial gases, power, all at 100%, followed by jute based industries (99.41%), iron & steel (96.80%), drug & pharmaceuticals (93.61), plastics & plastic products (92.82%) and contract finance (90.75%).
- The recovery of loans at 74% has registered an improvement over the year-end figure of 65% in the last fiscal.
- Lowest recovery has been in sectors such as rubber based industries (15.06%), agri & allied (18.39%), tea processing (22.40%), handloom & handicraft (23.11%), bamboo based industries (28.29%) and textiles & yarns (29.06%).
- Net NPAs to net loans & advances stood at 3.73% as at 31st March 2009 and gross NPA stood at 17.42%, much lower than 20.56% as at March 31, 2008.
- The reduction in gross NPA was facilitated by the Corporation's focus on cash recoveries through consistent recovery drives, settlements under OTS and early resolution of disputes through DRT.
- Recovery proceedings through Lok Adalats have proved to be an effective instrument for smaller loans of below Rs. 10 lacs. Further, the Corporation has made floating provision of Rs. 200 lacs in addition to normal provision on NPAs of Rs. 14.96 lacs made under the prudential norms of the Reserve Bank of India.

The Corporation has also taken due consideration of the genuine needs of the entrepreneurs for restructuring/ reschedulement of loans whenever necessary, to ensure continued viability of the assisted projects for maintenance of the growth momentum.

Micro Finance

The *Micro Finance Scheme*, an effective instrument for financial inclusion, was launched to meet the needs of smaller entrepreneurs in the interior areas of the Region. Through this Scheme, NEDFi supports Non Government Organisations (NGOs) for on-lending to their beneficiaries (preferably Self-Help Group or individual) for taking up productive activities. Till the FY 2008-09, NEDFi sanctioned Rs. 50.73 Cr. and

disbursed Rs. 38.60 Cr. to 373 NGOs/JLGs/MFIs/CBOs from 8 North Eastern States under this Scheme, to reach out to 83367 beneficiaries; out of which 72% are women.

Micro Finance (Cumulative) (Rs. Cr.)	2007-08	2008-09
Sanctions	35.62	50.73
Disbursements	26.32	38.60
No. of Projects	353	373
No. of SHGs/ JLGs Groups assisted	7030	10177
No. of beneficiaries	59729	83367
No. of women beneficiaries	38994	60247

During last financial year, loans sanctioned under the scheme aggregated Rs. 15.10 Cr. covering 20 projects and 23638 beneficiaries.

Notable activities of the Corporation under Microfinance Scheme:

- 3 Workshop cum Training Programs on “Managing Micro Finance” was conducted by NEDFi’s in-house team for 51 participants from 23 NGOs.
- A training on Financial Analysis of MFIs was organized at Guwahati in association with EDA Rural System (scholarship support from MasterCard Foundation, USA) for 21 trainees from 12 NGOs.
- A stake holder’s meet was jointly conducted with EDA Capital Connect for NGOs/MFIs, at Guwahati.
- Initial study of Kanaklata Mahila Urban Co-operative Bank, Jorhat, (the only Women’s Bank in the North East) for long term institutional capacity building was conducted by NEDFi’s in-house team.

Triggering Growth

The Government of India launched the North East Industrial & Investment Promotion Policy (NEIIPP), 2007 extending several incentives to the industrial units of North Eastern Region. In addition to NEIIPP’ 07, the State Governments unveiled their own State Industrial & Promotion Policies to accelerate the industrial development in the States. The new State Policies, which are a major paradigm shift from the old industrial policies, focuses on industrial and entrepreneurship development and are built around the competitive advantage of each state, e.g, bamboo/forest based industry, horticulture, minerals, tourism etc. The policies provide fiscal incentives

which are complementary to the incentives in the NEIIPP’ 2007 and are expected to create an enabling climate for investments.

NEDFi has been actively involved in promoting the NEIIPP’ 2007 by:

- Formulating Policy Guidelines in association with DIPP, Ministry of Commerce & Industries, GOI;
- Printing updated book on NEIIPP’ 2007 along with guidelines, for dissemination among investors;
- Conducting various consultative workshops to disseminate the benefits under the NEIIPP’ 07;
- Keeping close liaison within the Industries Departments of the States.

The NEIIPP, 2007, as well as the concerted initiatives of the Central Government especially Ministry of DoNER, Ministry of Commerce and the State Governments have already created favourable conditions for industrial resurgence in the Region, with enquiries coming in from sectors like power, steel, infrastructure, healthcare, construction industry, educational/technical institutions, hospitality sector. Since the inception of NEIIPP’ 2007 till March 2009, the DIPP has received enquiries based on IEM & LOI for 140 projects for the Region with an aggregate investment outlay of Rs. 16798 Cr.

BUSINESS DEVELOPMENT INITIATIVES

Over the years, NEDFi has positioned itself not merely as a lending institution but also as an agency providing escort and other support services to the entrepreneurs of the Region to acquire competitive edge. Apart from its core business of providing term finance and, to some extent, equity support, the Corporation has taken several initiatives for triggering growth in the Region by initiating various business development programmes, promotional activities, research & development programmes and other socially relevant activities.

To encourage private and foreign investment, technology transfer, etc. in the Region, the Corporation has facilitated familiarisation tours of various foreign delegations to the North Eastern Region, actively participated in NER Vision 2020 and promoted NEIIPP 2007. Some of them are mentioned below:

- NEDFi co-ordinated the visit of Mr. Noritada Morita, Former Director-General, Programs Department (West), Asian Development Bank (ADB) and

members of his team from Bangkok for promotion of organic farming in the North East which included a stakeholders meeting on organic farming at Guwahati, and two training programmes on use of EM (Effective Micro-organism) Technology for organic farming at Khetri (Assam) and Umran (Meghalaya).

- Aspecial Public Lectures by Mr. Morita was arranged on “Emerging Asia: 21st Century & Beyond-Role of Sub Regions” in Guwahati and Gangtok.
- NEDFi joined hands with the Embassy of the Czech Republic, New Delhi to identify possible sectors for technology transfer and investments. Initially, His Excellency Dr. Hynek Kmonicek, Ambassador, Czech Republic along with Mr. Vladimir Jenista, Commercial Councilor and Ms. Jitka Znamenackova, Third Secretary (Commercial) visited the Region from 13th to 19th April 2008 and seminars were held in Shillong and Guwahati on Czech technology and know-how relating to different sectors.
- NEDFi facilitated the second visit of the Czech business team to the Region from 19th to 27th October 2008. The team included 11 members representing 8 different companies in the area of small hydro power, aviation, food processing and coal mining. The team had a series of meetings in Aizawl, Shillong, Guwahati, Itanagar and Gangtok. Many prospective business proposals were discussed during the visit and business to business linkages were established for moving forward.
- NEDFi organized a “Sensitization Workshop on Clean Development Mechanism (CDM) -Opportunities in the North East” on 16th March, 2009 at Hotel Landmark, Guwahati. Clean Trade Group (CTG), USA was the knowledge partner for the Workshop and the CTG team was led by its Director Mr. Noah Greenberg. Detailed presentations were made to explain the Clean Development Mechanism and its potential market.
- To convert the objectives enunciated in the NER Vision 2020 document into a crisp and precise Plan of Action, various Thematic working Groups were constituted by the Ministry of DoNER. The Thematic Group for the Financial Services (Banking, Private Investment and Public Finance) was constituted with NEDFi as the co-convenor. NEDFi was also member of the Thematic Group for Industry. NEDFi participated in both the thematic groups.

- NEDFi being the nodal agency for disbursement of incentives under NEIIPP-07 conducted 12 workshops all across the North East to create awareness about the scheme which now facilitates 30% Capital Investment subsidy, without upper limit, and also has included service sectors like Hotels and Nursing Homes to promote investment.

TEDF STUDIES

NEDFi conducts various techno economic studies on the request of the North Eastern States. While 56 studies have already been completed, some of the recently completed studies include:

- a. Feasibility Study to set up a Comprehensive Agricultural Cooperative Marketing Structure in the districts of Dibrugarh & Tinsukia;
- b. Baseline Survey for Cluster Development of Handloom at Kokrajhar District, BTC, Assam;
- c. Study on Revival Plan of Assam Tea Corporation;
- d. Baseline Survey for economic development and future intervention at Mawlynnong area, East Khasi Hills, Meghalaya;
- e. Study and action plan for promoting Downstream Plastic Processing and allied industries from Assam Gas Cracker Project;
- f. Benchmark Study for identifying the baseline data for socio economic benefit indicators for the Assam Gas Cracker Project;
- g. Study on Kaziranga National Park.

Ongoing studies

- a. Preparation of DPRs for Assessment of Soil Erosion, its Nature and Extent and Suitable Control Measures for 7 districts of Assam viz. Dhemaji, Dibrugarh, Goalpara, Jorhat, Kamrup, Nalbari and Sonitpur;
- b. Feasibility Study for setting up of Banana & Pineapple Fibre based units in Tripura;
- c. Study on River Erosion Controlling by Use of Bio System in River Dikrong , Lakhimpur District of Assam;
- d. Pilot Project on Mechanisation of Muga Fabric Production.

PROMOTIONAL VENTURES AND PROJECTS

NEDFi’s initiatives on Water Hyacinth

- A new initiative for making value added utility/ handicraft items from Water Hyacinth has emerged

as one of NEDFi's most popular development initiatives. This programme introduced for the first time in the Region by NEDFi, has helped in the growth of many new entrepreneurs and in employment generation as trainers and water hyacinth artisans.

- NEDFi arranged a 20 days ToT programme at R&D Centre, Khetri on "Integrated Design & Skill Development Programme on Water Hyacinth" from 1st August to 20th August, 08, in collaboration with Industree Crafts Foundation, Bangalore and 21 skilled artisans from Arunachal Pradesh, Assam, Manipur, Tripura participated in the event. Four more training programmes on Water Hyacinth were organized in association with DRDA in various parts of Assam where 95 artisans participated.
- During the North East Handloom & Handicraft Fair organized by NEDFi (21st to 27th Aug, 08) the products produced in the training programme were displayed. The public in general showed great interest in these eco-friendly products. Subsequently during Indian Handicraft and Gifts Fair (IHGF)-Autumn (Oct-08) and IHGF-Spring (Feb-09) the samples of the Water Hyacinth products earned enquiries from international buyers as well. NEDFi is now focusing on capacity building of artisans, design and product development, pricing and market linkage on a long term basis.

Aggressive International Marketing Programme (AIMP)

- Under Aggressive International Marketing Programme (AIMP) four training programmes on Export Procedure & Documentation were conducted in four states (Assam, Meghalaya, Sikkim and Tripura) where 147 entrepreneurs were trained. The training programmes in the remaining four states have been completed in the first quarter of FY 09-10.

Providing Marketing Linkages

- During the year 2008-09, the NEDFi Haat at Ambari, Guwahati, organised 22 fairs which facilitated sale of products worth Rs. 1.87 Cr., mostly produced by artisans in the handloom/handicraft sector, cottage and small scale industries, who do not have any organized marketing outlets. NEDFi is also exploring the possibility of setting up similar NEDFi Haats in other States of the Region to provide market support to the local entrepreneurs.
- NEDFi also sponsors successful artisans to various national and international fairs to provide exposure and market linkages to the artisans/

craftsmen. One of such endeavors is through participation at "India International Trade Fair" (IITF), New Delhi.

- In line with the theme of IITF 2008 (November 14-27, 2009) on Women Empowerment, NEDFi sponsored a number of women entrepreneurs/artisans/NGOs to participate in the fair.
- For NEDFi providing assistance to the handloom and handicraft artisans of the Region for capacity building design and sourcing markets for their products is a priority. Accordingly, selected entrepreneurs from the Region are given a chance to display their products at NEDFi's Pavilion in Indian Handicraft and Gifts Fair (IHGF) held at India Expo Mart, Greater Noida twice a year. This time NEDFi selected 39 participants for IHGF in Autumn 2008/Spring 2009.
- The India Trade Show, Thimphu, Bhutan was held from 11-17th December, 2008 and NEDFi facilitated participation of 4 SSI units and also set up a stall for Medicinal & Aromatic Plants. The bell metal products got very good response from the local community, and another unit which manufactures stone crushers also got good enquiries.
- In Industries and Commerce Fair held at Agartala from January 28-February 7, 2009, NEDFi built a special North East Pavilion where entrepreneurs from all the NE States were sponsored to showcase their products. In this Fair, entrepreneurs from Bangladesh also participated. NEDFi also instituted the "Best Pavillion" Award in the Fair, for the first time, as a running trophy.
- On the occasion of opening of Maniram Dewan Trade Centre at Guwahati, NEDFi participated in the exhibition "Showcase 2009" and sponsored the participation of nine units in its stalls.

Skill Upgradation

- Under NEDFi's Design & Skill upgradation Scheme, six skill upgradation training programmes were conducted in various parts of the Region, where 216 trainees participated in various trades and skills like dry flower, design in handloom weaving, cutting & tailoring, herbal food production and entrepreneurship skills.
- A *one-month Skill Upgradation program on Broom Making* from March 17-April 16, 2008 was organised by NEDFi in association with Ephiphany Society for Rural Uplift, Mawlynnong in East Khasi Hills of Meghalaya to equip 20 trainees from villages in and around Mawlynnong with skills in adding value to broomsticks in order to improve their livelihood options.

- The bomb blast on 30th October, 08 at Ganeshguri, Guwahati affected a large number of people. To provide sustainable livelihood support to those who lost their bread winners, NEDFi provided a 3 months long skill building programme for the relatives/next of kins of the victims. On completion of the programme a production centre-cum-showroom with financial support for tools/equipments was set up for their long term benefit. The initiative has rightly been coined as “Prajanna”, a model, which can be replicated by other agencies in similar circumstances.

CENTRE FOR PRACTICAL LIVELIHOOD TRAINING

The Corporation set up a RUDSETI Type training institute named, “Centre for Practical Livelihood Training (CPLT)” at Nalbari (Assam) in association with NABARD and Institute Management Committee (IMC) of ITI Nalbari to directly help rural unemployed youth to get trained, to avail bank finance and eventually become self-employed, which was inaugurated on Aug 28, 2008. During FY 2008-09, CPLT conducted seven training programmes on trades like electrical, tailoring, computer application and weaving where 124 rural youth were trained. We have also tied-up with two local NGOs to facilitate the forward and backward linkages.

R& D CENTRE ACTIVITIES

Training

Altogether twelve training programmes were conducted on Medicinal & Aromatic Plants (MAP) during the period 2008-09. A total of 636 participants participated from Arunachal Pradesh, Assam, Manipur and Nagaland. Two outstation programmes were also conducted for 85 participants.

Field Activities

The R & D Centre on MAP carried out a number of field and laboratory studies on some important MAP crops according to RAC recommendation like Patchouli, Lemongrass, citronella, Vetiver, etc.

Laboratory Works

- Several samples of citronella, lemongrass and nahar oil were tested in Clevenger’s steam distillation for estimation of oil content;
- Extraction of essential oil from un-named new variety of Lemon grass (RRL Jorhat) to study percentage oil content which revealed low oil content and no prospect for commercial cultivation;

- Bio-diesel extraction from Jatropha seed of AS: 42 a superior local strain exhibited 33.25% Oil recovery;
- Bio-diesel extraction from Nahar seed collected from Tinsukia was conducted and obtained 60% oil recovery with seed-coat and 78% without seed coat;
- Several numbers of samples of various MAP crops were tested in Clevenger’s steam distillation and Soxhlet’s apparatus for estimation of oil content e.g.:
 - Extraction of essential oil from Jamarosa
 - Extraction of essential oil from Palmarosa
 - Extraction of essential oil from Cloccimum

Extension Activities

Area expansion of different MAP crops has been taken up in various places e.g. Patchouli, Vetiver and Lemongrass Cultivation at Pasighat; Patchouli at Salna, Nagaon as inter crop under Agar plantation and Mono cropping; Patchouli and Lemongrass at Biswanath Chariali, Halda, Baihata Chariali, Silchar and Golaghat; Stevia at Hajo, Rani, Tinsukia and Jaluki and Aloe Vera at Golaghat, Marigaon

CORPORATE SOCIAL RESPONSIBILITY

It is important for a corporate entity to develop its own brand equity or USP in the society in which it operates and to create an overall enabling climate for community engagement. A Social Support Fund has already been operating to support activities under the CSR Policy of NEDFi. A broad set of guidelines have now been put in place to administer the Fund to achieve the broad objectives of the Fund, which focus on infusing the best tenets of responsible corporate citizenship in the Governance and management structure of the Corporation.

During the year under review, a few initiatives under CSR are listed below:

- On the occasion of World Environment Day, the Corporation sponsored a programme on 5th June, 08 among the school children of all Assam which was organized by C-NES. The theme of the event was “Save River Dolphin”.
- Organized a tree plantation programme among the employees of the Corporation at its permanent office complex at Dispur on 5th June, 08 for celebration of World Environment Day.
- NEDFi Brain Jam Quiz 2008 was organised in

Guwahati and at Shillong on 13th July'08 and 15th July, 08 respectively. The Quiz was conducted by Mr Barry O' Brien. More than 250 teams participated in the Quiz.

- On the occasion of NEDFi's Incorporation Day, some programmes were organized simultaneously in all the branches of NEDFi:
 - Contribution to Kripa Foundation, an NGO for rehabilitation and care of HIV patients and Alcoholics, at Guwahati for setting up their Vocational Centre for the inmates;
 - TV Talk show at Aizawl on "Role of Banks/FIs in the development Of Mizoram;
 - Contribution of school uniforms, books and school bags for Lei Inkhol Orphanage , Imphal;
 - Career counseling programme for Agri graduates at School of Agriculture, Dimapur;
 - Shillong Branch Office participated in the 34th Annual Cultural Competition 2008 of the Ramakrishna Mission. NEDFi sponsored all prizes in 3 groups, namely the Sit & Draw Competition, Quiz and Debate;
 - Contributed hearing aids to Donyi Polo school for Hearing Impaired at Itanagar;
 - Workshop on Doll making & artificial flower making in Kunjaban Mahila Sewa Samity, Agartala;
 - Six months typing course to 10 economically poor girls, at Gangtok.
- NEDFi sponsored one day lunch to Rotary school for street children on the occasion of Children's Day on 14th Nov, 09.

NODAL AGENCY ROLE

The Central Government in the Budget of 1998-99 appointed NEDFi as the nodal agency for disbursement of **Central Government subsidies** under its Industrial Policies for the North Eastern Region. Cumulative disbursement of the subsidies as on 31st March, 2009 stood at Rs. 1138.49 Cr.

(Amount in Rs. Cr) (As on 31/03/2009)

Subsidy	No. of Claims	Amount disbursed
Central Transport Subsidy (CTS)	6449	974.82
Central Investment Subsidy (CCIS)	888	107.61
Central Interest Subsidy (CIS)	730	51.46
Central Insurance Subsidy	370	4.60
Total	8437	1138.49

ISO 9001:2008 CERTIFICATION TO NEDFi

In order to provide better quality of services to customers, NEDFi has taken steps to upgrade its Quality Management System to ISO 9001:2008 from the earlier ISO 9001:2000 with the extended scope of covering the departments of Project Finance, Accounts, HRD, Micro finance and R&D Centre for Medicinal and Aromatic Plants since November 2008.

Det Norske Veritas AS (DNV) conducted the Certification Audit. During the Audit, the Quality Management System of NEDFi was found to conform to the latest ISO 9001:2008 Quality Management System Standards. NEDFi has been certified as an ISO 9001:2008 Company since April, 2009

NEDFi is the first Financial Institution in NER to receive the latest ISO 9001:2008 Quality Management System Certification.

HRD INITIATIVES

People in an organisation are its greatest asset. NEDFi realizes that the long term growth and stability of the Corporation depends upon its capacity to attract, retain and develop human resources. The requirement of trained and experienced professionals with the desired mindset is the need of the hour to survive and grow in today's competitive environment. Human resource policies therefore, need to focus on a seamless integration of individual needs and organisational goals. The process of hiring, training, assessing and rewarding employees should be ideally guided by this basic objective. NEDFi recognises the need to periodically review and refine its HR Policy, and attune it to current requirements. In this backdrop the existing Human Resources Policy of NEDFi is being reviewed and is expected to be completed shortly. The review exercise will also focus on recruitment procedure, training plan, competency mapping and career planning.

On the basis of on-going manpower planning exercise under-mentioned recruitment programmes have been initiated, and are likely to be completed during the year 2009-10:-

- Recruitment of Management Trainee through campus interviews;
- Recruitment of Specialist Officers - Fire, Security, System Administration;
- Recruitment - Personal with Disabilities.

As on 31st March, 2009 the Corporation had 79 staff members on its roll. Employees from all the North Eastern states make NEDFi a mini North East where the people from remotest corner of the Region feel at home.

In order to improve the capability of the organisation in the face of its specialized developmental role and competitive business atmosphere, and to keep its employees abreast of the latest developments, the staff at all levels are sent for training programs, conferences, seminars and workshops conducted at various centers in the country covering all related fields of activity.

The team at NEDFi forms a cohesive group and has made remarkable efforts to carry the organization to high levels of performance. They remain the core strength of the Corporation.

None of the employees of the Corporation received during the year remuneration in excess of limit prescribed under Section 217 (2A) of the Companies Act, 1956.

CONSULTANCY AND ADVISORY SERVICES

Fee-based services form a significant proportion of the business income of a present day Financial Institution. The demand for fee-based services like Consultancy & Advisory is growing especially from the Central & State Governments. Corporate Advisory services such as loan syndication, evaluation of joint ventures, debt restructuring etc. can also assume importance in the future with gradual growth in the level of industrialization. Central and State Governments are also looking at Third Party Monitoring for their infrastructure projects like roads & bridges and to set up projects in the PPP model.

In the emerging scenario of opportunities NEDFi has started a Consultancy and Advisory Division which has been awarded several prestigious assignments. It has set up a consortium with SREI Capital Markets,

which is working on the on-going project "Asset Verification and Financial Restructuring of Guwahati Municipal Corporation". This consortium has also been awarded an IT Park project by Govt. of Assam. NEDFi has completed assignments for North Eastern Regional Agricultural Marketing Corporation Ltd. (NERAMAC), National Commission for Enterprises in the Unorganised Sector (NCEUS) and has won bids to develop three tourism projects on PPP model for Tourism Department, Govt. of Meghalaya. NEDFi has also been awarded 15 infrastructure projects under PMs Package, for Third Party Monitoring (TPM) by Govt. of Arunachal Pradesh. More projects are expected from other states and also from the NEC. The Corporation has been empanelled with Asian Development Bank for providing consultancy services and has bid for two ADB assisted projects in Shillong and Agartala.

NEDFi plans to set up an Equipment Bank for the construction industry as a Joint Venture (JV) with a private company. Many NER based contractors are unable to qualify for contracts because they do not have their own equipments and it does not make economic sense to buy these equipments, for lack of a large order book. The Equipment Bank will fulfill this demand for construction equipments on rental basis. The proposal is expected to be off the ground once the allotment of suitable land for the mother yard in Meghalaya is approved.

NEDFi's permanent office

Around 80% of other works like internal roads, sanitary and water line piping works are completed. Electrical substation, air-conditioning, lift installation and Interior works are in progress. The new office building is expected to be completed by January 2010.

New Thrust Areas

- **Network Expansion:** During the year under review, a new branch at Tinsukia and five new representative offices have been opened - two in Assam (Kokrajhar & Dergaon) and two in Tripura (Dharmanagar & Udaipur) and one in Meghalaya (Tura, Garo Hills). Feasibility studies are being conducted to open a few more Representative Offices during the FY 09-10 to expand the organisation's network and reach.
- **Branch Strengthening:** Branches were strengthened with more manpower, enhanced technology and facilities. Branches and Representative Offices have been vested with more powers and responsibilities to reduce turn

around time in decision making by rationalizing processes and procedures.

- **North East Institute of Construction Technology & Research (NECTAR):** NEDFi in association with CIDC, New Delhi and the Government of Nagaland propose to set up this first of its kind training institute in Dimapur for providing skill sets for trades related with construction activities in the North East. The detailed project report (DPR) with CIDC, New Delhi has been submitted to Nagaland Government. The result is still awaited.
- **Insurance** - NEDFi sees value in providing insurance products to its customers. It not only serves as a one-stop-shop for financial products but also enhances the scope of its term lending activities. While generating stable income it also ensures that its loans are adequately insured. Keeping this in view, NEDFi is in discussion with several insurance companies to enter into the General Insurance business as Corporate Agent or Direct Broker. Steps are afoot to make its insurance business operational by September 2009.
- **Business Facilitator Model:** The Corporation has adopted the Business Facilitator Model for functioning of its Representative Offices for business identification, recovery and other business development activities of the corporation.
- **Capital Augmentation:** The new central government industrial policy, North Eastern Industrial and Investment Promotion Policy (NEIIPP), 2007, and the large government fund allocations in infrastructure and other sectors in the Region has created a buoyancy in the market and new projects of substantial investments are in the pipeline. The Corporation needs to augment its resource base to match the growing demand for credit. The possible options are promoters' contribution, equity participation from various like-minded institutions, private investments, strategic partnership with national level institutions, market borrowings as well as budgetary support from the Central Government. The Corporation is exploring various avenues for raising its resources.
- **Credit Risk Assessment (CRA) System:** With the opening up of the Indian financial system, the basics of market dynamics have altered. Intense competition in the market has forced companies/enterprises to sharpen their financial parameters. Banks/financial institutions are not sheltered from the competition and must take up viable business propositions after making due assessment of the

credit risk associated with the exposure proposed to be taken. An internal credit rating mechanism is an effective tool to measure risks. In view of this, NEDFi has introduced a Credit Risk Assessment (CRA) system for its internal use for trade and non-trade sectors.

- **IT Road Map:** The Corporation is trying to make use of the latest available Information Technology and is on the process on preparing IT Road Map based on its requirements. NEDFi is working on to make the existing MIS more efficient and at the same time also exploring the possibility of installing new and more suitable MIS for the Corporation.
- **Prime Lending Rate (PLR):** In view of the changing market scenario, the possibility of reviewing the present PLR is also being looked into. NEDFi, having a specific mandate for economic development of the North East, has always offered finance at the lowest interest rate in the Region.
- **Product Development:** The Region's economy depends on the development of rural areas in general and agriculture sector in particular. NEDFi being an inherently reflective organization, its Board of Directors decided to bring the primary sector within the ambit of its mandate, way back in 1999 by the 4th year of its existence. During the last fiscal, the Corporation introduced a new scheme, *Initiative for Development of Entrepreneurs in Agriculture (IDEA)* to encourage in the agri-business sector, who generally face difficulty in getting timely and adequate finance at reasonable rate. The Corporation plans to develop more products especially in the MSME sector during the next fiscal based on the present market demands, for the entrepreneurs of the Region.
- **Credit Guarantee Scheme:** Availability of bank credit without the hassles of collaterals/ third party guarantees would be a major source of support to the first generation entrepreneurs to realize their dream of setting up a unit of their own Micro and Small Enterprise (MSE). Keeping this objective in view, the Corporation has implemented the Credit Guarantee Scheme (CGS) of the Ministry of Micro, Small & Medium Enterprises (MSME), Government of India to strengthen credit delivery system and facilitate flow of credit to the MSE sector.
- As recommended in the Financial Sector Plan for NER, NEDFi is trying to explore the possibility of a tie-up with EXIM Bank for promoting export oriented industries in the Region and also in the areas of trainings/capacity building.

Board of Directors

NEDFi's Board has nine Directors of which all except one are Non-Executive Directors. In the last Annual General Meeting held on 18th September 2008, Shri Haukum Hauzel, IAS and Shri Jarnail Singh, IAS retired as Director by rotation. In the same meeting Sarbasri Lalhuma, Tabom Bam and S. Vishvanathan were appointed.

During the year Sarbasri B.P.Muktieh, Falguni Rajkumar, Lalhuma, Nikhil Pandey and S.Vishvanathan relinquished their office as Directors. The Board has placed on record its appreciation of the services rendered by Sarbasri B.P.Muktieh, Falguni Rajkumar, Lalhuma, Nikhil Pandey and S.Vishvanathan during their respective tenure at NEDFi.

Sri P.K. Biswas, General Manager, IDBI Bank Ltd., North Eastern Zonal Office, Guwahati has been appointed as Director of the Company with effect from 19th November 2008 and will hold office up to the date of the ensuing Annual General Meeting of the Company. The Company has received a notice from IDBI Bank Ltd. (member) signifying its intention to propose the candidature of Sri P.K. Biswas for the office of Director. Necessary resolution in this regard has been incorporated in the notice for the Fourteenth Annual General Meeting.

Sri Uttam Kumar Sangma, IAS, Secretary, North Eastern Council (NEC), Shillong has been appointed as Director on the Board of Directors of NEDFi with effect from 30th March 2009 in place of Sri Falguni Rajkumar on his relinquishment of Director of NEDFi. Sri Sangma will hold office as Director of NEDFi up to which Sri Falguni Rajkumar would have held office if it had not been vacated.

Sri Lalthara, IAS, Chief Secretary, Nagaland has been appointed as Director on the Board of Directors of NEDFi with effect from 3rd June 2009 in place of Sri Lalhuma on his relinquishment as Director of NEDFi. Sri Lalthara will hold office as Director of NEDFi up to which Sri Lalhuma would have held office if it had not been vacated.

Sri V.K. Dev, IAS, Development Commissioner, Arunachal Pradesh has been appointed as Director on the Board of Directors of NEDFi with effect from 3rd June 2009 in place of Sri Tabom Bam, IAS, Chief Secretary, Arunachal Pradesh on recommendation of Sri Tabom Bam. Sri V.K. Dev will hold office as Director of NEDFi up to which Sri Tabom Bam would have held office if it had not been vacated.

Sri Surender Kumar, Director, Ministry of Development of North Eastern Region, New Delhi, was appointed

as Director on the Board of NEDFi with effect from 3rd June 2009 and will hold office upto the date of the ensuing Annual General Meeting of the Company. The Company has received a notice from IDBI Bank Ltd. (member) signifying its intention to propose the candidature of Sri Surender Kumar for the office of Director. Necessary resolution in this regard has been incorporated in the notice for Fourteenth Annual General Meeting.

Sri A.K. Deb, Chief General Manager, State Bank of India, Local Head Office, NE Circle, Guwahati has been appointed as Director of the Company with effect from 3rd June 2009 and will hold office up to the date of ensuing Annual General Meeting of the Company. In the meantime, the Company has received a notice from State Bank of India (member) signifying its intention to propose the candidature of Sri A.K. Deb for the office of Director. Necessary resolution in this regard has been incorporated in the notice for the Fourteenth Annual General Meeting.

The term of Sri K. N. Hazarika as Chairman and Managing Director has been extended with effect from 1st November 2009 subject to approval of shareholders in General Meeting. Necessary resolution in this regard has been incorporated in the notice for Fourteenth Annual General Meeting.

As per the provisions of Section 256 of the Companies Act, 1956 Dr. D. N. Borthakur and Shri U.K.Sangma, IAS will retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment as Directors in the said meeting.

Audit Committee

An Audit Committee comprising of non-executive Directors of the Company provides direction to the audit and risk management function of the Corporation. The responsibilities of the Audit Committee comprises, among others, overseeing the Company's financial reporting process to ensure proper disclosure of financial statements, reviewing financial statements before submission to the Board, reviewing adequacy and compliance of internal control systems, reviewing findings of the internal investigation and discussions with external auditors. Four Audit Committee Meetings were held during the year.

Directors' Committee

The sanction and approval of loan proposals in excess of specific limits are vested with Directors' Committee. All the credit proposals having loan component above Rs.2 Cr. are placed before the Directors' Committee

for approval. During the year under review, six Directors' Committee Meetings were held.

Corporate Credit Committee

In conformity with the principle of delegation of financial and administrative powers, the Corporate Credit Committee (I) and Corporate Credit Committee (II) have been constituted for speedy disposal of proposals. Credit Proposals having loan component upto (i) Rs.2 Cr. and (ii) Rs.25 Lakhs are placed before Corporate Credit Committee (I) and Corporate Credit Committee (II) respectively. Seven Corporate Credit Committee (I) meetings and ten Corporate Credit Committee (II) meetings were held during the year.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations furnished to them, your Directors make the following statement in terms of Section 217 (2AA) of the Companies Act, 1956.

- a. That in the preparation of the Balance Sheet and Profit & Loss Account for the year ended 31st March, 2009, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India have been followed;
- b. That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable have been made so as to give a true and fair view of the state of affairs and of the profit of the Company as at the end of the financial year;
- c. That proper and sufficient care has been taken for the maintenance of accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. To ensure this, the Company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance of these systems;

Guwahati

- d. That the annual accounts for the year ended 31st March, 2009 have been prepared on a going concern basis.

Auditors

On the advice of the Comptroller and Auditor General of India, Messrs O. P. Bhansali & Co., Chartered Accountants, Guwahati, were appointed by the Department of Companies Affairs, Ministry of Law, Justice and Company Affairs, GOI as Auditors for the year 2008-2009 under Section 619(2) of the Companies Act, 1956. They hold office till the end of the ensuing Annual General Meeting.

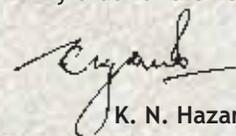
Conservation of energy, technology absorption, foreign exchange income and outgo

Being a financial institution, energy consumption at NEDFi is negligible. The organization, meanwhile, has been in the process of adopting the latest information technology to provide the best facilities to its customers. There has been no foreign exchange income and outgo during the year.

Appreciation

NEDFi is grateful to its promoters, IDBI, SBI, SIDBI, IFCI, ICICI, Administrator of specified undertaking of Unit Trust of India, LIC, GIC and its subsidiaries for the support and encouragement extended by them since its inception. The Corporation is also indebted to the office of His Excellency the President of India, Prime Minister's Office, Ministry of Development of North Eastern Region, Government of India, the Banking Division, Department of Economic Affairs, Ministry of Finance, Ministries of Industry, Commerce, Ministry of MSME, and other departments of Central Government, the State Governments and all India institutions, Reserve Bank of India, commercial banks etc. for the magnanimous support it has received from all of them. NEDFi has considerably benefited from their support, cooperation and guidance for its sustainable economic growth.

By order of the Board



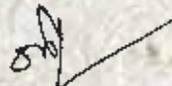
K. N. Hazarika
Chairman and Managing Director

auditors' Report

The Members of the Company,
North Eastern Development Finance Corporation
Limited, Guwahati

1. We have audited the attached Balance Sheet of NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED, GUWAHATI as at 31st March, 2009, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) order, 2003, issued by the Central Govt. of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.
 4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books.
- c) the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - d. in our opinion & according to the information and explanations given to us and subject to significant accounting policies disclosed in the notes on accounts, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
 - e. according to the information and explanations given to us and on the basis of written representations received from the directors and taken on record by the Board of directors, none of the directors is disqualified as on 31st March, 2009 from being appointed as director in terms of section 274(1) (g) of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies and notes appearing in the schedule annexed thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. in the case of the Balance Sheet , of the state of affairs of the company as at 31st March, 2009;
 - ii. in the case of the Profit & Loss Account, of the PROFIT of the company for the year ended on that date.
 - iii. in the case of Cash Flow Statement, of the cash flows for the year ended on that date

For O.P. BHANSALI & CO.
Chartered Accountants


(O.P. BHANSALI)
Partner
M. No. 51532

GUWAHATI
5th June 2009

Annexure to Audit Report

(Referred to In Paragraph 3 of our Report of even date on the accounts of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31st March, 2009)

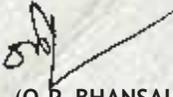
1. In respect of its fixed assets:
 - a) The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us the fixed assets of the Company have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and nature of its assets. According to the information and explanations given to us by the management, no material discrepancies were noticed on such physical verification.
 - c) In our opinion the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. Since the company does not carry any inventory, clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
3.
 - a) The company have not granted or taken loan to/from Companies, firms or other parties covered in the register maintained under Sec. 301 of the Companies Act 1956.
 - b) The company has given loans to other parties in the normal course of business of lending.
 - c) The company has taken a loan of Rs.60.00 crore from Government of India during the year which is interest free and its terms & conditions are not prima facie prejudicial to the interest of the company and repayments of loans taken has not fallen due yet.
4.
 - a) In our opinion and according to the explanations and information given to us, there are reasonable internal control system commensurate with the size of the company and the nature of its business with regard to the purchase of fixed assets and with regard to the sale of services.
5. In respect of transactions covered under Sec. 301 of the Companies Act 1956:

According to the information & explanations given to us there are no contracts or arrangements particulars of which need to be entered into the register maintained under Sec. 301 of the Companies Act 1956. Consequently the requirement of clause (V)(b) of paragraph 4 of the order is not applicable.
6. The company has not accepted any deposit from the public.
7. The Company has an internal audit system which broadly commensurate with the size of the company and the nature of its business. However no system information audit was conducted during the year.
8. As informed to us the Central Government has not prescribed maintenance of Cost record U/s 209 (i) (d) of the Companies Act 1956.
9. In respect of statutory dues:
 - a) as per the information and explanation given to us by the management and according to the record of the company, undisputed statutory dues including Provident Fund, Investors education and protection fund, employees state insurance, Income Tax, Sale tax, Wealth Tax, service tax, Custom Duty and excise duty, cess, and other material statutory dues have been generally regularly deposited with the appropriate authorities. According to the explanations and information given to us no undisputed amount payable in respect of aforesaid dues were outstanding, as at :: 31-03-2009 for a period of more than 6 months from the date they become payable .
 - b) According to the record of the Company and as per the information and explanation given to us, no disputed amount payable in respect of the dues of Sale tax / Income Tax / Custom duty / wealth tax / service tax / excise duty / cess were outstanding as at 31.03.2009.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us the Company has no dues to financial institutions, banks or debenture holders.

12. According to the information and explanation given to us no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanation given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.
14. According to the information and explanation given to us, the company does not deal or trade in shares, debentures, Securities & Other investments .The share, debentures and other investments have been held by the company under investment portfolio and are in its own name.
15. According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company has raised interest free term loan from Central Government. The term loan has been applied for the purpose of which it was raised. Pending utilizations the funds were temporarily invested in short term investments and placed as fixed deposits with banks. The term loans outstanding at the beginning of the year were applied for the purpose for which they were raised.
17. According to the information & explanation given to us and on an overall examination of the Balance Sheet of the company, we report that there are no funds raised on short term basis that have been used for long term investment.
18. According to the information & explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. As information to us, the company has not raised debentures.
20. As informed to us, the company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

GUWAHATI
5th June 2009

For O.P. BHANSALI & CO.
Chartered Accountants


(O.P. BHANSALI)
Partner
M. No. 51532

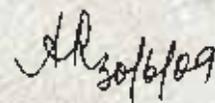
Comments of the comptroller and auditor General of India under section 619 (4) of the companies Act, 1956 on the Accounts of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2009.

The preparation of financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, The Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 5 June 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2009. 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. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619 (4) of the Companies Act, 1956.

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

Place : Kolkata
Date : 30 June 2009



(A. Roychoudhury)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-I, Kolkata

BALANCE SHEET AS AT 31st MARCH 2009

Sch.	As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
SOURCES OF FUND		
Shareholders' Fund		
a) Share Capital	A 100,00,00	100,00,00
b) Reserve & Surplus	B 208,08,34	181,21,07
c) Techno Economic Development Fund	C 26,21,27	25,09,33
	334,29,61	306,30,40
Loan Funds		
Interest Free Unsecured Loan from Govt. of India	229,11,00	169,11,00
Deferred Tax Liability	1,50,85	10,97
TOTAL	564,91,45	475,52,37
APPLICATION OF FUND		
Fixed Assets		
a) Gross Block	D 6,47,24	6,30,80
b) Less : Depreciation	3,35,73	3,07,14
c) Net Block	3,11,51	3,23,67
d) Capital Work in Progress	12,39,80	9,55,40
	15,51,31	12,79,07
Investment	E 47,90,32	62,57,95
Loans and Other Credit Facilities	F 365,19,01	268,47,74
Current Assets, Loans & Advances		
a) Cash and Bank Balances	G 144,68,52	124,04,20
b) Other Current Assets	13,16,96	9,67,91
c) Loans & Advances	21,65,65	14,33,96
TOTAL	179,51,14	148,06,07
Less : Current Liabilities and Provisions		
a) Liabilities	H 24,81,56	5,50,69
b) Provisions	18,38,76	10,87,77
	43,20,32	16,38,46
NET CURRENT ASSETS	136,30,82	131,67,61
TOTAL	564,91,45	475,52,37
Significant Accounting policies and notes to the Accounts	K 0	
Schedules annexed hereto form part of the Accounts.		

For and on behalf of the Board of Directors



(K.N. Hazarika)
Chairman cum Managing Director



(D.N. Barthakur)
Director



(S.K. Baruah)
Company Secretary

In terms of our Audit Report of even date
For O.P. Bhansali & Co
Chartered Accountants



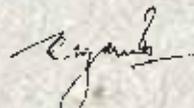
(O.P. Bhansali)
Partner

Guwahati
the 3rd day of June, 2009

Profit & Loss Account For The Year Ended 31st March 2009

Sch No.	Year ended	Year ended
	31.03.2009	31.03.2008
	Rs. '000	Rs. '000
INCOME		
	9,68,27	3,33,29
Income from sale of Investment (Other than Trade Investments)		
Interest on loans	29,94,89	23,03,61
Interest on Fixed Deposits and Bonds	11,66,52	9,08,90
Upfront Fees	1,03,16	75,24
Rental Income	19,72	15,78
Miscellaneous Receipts	19,77	6,45
Consultancy charges received	7,56	9,34
Dividend	3,00	5,40
	TOTAL	52,82,89
		36,58,01
EXPENDITURE		
Establishment expenses	I 3,97,56	2,72,74
Administrative expenses	J 2,40,75	1,95,14
Depreciation	28,59	33,15
Loans written off	2,08,71	6,03
Consultancy charges paid	4,93	7,74
Provision on Loans, credit facilities and Advances & Investments	14,96	5,19,24
Floating Provision	2,00,00	0
	TOTAL	10,95,50
		10,34,05
PROFIT BEFORE TAXATION		
	41,87,39	26,23,96
Prior Period Adjustment	2,45	4,17,67
Fringe Benefit Tax of Earlier Year	3	0
Income Tax of Earlier Year	8,07	
Provision for Taxation :		
Deferred Tax Liability	1,39,88	2,07
Provision for Income Tax	10,59,01	(6,04,00)
Provision for Fringe Benefit Tax	10,14	(6,06)
PROFIT AFTER TAXATION		
	29,67,81	24,33,64
Proposed Dividend and Dividend Tax Written Back		2,92,49
Balance brought from previous year	60,50	72,09
Profit available for Appropriations	30,28,31	27,98,22
Appropriations		
General Reserve	16,00,00	18,00,00
Statutory Reserve under RBI Act, 1934	5,93,56	4,86,73
Special Reserve U/s 36 (1)(viii) of the Income Tax Act, 1961	4,38,63	0
Proposed Dividend	3,00,00	3,00,00
Additional Tax On Dividend	50,99	50,99
Social Support Fund	0	1,00,00
Balance Carried Forward	45,14	60,50
Significant Accounting policies and notes to the Accounts	K	
Schedules annexed hereto form part of the Accounts.		

For and on behalf of the Board of Directors



(K.N. Hazarika)
Chairman cum Managing Director

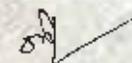


(D.N. Barthakur)
Director



(S.K. Baruah)
Company Secretary

In terms of our Audit Report of even date
For O.P. Bhansali & Co
Chartered Accountants



(O.P. Bhansali)
Partner

Guwahati
the 3rd day of June, 2009

Cash Flow Statement as on 31.03.2009

	As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
Cash flows from Operating activities		
Net profit before income tax	418,739	262,396
Adjustment for:		
Depreciation charge for the year	2,859	3,315
Loans written off	20,871	603
Provision for unrealised rent	244	-
Loan loss provisions	21,496	51,924
Dividend received	(300)	(540)
Provision for Gratuity and Leave Encashment	5,149	1,320
Net income/(expenditure) of Social Support Fund	(437)	93
Operating profit before working capital changes	468,621	319,111
Adjustments for:		
(Increase) / Decrease in Advances	(978,215)	(535,374)
(Increase) / Decrease in Other Current Assets & Advances	(42,953)	(11,541)
Increase / (Decrease) in Other liabilities and Provisions	(1,320)	(34,519)
Cash Flow from operations	(553,867)	(262,323)
Direct Taxes paid	(126,938)	(59,531)
Prior Period Adjustments	(245)	(1,512)
Net cash flow / (used in) from operating activities	(681,050)	(323,366)
Cash flows from Investing activities		
(Increase) / Decrease in Investment	180,737	(272,500)
Increase in Capital Work in Progress	(28,440)	(29,492)
Purchase of fixed assets	(1,643)	(1,526)
Dividend Received	300	540
Net cash flow / (used in) from Investing activities	150,954	(302,978)
Cash flows from Financing activities		
	-	-
Dividend and Dividend Tax paid	(35,099)	-
Increase / (Decrease) in Borrowings	600,000	600,000
Net cash flow / (used in) from financing activities	564,902	600,000
Net increase in cash and cash equivalents from Operating, Investing and Financing Activities	34,806	(26,344)
Cash flows from Nodal Agency and Implementing Agency Activities		
Net Income / (Expenditure) of TEDF	11,194	60
Increase / (Decrease) in Growth Centre, Central Subsidy and other Central Funds	194,407	(58,796)
Net Increase in cash & cash equivalent from Nodal Agency activities	205,601	(58,736)
Net increase in cash and cash equivalents	240,406	(85,080)
Cash and cash equivalents at beginning of period		
- Own funds	1,026,900	960,092
- Nodal Agency and Implement Agency funds	276,815	428,703
Cash and cash equivalents at end of period		
- Own funds	1,063,377	1,026,900
- Nodal Agency and Implement Agency funds	480,744	276,815

As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
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Note 1

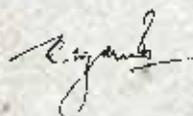
Cash and cash equivalents consist of cash in hand and balances with banks, and investments in mutual funds.

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Units of mutual funds	97,270	63,295
Cash and bank balances		
Cash in hand	11	158
Balance at Bank		
With Scheduled Bank		
(i) In Current Account	132,805	157,162
(ii) In Fixed Deposits	1,181,615	950,000
Balance at Bank (TEDF)		
With Scheduled Bank		
(i) In Current Account	2,420	3,099
(ii) In Fixed Deposits	130,000	130,000
	1,544,122	1,303,715

For and on behalf of the Board of Directors

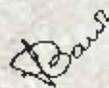
In terms of our Audit Report of even date
For O.P.Bhansali & Co
Chartered Accountants



(K.N. Hazarika)
Chairman cum Managing Director



(D.N. Barthakur)
Director



(S.K. Baruah)
Company Secretary



(O.P. Bhansali)
Partner

Guwahati
the 3rd day of June, 2009

Schedules annexed to and forming part of the annual accounts

	As at 31.03.2009 Rs. '000		As at 31.03.2008 Rs. '000	
SCHEDULE A: SHARE CAPITAL				
Authorised Capital				
(500000000 Nos of Equity Shares of Rs. 10/- each)		500,00,00		500,00,00
Issued,Subscribed,Called up & Paid up capital				
(100000007 Nos of Equity Shares of Rs. 10/- each, fully paid up)		100,00,00		100,00,00
SCHEDULE B : RESERVES & SURPLUS				
General Reserve:				
Balance brought forward from previous year	152,41,31		142,95,86	
Add : Transferred from Profit and Loss Account	16,00,00		18,00,00	
Less : Transferred to Statutory Reserve under				
RBI Act, 1934	0	168,41,31	8,54,55	152,41,31
(for the year 2002 - 03 to 2006 - 07)				
Reserve for Market & Entrepreneurial Development				
Balance brought forward from previous year	1,19,28		1,19,28	
Add : Transferred from Profit & Loss Account	0		0	
Less : Utilised During the Year	0	1,19,28	0	1,19,28
Social Support Fund				
Balance brought forward from previous year	3,06,66		2,05,73	
Add : Transferred from Profit & Loss Account	0		1,00,00	
Add : Income	10,17		9,50	
	3,16,83		3,15,23	
Less : Utilised During the Year	14,53	3,02,30	8,57	3,06,66
North East Equity Fund				
Balance brought forward from previous year	7,98,71		7,98,71	
Less : Provisions against Soft Loans under NEEDS	3,73,64	4,25,07	4,48,45	3,50,25
NHB-Strengthening R & D and Training Facility				
		1,78		1,78
Statutory Reserve under RBI Act, 1934				
Balance brought forward from previous year	13,41,28		0	
Add: Transferred from General Reserve for previous years	0		8,54,55	
Add: Transferred from Profit & Loss Account	5,93,56	19,34,84	4,86,73	13,41,28
Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961				
		4,38,63		0
Venture Capital Fund				
Balance brought forward from previous year		7,00,00		7,00,00
Profit & Loss Account				
		45,14		60,50
		208,08,34		181,21,07
SCHEDULE C :				
TECHNO ECONOMIC DEVELOPMENT FUND				
Balance brought forward	25,09,33		25,08,73	
Add: Receipts and income from investments during the year	2,17,57		1,99,78	
	27,26,90		27,08,52	
Less : Utilised during the year	1,05,63		1,99,19	
		26,21,27		25,09,33

SCHEDULE D: FIXED ASSETS

Rs. '000

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	Opening Balance	Additions During the period	Sale/disposal During the period	As at 31.03.09	Depreciation up to 31.3.2008	Set on/off During the period	Depreciation During the period	Adjusted on Sale/disposal 31.03.2009	Total as at 31.03.09	As At 31.03.09	As At 31.03.08
Interior Furnishing & Fittings	63,90	0	0	63,90	43,54	0	3,69	0	47,22	16,68	20,37
Computers	91,90	4,23	0	96,13	78,16	0	6,31	0	84,47	11,66	13,74
Electrical Installation	51,26	0	0	51,26	29,44	0	3,03	0	32,48	18,78	21,81
Furniture & Fixture	84,57	6,03	0	90,60	58,44	0	5,04	0	63,48	27,12	26,13
Land	1,69,70	0	0	1,69,70	0	0	0	0	0	1,69,70	1,69,70
Machineries	1,17,13	3,22	0	1,20,35	67,95	0	7,00	0	74,95	45,40	49,18
Office Equipments	46,05	2,95	0	49,00	24,97	0	3,09	0	28,06	20,94	21,09
Vehicle	6,30	0	0	6,30	4,65	0	43	0	5,07	1,23	1,65
Total:	6,30,80	16,43	0	6,47,24	3,07,14	0	28,59	0	3,35,73	3,11,51	3,23,67
Previous Year	6,15,54	15,26	0	6,30,80	2,73,99	0	33,15	0	3,07,14	3,23,67	3,41,56

As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
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SCHEDULE E: INVESTMENTS
Other Investments
A. In Fully Paid up Shares-Non Trade

Quoted

Premier Cryogenics Ltd.

Quoted at Cost'

(Fair value Rs.61,18/- Not traded -2008-09)

(2,00,000 shares of Rs. 10/- each)

20,00

20,00

Unquoted

Gauhati Neurological Research Centre Ltd.

25,00

25,00

(Unquoted at cost 250000 shares @ 10/- per share, fair value Rs.42,83/- per share)

Konoklota Mahila Urban Co-Op Bank Ltd.

5,00

5,00

(Unquoted at cost 5000 shares @ 100/- per share, fair value Rs.7,43/-)

Exotic Juices Ltd.

(Formerly: Good Samaritan Social Service Association)

10,00

10,00

(Unquoted at cost 100000 shares @ 10/- per share)

Less: Provision for diminution in value of investments

10,00

0

10,00

0

DSS eContact Ltd.

(Unquoted 6,60,000 Equity Shares of Rs.10/- each)

66,00

66,00

Less : Provision for diminution in value of investments

66,00

0

66,00

0

E. INVESTMENTS (Contd..)

	As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
B. In units of Bonds		
IDBI Omni Bonds (TEDF) (100 bonds @ Rs.10.00,000/- per bond, FY 2008-09 Not traded)	10,00,00	10,00,00
IDBI Omni Bonds 2005A (50 bonds @ Rs.10,00,000/- per bond, FY 2008-09 Not traded)	5,00,00	5,00,00
C. In units of Mutual Funds		
UTI Mutual Fund - MIS (250000 units, Value as on 31.03.2008 Rs.38,31/-)	0	25,00
UTI - Floating Rate Fund (1632.0037 units, Value as on 31.03.2008 Rs.21,27/-)	0	19,18
UTI -Treasury Advantage Fund (Others) (192268.339 units, Value as on 31.03.2009 Rs.22,63,38/-)	22,42,63	0
UTI G-Sec (STP) (250000 units, Value as on 31.03.2008 Rs.31,17/-)	0	25,00
UTI -FMP (30000000 units, Value as on 31.03.2008 Rs.30,27,48)	0	30,00,00
UTI -FMP (5000000 units, Value as on 31.03.2008 Rs.5,14,76)	0	5,00,00
SBIMF- FMP (500000 units, Value as on 31.03.2008 Rs.5,05,55)	0	5,00,00
SBIMF - Capital Protection Oriented Fund (250000 units, Value as on 31.03.2009 Rs.24,50)	25,00	25,00
UTI Mutual Fund - Bond Fund (TEDF) (289283.4832 units, Value as on 31.03.2009 Rs.72,68/-)	52,42	52,42
UTI Mutual Fund - Capital Protection Fund (TEDF) (500000 units, Value as on 31.03.2009 Rs.55,02/-)	50,00	50,00
Reliance Mutual Fund - Liquidity Fund (4211241.5071 units, Value as on 31.03.2008 Rs.5,12,10/-)	0	5,11,35
Reliance Mutual Fund - Money Manager Fund (Others) (77581.041 units, Value as on 31.03.2009 Rs.9,25,93/-)	87,028	0
	47,90,32	62,57,95
SCHEDULE F: LOANS AND OTHER CREDIT FACILITIES		
Term Loans	419,74,22	323,28,90
Soft Loan under NEEDS	5,97,20	6,73,27
Term Loan under Venture Capital Fund	0	69
	4,257,143	3,300,286
Less :Provision	60,52,42	61,55,11
	365,19,01	268,47,74

As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
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SCHEDULE G: CURRENT ASSETS, LOANS & ADVANCES
A. CURRENT ASSETS
a. Cash and Bank Balances

Cash in hand	11	1,58
Balance at Bank		
- With Scheduled Bank		
i) In Current Account	13,28,05	15,71,62
ii) In Fixed Deposits	118,16,15	95,00,00
	131,44,21	110,71,62
Balance at Bank (TEDF)		
- With Scheduled Bank		
i) In Current Account	24,20	30,99
ii) In Fixed Deposits	13,00,00	13,00,00
	13,24,20	13,30,99
Total (a)	144,68,52	124,04,20

b. Other Current Assets

Interest Receivable (Loan) accrued and due	3,28,98	2,57,69
Interest Receivable (Loan) accrued and not due		0
	3,28,98	2,57,69
Interest Receivable on Fixed Deposits	7,91,01	5,70,41
Interest Receivable on Fixed Deposits(TEDF)	1,57,64	1,13,89
Interest Receivable (Staff)	19,68	14,13
Interest Receivable (social Support fund))	19,66	11,79
Total (b)	13,16,96	9,67,91

c. Loans and Advances

(Recoverable in cash or in kind or for value to be received -unsecured but considered good)

Advance to others	32,83	73
Advance to staff	6,54	9,66
Advance Income Tax	10,60,00	3,80,00
Advance Fringe Benefit Tax	5,07	5,14
Security Deposit	37	37
Loan to staff	1,68,63	1,18,72
TDS Receivable	2,93,62	2,10,18
Income Tax Refundable	5,74,97	6,87,13
Other Receivables	21,77	17,58
MEFC- R & D Training Fund		2,61
UNDP A/c	1,87	1,87
	21,65,65	14,33,96
Rent / Electricity charges receivable (Recoverable in cash or in kind or for value to be received -considered doubtful)	43,91	41,48
Less : Provision	43,91	41,48
	0	0
Total (c)	21,65,65	14,33,96
TOTAL (a+b+c)	179,51,14	148,06,07

	As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
SCHEDULE H: CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry creditors (for expenses)	30,90	11,13
Other liabilities	2,44,46	2,80,74
Growth Centre Fund from GOI	0	2,20,00
NE Trade Expo Fund	44	0
Security Deposit	3,31	0
MEFC- R & D Training Fund	16,28	0
Central Subsidies	21,86,18	38,82
TOTAL (A)	24,81,56	5,50,69
B. PROVISIONS		
Provision for Leave Encashment	1,01,12	61,18
Provision for Gratuity	11,55	0
Provision for Standard Assets	1,05,95	65,54
Floating Provision against advances	2,00,00	0
Provision for Income Tax	10,59,01	6,04,00
Provision for Fringe Benefit Tax	10,14	6,06
Proposed Dividend	3,00,00	3,00,00
Additional Tax On Dividend	50,99	50,99
TOTAL (B)	18,38,76	10,87,77
TOTAL (A+B)	43,20,32	16,38,46
SCHEDULE I: ESTABLISHMENT EXPENSES		
Salaries (Director)	12,98	10,88
Salaries(Others)	2,36,35	1,54,62
Employer's Provident Fund	18,44	13,17
Medical Reimbursement	10,80	10,15
Recruitment expenses	4,52	9,70
Local Conveyance	3,95	4,27
Vehicle Maintenance Reimbursement	16,53	14,20
LTC	0	73
Leave Travel Allowance	18,06	16,41
House Rent	-93	-56
Leave Encashment	43,81	18,82
Gratuity	16,29	4,23
Staff welfare	16,78	16,13
Total	3,97,56	2,72,74

	As at 31.03.2009 Rs. '000	As at 31.03.2008 Rs. '000
SCHEDULE J: ADMINISTRATIVE EXPENSES		
Advertisement & Publicity	10,40	5,21
Audit Expenses	3,31	2,34
Bank charges	1,51	75
BOD Meeting expenses	3,36	3,51
Books & Periodicals	1,91	138
Business Promotion	18,33	10,40
Car hire expenses	21,76	15,14
Conveyance	69	66
Databank Expenses	0	2,92
Donations	1	0
Electricity Charges & Electrical Expenses	776	800
Honararium	3	0
Insurance charges	2,90	1,40
Legal & professional fees	16,55	13,83
Licence & Registration fees	0	5
Misc expenses	208	3
Printing & Stationery	17,08	16,13
Rent (Premises)	32,32	33,58
Repairs & Maintenance (Machine)	11,53	8,63
Repairs & Maintenance (Security Service Charges & Others)	16,71	17,26
Seminar & Conference expenses	4,18	5,80
Software Maintenance Charges	3,13	4,28
Service Tax Paid	12	1
Telephone charges & Postage	15,34	11,52
Training expenses	11,10	5,74
Travelling expenses(Director)	7,24	5,09
Travelling expenses(Others)	29,98	20,12
Internal Audit fees	66	56
Auditors' Remuneration:		
Tax Audit Fees	11	11
Statutory Audit Fees	66	67
Total	2,40,75	1,95,14

Schedule-K: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. Significant Accounting Policies

Basis of Preparation

The financial statements are prepared on the historical cost convention, on the accrual basis of accounting and conform to statutory provisions and practices prevailing in India and in accordance with the generally accepted accounting principles.

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities as on the date of financial statements and the reported income and expenses for the reporting period.

Revenue Recognition:

- i) Interest income and charges on loan and other assistance portfolio is accounted for on accrual basis except where interest and/or instalment of principal is due for more than 90 days as on the date of Balance Sheet, as per RBI Prudential norms for income recognition applicable to banks / financial institutions. Interest income and other charges in respect of such loans is taken credit on actual receipt basis.
- ii) Upfront Fees, Loan Syndication Charges, Appraisal Fees, Dividend, and other miscellaneous receipts are accounted for on cash basis.
- iii) All other incomes and expenses except, interest on refund of tax or on demand tax, rates, taxes & insurance, are accounted for on accrual basis.
- iv) The income from Techno Economic Development Fund and Social Support Fund are accounted on cash basis except interest on fixed deposit and appropriated to that account resulting in appreciation of fund.

Provision for Loans and Advances

As per prudential norms for advances issued by RBI from time to time, assets representing loans and other assistance portfolios are classified based on record of recovery as standard, sub standard, doubtful and loss assets and provision is made for assets as per the said guidelines as applicable to banks / financial institutions.

A general provision of 0.25% is made against Standard Assets.

Prior Period Adjustments

Prior period items have been accounted for separately as per accounting norms.

Investments

Investments are valued at lower of the cost or quoted / fair value on an individual investment basis. Provision for permanent diminution in the value of investments is accounted in the year of such diminution. Fair Value is computed in accordance with AS 13 issued by the ICAI. Cost includes brokerage, fees and duties, if paid, on acquisition of such investments.

Fixed Assets and Depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

Depreciation on Fixed Assets is provided on Written Down Value Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on the fixed assets added / disposed off during the year is provided on pro rata basis with reference to the date of addition / disposal.

Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Retirement Benefits

Retirement benefit in the form of Provident Fund is charged to the Profit and Loss Account on accrual basis. Gratuity liability is covered by a scheme with Life Insurance Corporation of India. The Corporation's annual contribution under the said scheme is based on LIC's actuarial valuation. Leave Encashment is provided on the basis of actuarial valuation at the year-end.

Segment Reporting

The Corporation operates in two segments of business: "Lending and Financing Activities" and "Management of Surplus Funds".

The segments have been identified and reported taking into account the nature, returns and risks involved. The organization structure and internal reporting structure are taken into account for the purpose of determining segment results.

The revenues reported under "Lending and Financing Activities" segment include interest income and other charges on lending. The said segment being the major segment of business of the Corporation, all expenses of the Corporation are classified as expenses against the aforesaid segment.

The revenues reported under "Management of Surplus Funds" segment consist of interest income and profit / (Loss) on sale of investments of surplus funds.

Government Grants

Government grants are recognized as and when it is actually received. Revenue grants are recognized in the Profit and Loss Account. Other grants are credited to the fund accounts to which it pertains against which expenses and provisions & losses for diminution in value of assets representing the fund is charged.

Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward to the extent that there is a virtual certainty that the assets will be realized in future.

Fringe Benefit Tax is provided in accordance with the provisions of the Income Tax Act, 1961.

Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is

a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. Notes on Accounts forming part of the accounts for the year ended 31st March 2009

1. Provision for taxation has been made in the accounts in accordance with the tax-relief status of the Corporation under section 10(23BBF) of the Income Tax Act, 1961.
2. In compliance with the Accounting Standard relating to 'Accounting for Taxes on Income' (AS-22) issued by the ICAI, the major components of Deferred Tax Liability are:

Particulars	Rs. '000	
	31st March 2009	31st March 2008
Depreciation	1,71	10,97
Special Reserve u/s 36(1)(viii) of the I.T. Act, 1961	1,49,13	—
Total	1,50,85	10,97

3. Total amount of Directors' remuneration charged in the accounts is set out below:

Particulars	Rs. '000	
	31st March 2009	31st March 2008
Whole time Director		
Salary	12,98	10,88
Contribution to PF & other perquisites	1,96	1,84
Other Retirement benefits	79	—
Total	15,74	12,72

4. Payment to Auditors:

Particulars	Rs. '000	
	31st March 2009	31st March 2008
Statutory Audit fees	66	67
Tax Audit fees	11	11
Total	77	79

5. Loan due from directors Rs. NIL and the maximum outstanding thereof at any time during the year was Rs.4,15,792/- (Previous Year: Rs.200,000/-). The maximum amount outstanding at any time during the year for loans to staff was Rs.173.70 Lacs (Previous Year: Rs. 119.54 Lacs).

6. The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 891 Lacs during the year (Previous Year Rs. 616 Lacs).

7. The breakup of Capital Work in progress is as under:

Particulars	Rs. '000	
	31st March 2009	31st March 2008
Construction of Office Building & Civil Works at Guwahati	12,38,63	9,54,23
Industrial Park at Guwahati	1,17	1,17
Total	12,39,80	9,55,40

8. In respect of shares / scrips / bonds quoted in recognized stock exchange, latest quotation nearest to the balance sheet date is taken to ascertain the market value. Where the scrip is not trade

during the year or no quotation is available, fair value is ascertained in respect of shares and cost is taken for debt instruments as fair value. In respect of unquoted shares / scrips / bonds, fair value is ascertained by dividing the net worth with the number of shares. In case of investment in mutual funds, fair value is taken as the declared NAV of the said scheme / fund, nearest to the balance sheet date.

9. The Corporation is a nodal disbursing agency for Growth Centre funds and Central Subsidies, and the fund received from Govt. of India is shown in the Current Liabilities to the extent of undisbursed amount.
10. An Amount of Rs. NIL was outstanding towards loan granted under Venture Capital Fund Scheme (P.Y. Rs. 68,607/-).
11. The Corporation does not have any related parties, save and except Sri Kashinath Hazarika, Chairman and Managing Director, as key managerial personnel to whom a total sum of Rs.15,73,583/- was paid as remuneration and to whom a loan of Rs.3 Lacs was granted during the year and Rs.2 Lac was outstanding at the beginning of the year, against which Rs. NIL is outstanding as on 31.03.2009.
12. The Corporation reports basic earnings per equity shares, which is computed by dividing net income by the weighted average number of equity shares outstanding for the period, in accordance with AS 20 issued by the ICAI.
13. A floating provision against loan & other assistance amounting to Rs.2 Crore has been provided for the year ended 31st March, 2009 for any possible decline in value of such assets.
14. Special Reserve has been created and maintained in terms of section 36 (1) (viii) of the Income Tax Act, 1961.
15. Summary of the investment of the Corporation:

(Rs. in Crores)

Particulars	31st March 2009	31st March 2008
Gross value of Investment	48.66	63.34
Less: Provision for diminution in value	0.76	0.76
Net book value	47.90	62.58

16. Previous year figures have been regrouped / rearranged / reclassified, wherever necessary.

17. As required under AS 17, the segment reporting is as under:

(Rs. in Crores)

	2008 - 09	2007 - 08
1. Segment Revenue		
Lending and Financing Activities	30.98	23.79
Management of Surplus Funds	21.38	12.48
Total	52.36	36.27
2. Segments Results		
Lending and Financing Activities	20.07	13.53
Management of Surplus Funds	21.38	12.48
Total	41.45	26.01
Unallocated Income	0.47	4.49
Unallocated Expenses	0.07	0.08

3. Operating Profit	41.85	30.42
Income Tax	12.17	6.08
4. Net Profit	29.68	24.34
5. Other Information		
Segment Assets		
Lending and Financing Activities	429.07	314.79
Management of Surplus Funds	131.32	152.38
Total	560.39	467.17
Unallocated Assets	47.73	24.74
Total	608.12	491.91
Segment Liabilities		
Lending and Financing Activities	237.76	185.22
Management of Surplus Funds	0	0
Unallocated Liabilities	65.30	28.55
Total	303.06	213.77
Net Capital Employed	305.06	278.14

18. Additional information is disclosed in terms of RBI guidelines vide DBS. FID No.c-18/01.02.2000-01 issued on 23.03.2001.

Rs. In Crores

A. Capital			
a) CRAR CORE CRAR & Supplementary CRAR	70%		
b) The amount of subordinated debt raised and outstanding as TIER -II capital	Nil		
c) Risk weighted assets -separately for on-and-off balance sheet items.	On the Balance Sheet: Rs.440.97 Off the Balance Sheet: Nil		
d) The Shareholding pattern as on 31.03.2009	Equity shares:	No of Shares	%
	FI's	55,000,004	55
	Bank	15,000,001	15
	Insurance Co.	20,000,001	20
	Mutual Fund	10,000,001	10
	Total	10,000,007	100
B. Asset quality and credit concentration			
e) Percentage of net NPA's to net loans & advances,	3.73%		
f) Amount and percentage of net NPA's to net advances under the prescribed asset classification categories	Category		%
	Sub Standard Assets	7.75	2.21
	Doubtful debts	5.88	1.68
	Loss assets	Nil	
g) Amount of provisions made during the year towards standard assets, NPA's investments (other than those in the nature of an advance), in income tax	Standard Assets	0.40	
	NPA Loans incl.	(-)0.28	
	Soft loan Assistance	(-)0.74	
	Investments	Nil	
	Income Tax	11.08	

h) i) Movement in NPAs (Gross) of loans including soft loans	Opening Balance	67.85	
	Deletions incl. upgradation	10.43	
	Additions during the year	16.73	
	Closing Balance	74.15	
ii) Movement of Provisions for NPAs against loans including soft loan assistance	Opening Balance	61.55	
	Less: write off/waiver/ Write back	2.08	
	Additions during the year	1.05	
	Closing Balance	60.52	
iii) Movement of Provisions for Investments	Opening Balance	0.76	
	Additions during the year	0.00	
	Closing Balance	0.76	
i) Restructured Accounts	Total amount of standard assets which have been subjected to restructuring / rescheduling	32.43	
	Total sub standard assets which have been subjected to restructuring / rescheduling	2.81	
	Total	35.24	
	j) Credit exposure as percentage to capital funds and as percentage to total assets, in respect of:		
		% to Capital Funds	% to Total Assets
The largest single borrower		13.88	7.14
The largest borrower group		13.88	7.14
The 10 largest single borrowers			
No.1		13.88	7.14
No.2		5.77	2.97
No.3		5.07	2.61
No.4		4.77	2.45
No.5		3.28	1.69
No.6		3.02	1.55
No.7		2.92	1.50
No.8		2.92	1.50
No.9		2.64	1.36
No.10		2.62	1.35
The 10 largest borrower groups			
No.1		13.88	7.14
No.2		8.40	4.32
No.3		7.58	3.90
No.4		4.77	2.45
No.5		3.28	1.69
No.6	3.02	1.55	
No.7	2.92	1.50	
No.8	2.92	1.50	
No.9	2.64	1.36	
No.10	2.15	1.11	
k) Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets	1. Cement	13.87	
	2.Contract Finance	10.47	
	3. Power Generation	9.69	
	4.Iron & steel	9.27	
	5. Hotels	7.28	

C. Liquidity

l) Maturity pattern of Rupee assets & liabilities w.r.t. investments incl. Fixed Deposits (in Crores)

Items	Less than or equal to 1 year	More than 1 year up to 3 years	More than 3 years up to 5 years	More than 5 years up to 7 years
Rupees Asset	102.16	20.00	0.25	Nil
Total Assets	102.16	20.00	0.25	Nil
Total Liabilities	Nil	Nil	Nil	Nil

m) Maturity pattern of foreign currency assets & liabilities

Nil

D Operating results

n) Interest income as percentage to average working funds	8.43%
o) Non-interest income as a percentage to average working funds	2.27%
p) Operating profit as a percentage to average working funds	8.48%
q) Return on average assets	5.78%
r) Net profit per employee (Rs. In Crores)	0.38

19. Additional information as required in terms of paragraph 13 of Non Banking Financial (Non Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Rs. in lakhs)

Particulars

Liabilities side:

1. Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures : Secured		
: Unsecured (other than falling within the meaning of public deposit*)	NIL	NIL
(b) Deferred Credits		
(c) Term Loans		
(d) Inter-corporate loans and borrowing	NIL	NIL
(e) Commercial Paper		
(f) Other Loans (specify nature) - GOI Loan	22911	NIL

* Please see Note 1 below

Assets side: Amount outstanding

2. Break-up to Loans and Advances including bills receivable other than those included in (4) below] :	
(a) Secured	36519
(b) Unsecured	
3. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	NIL
(i) Lease assets incl. lease rentals under sundry debtors:	
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	
a) Loans where assets have been repossessed	
b) Loans other than (a) above	

4. Break-up of Investments:		
1. Quoted:		
(i) Shares : (a) Equity		20
(b) Preference		
(ii) Debentures and Bonds		1500
(iii) Units of mutual funds		3240
(iv) Government Securities		
(v) Others (please specify)		
2. Unquoted:		
(i) Shares : (a) Equity		30
(b) Preference		
(ii) Debentures and Bonds		
(iii) Units of mutual funds		
(iv) Government Securities		
(v) Others (please specify)		
		4790

5. Borrower group-wise classification of assets financed as in (2) and (3) above:
Please see Note 2 below

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries			
(b) Companies in the same group			
(c) Other related parties			
2. Other than related parties	36519		36519
Total	36519		36519

6. Investor group-wise classification of all investments in shares and securities (both quoted and unquoted):

Please see note 3 below		
Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**	NIL	NIL
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	111	50
Total	111	50

**As per Accounting Standard of ICAI

7. Other information	
Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	—
(b) Other than related parties	7415
(ii) Net Non-Performing Assets	
(a) Related parties	—
(b) Other than related parties	1362
(iii) Assets acquired in satisfaction of debt	—

8. Exposure to Real Estate Sector		(Rs. in Crores)	
Items	March 31, 2009	March 31, 2008	
a) Direct Exposure			
(i) Residential Mortgages [all individual housing loans upto Rs.15 Lacs]	1.28	0.87	
(ii) Commercial Real Estate	59.46	30.68	
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized Exposures:			
a) Residential	NIL	NIL	
b) Commercial	NIL	NIL	
b) Indirect Exposure			
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	NIL	NIL	
Total Real Estate Exposure	60.74	31.55	

20. Information pursuant to Part IV of Schedule VI to the Companies Act. 1956:

a. Registration Details

Registration No. 4529 Date of Registration 09 08 95
 State Code 02 Balance Sheet Date 31st March, 2009

b. Capital Raised during the year

Public Issue NIL Right Issue NIL
 Bond Issue NIL Private Placement NIL

c. Position of Mobilization and Deployment of Funds (Amount in thousands).

Total Liabilities	6 0 8 1 1 7 7	Total Assets	6 0 8 1 1 7 7
Sources of funds:		Application of funds:	
Paid -Up capital	1 0 0 0 0 0 0	Net Fixed Assets	0 1 5 5 1 3 0
Reserves and surplus, others	2 3 5 8 0 4 4	Loans & Investments	4 1 3 0 9 3 3
Secured Loans	NIL	Net Current Assets & Advances	1 3 6 3 0 8 1
Unsecured Loans	2 2 9 1 1 0 0	Misc Expenditure	NIL

d. Performance of Company (Amount in Rs. thousand)

Turnover	5 2 8 2 8 8	Total Expenditure	1 0 9 5 4 9	Profit Before Tax	4 1 8 7 3 9	Profit After Tax	2 9 6 7 8 1
Earnings per share (Rs)	2 . 9 7	Dividend Rate [%]	3 . 0 0				

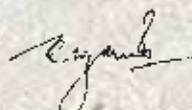
e. Generic Names of three Principal Products/Services of the Company

Item Code (ITC Code)	Not Applicable
Product Description	Project Financing
Product Description	Financial Advisory and Consultancy Services.

Schedules annexed hereto form part of the Accounts

For and on behalf of the Board of Directors

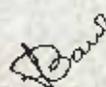
In terms of our Audit Report of even date
 For O.P.Bhansali & Co
 Chartered Accountants



(K.N. Hazarika)
 Chairman cum Managing Director



(D.N. Barthakur)
 Director



(S.K. Baruah)
 Company Secretary



(O.P. Bhansali)
 Partner

Guwahati
 the 3rd day of June, 2009

Aizawl



Tinsukia



Our Branch Office Teams

Dimapur



Shillong



Imphal



Gangtok



Itanagar



Agartala





Branch Offices

Agartala

Palace Compound, B. K. Road, Opp. Women's College
Agartala-799001, Tripura, Telefax : 91-381 2216848

Aizawl

1st Floor, A-59, Zarkawt, Aizawl-796001, Mizoram
Ph : 91-389 2347782, Fax : 91-389 2347783

Dimpaur

2nd Floor, "Kuknalim", Circular Road
Dimpaur-797112, Nagaland, Telefax : 91-3862 235030

Imphal

Babupara, Opp. Telephone Bhawan, Imphal-795001, Manipur
Ph : 91-385 2443385, Telefax : 91-385 2445927

Itanagar

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Itanagar-791 111, Arunachal Pradesh, Telefax : 91-360
2217694

Shillong

Cresens Buildings, 1st Floor, Opp. Main Secretariate,
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Ph : 91-364 2504815

Gangtok

Near Super Market Complex, Development Area
Gangtok-737101, Sikkim Ph : 91-3592 228269

Tinsukia

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Ph : 91-374 235 2115, Mobile: 9854057430

Representative Offices

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C-172, Sarvodoya Enclave, New Delhi - 110 017
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Kokrajhar

C/o Discovery Club, Agriculture Campus, Jwhwlaio Dwimalu
Road, P.O. & Dist. Kokrajhar BTC,
Assam-783 370, Ph : 91-3661 276 191

Dharmanagar

M. B. Unit Complex, Rajbari, Dharmanagar,
North Tripura-799250, Mobile: 096121 55421

Udaipur

Dhajanagar Industrial Estate, Udaipur,
South Tripura-799 114
Mobile : 98560 34157

Kohima

Nagaland Voluntary Health Association, 2nd Floor, NST
Building, Midland, Kohima - 797 001, Nagaland,
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Silchar

Mr. Sajal Kr. Deb, Deshabandhu Club, Extension Office,
Ramnagar Banglaghat, Near Kalyani Hospital,
Silchar-788 005, Assam,
Ph : 91-3842 283 503, 213186 (O), Mobile: 94352 01252

Sivasagar

MMS Consultancy Association Pvt. Ltd., Near K. P. M. Hall, A.
T. Road, Sivasagar-785640,
Ph: 91-3772 224688, 222 451, Mobile: 94350 57549

Dergaon

North East Centre for Rural Livelihood Research (NECR), Ward
No. 10 (In front of Dergaon Municipal Board), Dergaon, Dist.
Golaghat, Assam-785614
Ph.: 91-376 2380824, Mobile: 94357 38533

Tura

Achik Evangelical Association, Ringrey, Tura - 794001, West
Garo Hills District, Meghalaya,
Ph: 91-3651 224031 (O), Mobile: 094363 06138



ISO 9001:2008 Company

North Eastern Development Finance Corporation Limited

Registered Office

Basundhara Enclave

B. K. Kakati Road, Ulubari, Guwahati-781 007, Assam

Ph : 91-361 252 9202-06, 246 1007, 245 3006

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