

# Annual Report

2013-14



नॉर्थ ईस्टर्न डेवलपमेंट फायनेंस कॉर्पोरेशन लिमिटेड  
North Eastern Development Finance Corporation Limited



North Eastern Development Finance Corporation Ltd (NEDFi) was incorporated as a public limited company under the Companies Act, 1956, on August 9, 1995 with an authorized capital of ₹500 crores and a paid up capital of ₹100 crores. It was notified as a public financial institution in July 1996 under Section 4-A of the Companies Act 1956. NEDFi is also categorized as Non-Banking Financial Company (NBFC)-Loan Company and was registered with the Reserve Bank of India (RBI) on 20-12-2002.

The Corporation has framed its vision, mission statement and core values as given under:

## Vision

“To be the most preferred and trusted financial institution, excelling in customer service delivery through committed, caring and empowered employees”

## Mission

“To be a dynamic and responsive organization catalyzing economic development of the North Eastern Region of India by identifying and financing commercially viable industries, providing valued advisory & consultancy services, promoting entrepreneurship through effective mentoring, skill development and capacity building of the micro, small and medium enterprises and generating sustainable livelihoods through Micro Finance and CSR activities”.

## Core Values

- Customer satisfaction by providing quality, timely and effective services and fairness in dealings.
- Maximization of stakeholders’ value.
- Success through team work, innovation, integrity and people

## Motto

“Championing the entrepreneurial spirit of the North East”

## Quality Policy

“We are committed to enhance customer satisfaction by providing timely and effective financial solutions including promotional, development and support services to entrepreneurs by continuously improving the effectiveness of the Quality Management System and employee development”.



## Reaching Out...

The cover design is based on the concept of "inclusive growth" - a philosophy that makes NEDFi extend its services to all parts of the North Eastern Region, urban, semi urban and rural; targeting local entrepreneurs, specially in the micro, small and medium segments. This is depicted by the visual of an umbrella that is widened from its conventional coverage, indicating expansion or broadening of the Corporation's horizon to encompass more beneficiaries and also the disadvantaged and marginalized in the unserved and underserved areas of the Region.

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## From the desk of the Chairman and Managing Director

During FY-14, the Indian economy witnessed a general slowdown with the GDP growth rate at less than 5 percent for the second year running. The macroeconomic scenario was difficult with the slowdown in the investment cycle, high inflation and a volatile currency and interest rate. Slower growth and subdued investment activity have translated into asset quality issues for the banking sector and challenges in maintaining business growth and profitability. The economy of north eastern region also got affected as a result of the downslide in the national economy and there was hardly any new investment in the region and liquidity in the industrial sector was tight. The slowdown in the industrial sector in the region can be attributed to several factors, major being acute shortage of power supply, shortage of coal, non availability of land for industrial activity and downslide in sectors like steel, cement, coke etc, which have also suffered due to lower demand, low capacity utilization and higher level of receivables.

In the backdrop of the adverse economic environment, your Corporation during the FY-14 has recorded a moderate growth of 10 % in the loan portfolio. The sanctions and disbursements for the year stood at ₹457.51 crores and ₹364.69 crores, a modest growth of 1% and 4.6% respectively compared to the corresponding figures of the previous year. The gross Income has increased during the year by 12.96 % to ₹ 139.23 crores from ₹ 123.25 crores while the profit before tax and the net profit at ₹ 100.13 crores and ₹ 63.87 crores registered an increase of 9.62% and 1% respectively



when compared with corresponding figures of the previous year.

The Corporation has adopted various strategies during the year to achieve sustainable credit growth, improved asset quality, higher earnings and for maintaining well diversified credit portfolio with a view to spread the credit risk over various sectors and industries. An effective credit monitoring system has been put in place to identify and track stressed accounts early and initiate corrective action to maintain the health of the asset portfolio. The gross Non Performing Assets (NPA) of the Corporation as a per cent of gross Loan & Advances reduced to 6.34 % during the year from 7.24 % during the previous year while the net NPA to net Loans & Advances reduced slightly to 3.48% from 3.49%. The reduction in NPAs was facilitated by the Corporation's sustained focus on recoveries through intensive follow-ups, recovery drives, proceedings at Lok Adalats and Debt Recovery Tribunals(DRTs) and settlements under One Time Settlements (OTS) and actions under the SARFAESI.

To augment its earnings from the core activities and to expand its role as a development financial institution and to have a better understanding of the various infrastructural and developmental projects implemented in the region, the Corporation has set up the Advisory and Consultancy Department. The department is currently executing several prestigious assignments in various States of the north eastern region in the field of evaluation and monitoring of infrastructure projects, project

management, business plan preparation & impact assessment studies, etc.

As a premier development financial institution of the region, the Corporation under its Techno-Economic Development Fund (TEDF) has funded studies to map the resources available in the region for setting up industrial and infrastructural projects suitable in the region. Till date 79 studies have been commissioned of which 65 studies have been completed. During the year, 11 new studies have been added to the list of ongoing studies.

The Corporation is the nodal agency for disbursement of Central Subsidies administered by the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce. During the year, an amount of ₹ 356 crores was disbursed as Central subsidies to various industrial units in the region taking the cumulative disbursements of subsidies at the end of FY-14 to ₹ 3093 Crores.

The CSR initiatives of NEDFi focuses on women empowerment, livelihood enhancement projects, employment enhancing vocational skills, development of craft sector and development of rural and backward areas through promotion of entrepreneurship. The Business Facilitation Centres have been able to effectively mould the first generation entrepreneurs. These are manned by experienced mentors who prepare project report, help the budding entrepreneurs to get credit linkage and guide in establishing successful business enterprises. Sector specific exposure trip to the entrepreneurs facilitated through these BFCs help the entrepreneurs to build confidence in technology and marketing. The livelihood enhancement projects on water hyacinth craft, decorative candle, homemade chocolate etc have become very popular among the women beneficiaries because of the minimal investment and better return. The joint initiative on CSR projects through collaboration

with organizations like IDBI Bank and SIDBI has helped in convergence of ideas and approaches to achieve the objective. The zeal for continual improvement in the livelihood projects is nurtured by networking with experts, whether it is expert on Thai Technology or with reputed institutions like National Institute of Design. The employment enhancing vocational skills supported by NEDFi have helped the educationally under privileged youths to get employment as well as in setting up of their own small business. NEDFi is committed to its developmental mandate and collaboration of more organizations with similar mandate will definitely help to enrich its activities and scale-up, to reach more beneficiaries.

To expand its lending activities, the Corporation is continuously exploring various avenues for raising its resources. Besides the Ministry of DoNER and SIDBI, the Corporation has tied up with socio development agencies like the National Backward Classes Finance and Development Corporation, National Scheduled Castes Finance and Development Corporation, National Scheduled Tribes Finance and Development Corporation, etc for accessing funds at concessional rates for the benefits of micro and small scale units and micro finance sectors.

I would like to acknowledge with gratitude, the unstinting support from the Ministry of DoNER and Governments of all the North East States. I am grateful to the Board of Directors for their continued support and guidance. I take this opportunity to express my gratitude to all our shareholders- IDBI, SBI, LIC, SIDBI, ICICI, IFCI, SUUTI, GIC & Subsidiaries for their wholehearted support and trust in the corporation. I am confident that with our professional team of young and committed employees and continued support and patronage of all the stakeholders, your Corporation will continue to march towards excellence and will scale new heights.

Warm Regards,



B Paul Muktieh



## अध्यक्ष एवं प्रबंध निदेशक की कलम से

वित्तीय वर्ष 2013-14 के दौरान भारतीय अर्थव्यवस्था में लगातार दूसरे साल सामान्य मंदी देखी गई जबकि सकल घरेलू उत्पाद की वृद्धि दर 5 प्रतिशत से भी कम रही। निवेश चक्र में मंदी, उच्च मुद्रास्फीति और एक अस्थिर मुद्रा और ब्याज दर के साथ व्यापक आर्थिक परिदृश्य बहुत मुश्किल भरा था। धीमी वृद्धि और ठंडी हो चुकी निवेश गतिविधियाँ बैंकिंग क्षेत्र के लिए परिसंपत्ति गुणवत्ता के मुद्दों और व्यवसाय के विकास तथा लाभप्रदता को बनाए रखने की चुनौतियों में परिवर्तित हो चुकी थीं। राष्ट्रीय अर्थव्यवस्था में मंदी के फलस्वरूप पूर्वोत्तर क्षेत्र की अर्थव्यवस्था भी इससे प्रभावित रही और क्षेत्र में शायद ही कोई नया निवेश हुआ हो तथा औद्योगिक क्षेत्र में ऋणों का निबटान भी बहुत तंग था। पूर्वोत्तर क्षेत्र में औद्योगिक क्षेत्र की मंदी के लिए कई कारकों प्रमुखतया बिजली की आपूर्ति की भारी कमी, कोयले की कमी, औद्योगिक गतिविधियों के लिए भूमि की अनुपलब्धता, और कई क्षेत्रों जैसे इस्पात, सीमेंट, कोक आदि में मंदी को जिम्मेदार ठहराया जा सकता है जिन्हें कम मांग, कम क्षमता उपयोग और प्राप्तियों के उच्च स्तर की वजह से नुकसान उठाना पड़ा।

प्रतिकूल आर्थिक महौल के परिदृश्य में वित्तीय वर्ष 2013-14 के दौरान आपके निगम ने लोन पोर्टफोलियो में 10% की एक उदारवादी वृद्धि दर्ज की है। इस वित्त वर्ष में कुल 457.51 करोड़ रुपए और 364.69 करोड़ रुपए संस्वीकृत और संवितरित किए गए हैं जो पिछले वर्ष के इन्हीं आंकड़ों की तुलना में मामूली वृद्धि के साथ क्रमशः 1% और 4.6% ज्यादा है। निगम की सकल आय पिछले वर्ष की तुलना में इस वर्ष के दौरान 12.96% की वृद्धि के साथ 123.25 करोड़ रुपए से बढ़कर 139.23 करोड़ रुपए हो गई है जबकि कर पूर्व लाभ (profit before tax) और शुद्ध लाभ क्रमशः 100.13 करोड़ रुपए और 63.87 करोड़ रुपए हैं जिनमें पिछले वर्ष की तुलना में क्रमशः 9.62% और 1% की वृद्धि दर्ज की गई है।

निगम ने इस वर्ष के दौरान स्थायी ऋण वृद्धि, बेहतर परिसंपत्ति गुणवत्ता व उच्च आय प्राप्त करने के लिए और

विभिन्न क्षेत्रों और उद्योगों से अधिक ऋण जोखिम का प्रसार करने की दृष्टि से अच्छी तरह से विविध ऋण पोर्टफोलियो को बनाए रखने के लिए विभिन्न रणनीतियों को अपनाया है। निगम में एक प्रभावी ऋण निगरानी प्रणाली है जिससे प्रारंभिक चरण में ही दबाव वाले अकाउण्ट्स की पहचान व निगरानी कर तदनुसार परिसंपत्ति पोर्टफोलियो के संतुलन को बनाए रखने के लिए सुधारात्मक कार्रवाई शुरू की जा सकती है। निगम का सकल एन.पी.ए. दिए गए कुल ऋण व अग्रिम भुगतान के प्रतिशत के रूप में घटकर 6.34 प्रतिशत रह गया है जबकि यह पिछले वित्त वर्ष की समाप्ति पर 7.24 प्रतिशत था वहीं शुद्ध एन.पी.ए. पिछले वित्त वर्ष की तुलना में मामूली घटाव के साथ 3.49 प्रतिशत से घटकर 3.48 प्रतिशत रह गया है। एन.पी.ए. में यह गिरावट निगम द्वारा वसूली के निरंतर तेज प्रयासों, लोक अदालतों एवं डी.आर.टी के माध्यम से की गई कार्यवाहियों तथा ओ.टी.एस. व सरफेसी के तहत मामलों के निराकरण से संभव हो सकी है।

कोर गतिविधियों से अपनी आय बढ़ाने के लिए और एक विकास वित्तीय संस्था के रूप में अपनी भूमिका का विस्तार करने के लिए तथा क्षेत्र की विभिन्न ढांचागत और विकास परियोजनाओं की एक बेहतर समझ के लिए, निगम ने सलाहकार और परामर्श विभाग (Advisory & Consultancy Department) का गठन किया है। यह विभाग वर्तमान में मूल्यांकन और बुनियादी ढांचा परियोजनाओं की निगरानी, परियोजना प्रबंधन, व्यापार की योजना तैयार करने और प्रभाव आकलन अध्ययन, आदि के क्षेत्र में उत्तर पूर्वी क्षेत्र के विभिन्न राज्यों में कई प्रतिष्ठित कार्य निष्पादित कर रहा है।

क्षेत्र के एक प्रमुख विकास वित्तीय संस्थान के रूप में निगम ने अपने तकनीकी आर्थिक विकास कोष (TEDF) के तहत क्षेत्र में उपयुक्त औद्योगिक और ढांचागत परियोजनाओं की स्थापना के लिए क्षेत्र में उपलब्ध संसाधनों की मैपिंग के लिए अध्ययन हेतु धन मुहैया कराया है। आज तक कुल 79 अध्ययन चालू किए गए हैं जिनमें से 65 अध्ययन पूरे

हो चुके हैं। वर्ष के दौरान 11 नए अध्ययनों को चल रहे अध्ययनों की सूची में जोड़ा गया है।

नेडफी, औद्योगिक नीति एवं संवर्धन विभाग (डीआईपीपी), वाणिज्य मंत्रालय द्वारा प्रशासित केन्द्रीय सब्सिडी के वितरण के लिए नोडल एजेंसी है। इस वर्ष के दौरान 356 करोड़ रुपए की राशि क्षेत्र में विभिन्न औद्योगिक इकाइयों को केन्द्रीय सब्सिडी के रूप में वितरित की गई है जिसको लेकर वित्त वर्ष 2013-14 की समाप्ति पर कुल 3093 करोड़ रुपए की सब्सिडी का संवितरण किया गया है।

नेडफी की सीएसआर पहल उद्यमशीलता को बढ़ावा देने के माध्यम से महिला सशक्तिकरण, आजीविका वृद्धि परियोजनाओं, रोजगार परक व्यावसायिक कौशल, शिल्प क्षेत्र और ग्रामीण और पिछड़े क्षेत्रों के विकास को बढ़ाने पर केंद्रित है। नेडफी के व्यापार सुविधा केंद्र पहली पीढ़ी के उद्यमियों को प्रभावी ढंग से ढालने में सक्षम हैं। इन केंद्रों में अनुभवी मेंटर्स हैं जो परियोजना रिपोर्ट तैयार करते हैं, नवोदित उद्यमियों को क्रेडिट लिंकेज प्राप्त करने और सफल व्यावसायिक उद्यमों की स्थापना में मार्गदर्शन कर मदद करते हैं। इन BFCs के माध्यम से उद्यमियों को किसी क्षेत्र विशेष के चल रहे उद्यमों को दिखाने के लिए यात्रा पर ले जाया जाता है ताकि नए उद्यमियों में उस क्षेत्र के उद्यमों की प्रौद्योगिकी और विपणन में विश्वास का निर्माण हो सके। न्यूनतम निवेश और बेहतर रिटर्न वाली आजीविका वृद्धि परियोजनाएँ, जलकुंभी शिल्प (Water Hyacinth craft), सजावटी मोमबत्ती, घर के बने चॉकलेट आदि महिला लाभार्थियों के बीच बहुत लोकप्रिय हो गई हैं। आईडीबीआई बैंक और सिडबी जैसे संगठनों के साथ सीएसआर परियोजनाओं पर संयुक्त पहल ने विचारों के अभिसरण और उद्देश्य को प्राप्त करने के प्रयासों में मदद की है। आजीविका परियोजनाओं में लगातार सुधार के लिए उत्साह, विशेषज्ञों के साथ नेटवर्किंग सहयोग के माध्यम से निर्मित किया गया है, फिर चाहे वे विशेषज्ञ थाई प्रौद्योगिकी के हों या नेशनल इंस्टीट्यूट ऑफ डिजाइन जैसे प्रतिष्ठित संस्थानों के। नेडफी के सहयोग से चलाए जा रहे रोजगार

परक व्यावसायिक कौशल के प्रशिक्षण ने शैक्षिक रूप से कम शिक्षा प्राप्त युवाओं को रोजगार पाने के साथ ही अपने छोटे व्यापार की स्थापना में भी मदद की है। नेडफी अपने विकासात्मक लक्ष्य और इसी तरह के लक्ष्य के साथ काम करने वाले और अधिक संगठनों के साथ सहयोग के लिए प्रतिबद्ध है जिससे इसे अपनी गतिविधियों को और बढ़े पैमाने पर अधिक लाभार्थियों तक पहुंचाने में निश्चित रूप से मदद मिलेगी।

लोन लेने की गतिविधियों का विस्तार करने के लिए, निगम लगातार अपने संसाधन जुटाने के विभिन्न रास्ते तलाश रहा है। पूर्वोत्तर क्षेत्र विकास मंत्रालय और सिडबी के अलावा, निगम ने सामाजिक विकास के लिए बनी एजेंसियों जैसे राष्ट्रीय पिछड़ा वर्ग वित्त एवं विकास निगम और राष्ट्रीय अनुसूचित जाति वित्त एवं विकास निगम तथा राष्ट्रीय अनुसूचित जनजाति वित्त एवं विकास निगम आदि के साथ सूक्ष्म और लघु इकाइयों और सूक्ष्म वित्त क्षेत्र के लाभ के लिए रियायती दरों पर ऋण पहुँचाने के लिए करार किया है।

मैं कृतज्ञता के साथ पूर्वोत्तर क्षेत्र विकास मंत्रालय और सभी पूर्वोत्तर राज्यों की सरकारों की ओर से दिए गए पूर्ण समर्थन के प्रति आभार प्रकट करता हूँ। मैं निदेशक मंडल के अटूट समर्थन और मार्गदर्शन के लिए उनका आभारी हूँ। यह हमारे लिए सभी शेयर धारकों आई डी बी आई, एस बी आई, एल आई सी आई, सिडबी, आई सी आई सी आई, आई एफ सी आई, एस यू यू टी आई, जी आई सी और इसके अन्य सहयोगी संस्थानों, द्वारा प्रदान किए गए बहुमूल्य समर्थन और सहयोग के लिए कृतज्ञता ज्ञापित करने का अवसर है। मुझे विश्वास है कि हमारी पेशेवर, प्रतिबद्ध और सशक्त कर्मचारियों की टीम के साथ व अपने शेयर धारकों से मिल रहे सतत सहयोग व संरक्षण की बदौलत आपका यह निगम श्रेष्ठता की ओर बढ़ते हुए नई ऊँचाइयों को छुएगा।

भवदीय

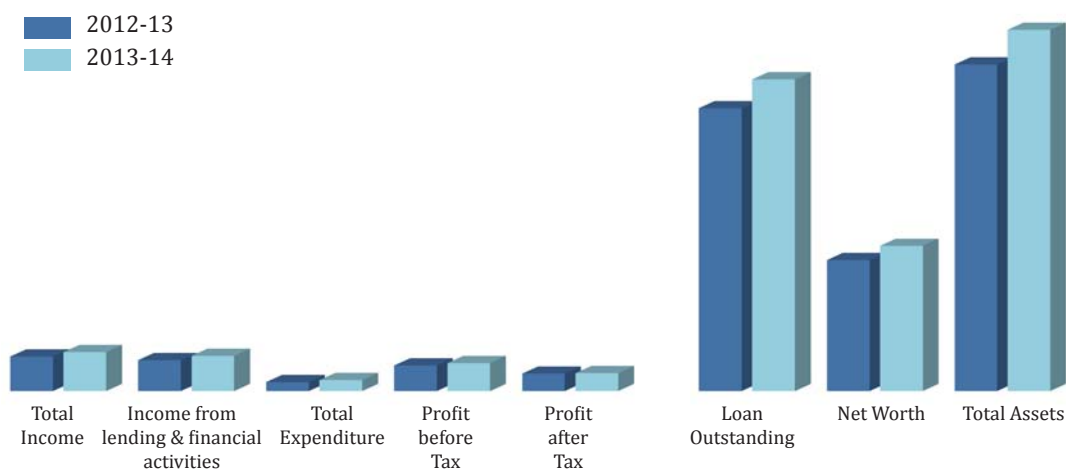
बी पॉल

(बी. पॉल मुक्ति)

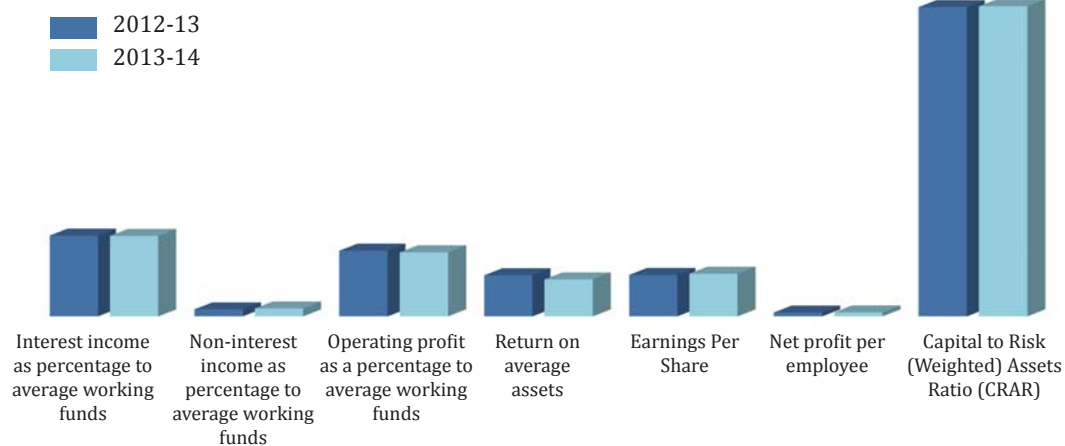
## Financial Highlights

(₹ Crore)

Financial Year	2012-13	2013-14	% Change
Loan Outstanding	1010.25	1113.26	10.20
Total Income	123.25	139.23	12.97
Income from Lending & financial Activities	110.52	126.23	14.21
Total Expenditure	31.91	39.10	22.53
Profit before tax	91.34	100.13	9.62
Profit after Tax	62.05	63.87	2.93
Net worth	468.03	518.62	10.8
Total Assets	<b>1166.40</b>	<b>1290.46</b>	<b>10.63</b>



Operating Result		2012-13	2013-14
Interest income as percentage to average working funds	(%)	12.10	12.06
Non-interest income as percentage to average working funds	(%)	1.05	1.18
Operating profit as a percentage to average working funds	(%)	9.83	9.59
Return on average assets	(%)	6.15	5.54
Earnings Per Share	(₹)	6.20	6.39
Net profit per employee	(₹ crore)	0.57	0.59
Capital to Risk (Weighted) Assets Ratio (CRAR)	(%)	46.22	46.35





## Performance Highlights

Total Sanctions, Disbursements and Number of Projects Assisted (up to March 31, 2014)

### SANCTIONS

STATE-WISE AMOUNT SANCTIONED (₹ in lakh)									
Year	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura	Total
Cumulative 1995-2007	4,628.50	37,032.36	1,183.81	20,335.57	1,188.61	1,449.39	921.75	2,455.46	69,195.43
2007-2008	1,230.11	16,328.55	519.90	7,509.70	350.00	394.54	162.42	394.11	26,889.32
2008-2009	253.54	22,929.06	540.09	1,993.94	87.82	431.88	713.13	317.50	27,266.95
2009-2010	5,820.04	23,384.85	308.06	2,342.52	85.39	942.90	191.37	2,568.62	35,643.74
2010-2011	3,295.88	31,129.12	273.00	2,874.15	284.19	344.85	580.03	871.43	39,652.64
2011-2012	3,499.60	26,543.78	1,496.50	6,656.45	2,578.24	673.25	356.88	1,418.05	43,222.75
2012-2013	2,334.25	26,046.92	6,232.14	2,820.36	914.38	1,344.53	1,669.69	3,986.76	45,349.02
2013-2014	5,078.51	25,684.12	2,898.48	6,431.44	766.10	1,026.44	2,405.50	1,459.98	45,750.56
<b>Total</b>	<b>26,140.43</b>	<b>2,09,078.75</b>	<b>13,451.98</b>	<b>50,964.12</b>	<b>6,254.71</b>	<b>6,607.78</b>	<b>7,000.74</b>	<b>13,471.90</b>	<b>3,32,970.40</b>

### DISBURSEMENTS

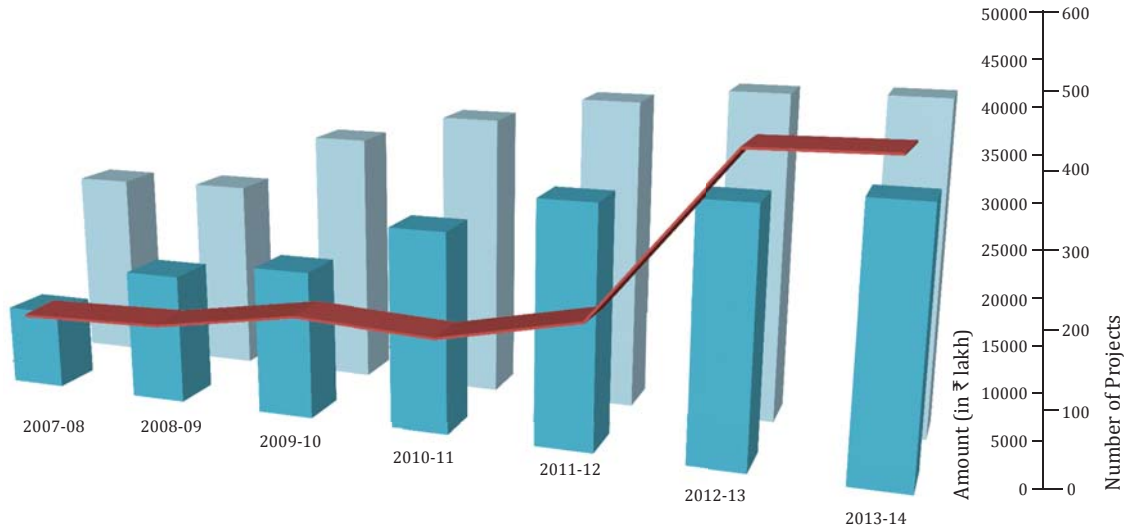
STATE-WISE AMOUNT DISBURSED (₹ in lakh)									
Year	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura	Total
Cumulative 1995-2007	4310.93	27178.46	1023.45	12136.81	761.31	1307.03	583.66	1959.74	49261.40
2007-2008	117.68	8,473.14	106.30	1,405.31	538.80	251.53	103.17	249.10	11,245.04
2008-2009	265.05	13,202.35	497.97	3,832.88	41.97	320.81	76.31	152.84	18,390.17
2009-2010	3,031.17	14,351.22	508.04	2,364.94	22.18	229.62	77.91	211.77	20,796.87
2010-2011	2,649.00	20,259.20	460.50	3,372.30	60.52	499.05	282.53	500.75	28,083.84
2011-2012	1,792.50	23,853.82	718.50	3,907.02	1,797.42	294.82	467.87	624.26	33,456.20
2012-2013	1,870.16	20,842.13	3,151.63	4,233.33	803.65	966.54	1,110.75	1,894.58	34,872.76
2013-2014	3,947.53	18,488.41	3,483.36	5,165.63	700.73	865.79	1,630.55	2,187.12	36,469.12
<b>Total</b>	<b>17,984.02</b>	<b>1,46,648.74</b>	<b>9,949.76</b>	<b>36,418.22</b>	<b>4,726.57</b>	<b>4,735.19</b>	<b>4,332.73</b>	<b>7,780.16</b>	<b>2,32,575.39</b>

### PROJECTS

STATE-WISE NO. OF PROJECT ASSISTED									
Year	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura	Total
Cumulative 1995-2007	145	648	103	112	147	97	102	123	1477
2007-2008	16	71	18	9	1	21	19	20	175
2008-2009	16	81	28	9	18	7	9	12	180
2009-2010	17	75	25	23	17	17	17	26	217
2010-2011	32	76	5	18	10	14	17	33	205
2011-2012	10	95	19	13	14	27	44	31	253
2012-2013	33	145	52	21	43	72	118	51	535
2013-2014	45	109	61	30	56	88	75	79	543
<b>Total</b>	<b>314</b>	<b>1,300</b>	<b>311</b>	<b>235</b>	<b>306</b>	<b>343</b>	<b>401</b>	<b>375</b>	<b>3,585</b>

# SANCTIONS DISBURSEMENTS and PROJECTS

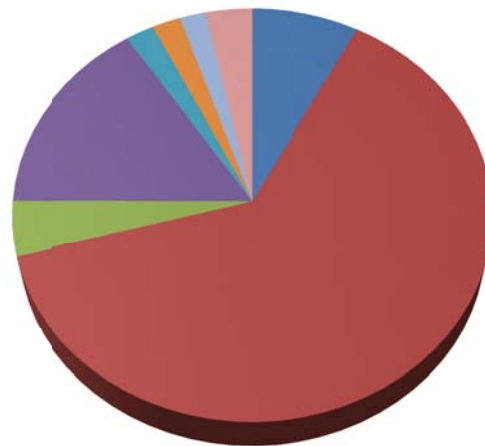
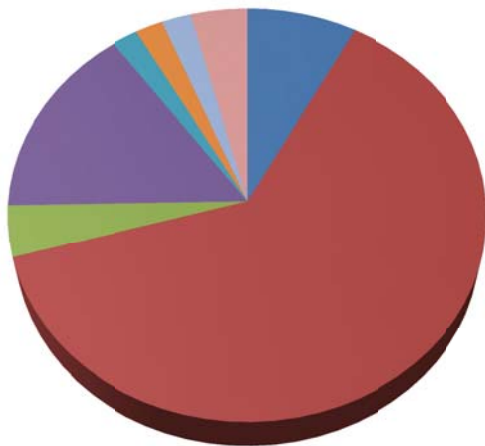
■ Amount Sanctioned  
■ Amount Disbursed  
— Projects Sanctioned



Statewise Cumulative  
(as on 31 March 2014)

Sanctions

Disbursements



■ Arunachal Pradesh ■ Assam ■ Manipur ■ Meghalaya ■ Mizoram ■ Nagaland ■ Sikkim ■ Tripura

## Reaching out...

*The corporation through its various schemes has been reaching out to local entrepreneurs; targeting mainly the medium, small and micro borrowers across the North Eastern Region.*

*In case of large projects, the Corporation continues its role as a catalyst for investment by participating in consortium lending for asset creation and employment generation in the region.*

### Pitambara Educational Trust

Pitambara English School promoted by *Pitambara Educational Trust* was established in the year 2008 as an English Medium co-educational school at Kwakeithel Heinouhognembi, Imphal West, Manipur. NEDFi sanctioned Rupee term loan (RTL) of ₹ 150.00 lakhs for expansion of existing infrastructure.



### Atlantis Paper Industries Pvt. Ltd.

To meet the demand for paper products, specially note books, exercise books, practical note books, office registers, etc which has been increasing rapidly with the growth of formal and vocational educational centres and offices, *Atlantis Paper Industries Pvt. Ltd.* was set up as an exercise notebook manufacturing unit at Nutannagar, Airport



Road, Agartala, Tripura (W). NEDFi assisted the unit with an amount of ₹ 94.00 lakhs under the NEDFi Opportunity Scheme for Small Enterprise (NOSSE) Scheme. The unit with an annual installed capacity of 2114.35 MT has commenced commercial operation from April, 2014.



## Oral Health Dental Clinic



This unit located at Bhanjyang Road, Namchi, South Sikkim is an *Oral Health Dental Clinic* promoted by Dr. Subodh Pradhan, a young practitioner and first generation entrepreneur. He wanted to set up a dental unit in his hometown - Namchi, South Sikkim to serve the patients in that area, which had limited dental services. Under North East Entrepreneurs Development Scheme (NEEDS), NEDFi assisted the unit with an amount of ₹3.00 lakhs.

## Thangjam Agro Industries (P) Ltd.

*Thangjam Agro Industries (P) Ltd.* is promoted by Shri Thangjam Joykumar Singh, who has over 20 years of experience in the same line of business. This packaged drinking water unit which has installed RO capacity of 100000 litres per day has been set up at Food Processing Park at Nilakuthi, Imphal East, Manipur. The company approached NEDFi for financial assistance and was sanctioned a RTL of ₹ 256 lakhs.



## Satyam Ispat (North East) Ltd.



This integrated steel plant is situated in Bandardewa, Arunachal Pradesh. It manufactures Billets & TMT Bars and the products are sold with the brand name "Satyam TMT". This unit was sanctioned a Rupee term loan (RTL) of ₹15 crore by NEDFi.

## Le Bistro Restaurant

*Le Bistro Restaurant* located at Dimapur, Nagaland was started in 2013 by Ms. Tamsurenla, who has sufficient experience in this line of business. She approached NEDFi for financial assistance was sanctioned an amount of ₹7.50 lakhs under WEDS scheme to set up the Restaurant. Le Bistro provides a variety of cuisines such as Naga, Chinese, Thai, Continental and Indian. It enjoys the status of being one of the reputed restaurants in Dimapur owing to the standard of its cuisine, services and ambience.



## Singhik Hotel & Resorts



Daporijo town, a district head quarter located along the banks of mighty Subansiri river in Sikkim has witnessed a major boost in promotion of eco tourism, specially for river rafting and trekking after the setting up of the *Singhik Hotel & Resorts*. The 2 star category hotel, having 14 air conditioned rooms with all modern amenities like banquet hall, bar cum restaurant, open air restaurant, elevators, parking space, Wi-Fi, etc. has been set up by Mrs. Yachak Paktung with loan assistance of ₹90.00 lakhs under RTL scheme of NEDFi.

## Parsuram Fly Ash Bricks

Fly Ash can be extensively used in all building constructional activities similar to that of common burnt clay bricks. In view of their superior quality and eco-friendly nature, the demand for Fly Ash Bricks has picked up. It also saves cement during construction, making the process economical and bringing down the construction cost as a whole. This project of fly ash brick & interlocking brick manufacturing unit is situated at Panitola, Tinsukia, Assam. The unit has been assisted by NEDFi for an amount of ₹56.23 lakh under NOSSE scheme of the corporation.



## Mayallyang Homestay

Nestled amongst nature's bounty is Mayallyang, a picturesque homestay at Passingdang, Upper Dzongu, North Sikkim. Shri Gyatso Lepcha, proprietor of the unit was sanctioned a loan amount of ₹5.00 Lakhs for the expansion and renovation of the homestay under the NEED scheme.



This homestay, ideal for nature lovers is one of the renowned eco-tourism destinations showcasing the ethnic tribal and rural life of the Dzongu region, North Sikkim. The unit offers local and organic cuisine, river walks, rafting, camping, trekking, hiking through rural villages, bird watching, etc.



## Unique Jewellery



This jewellery making unit located at Nagamapal Singjubung Leirak, Imphal West, Manipur is promoted by Smt. Ch. Loyalakpi Chanu, who is a state award winner in jewellery designing and crafting. Involved in this skill which happens to be a family tradition, she has forayed into an activity where very few women venture in Manipur. The loan has been given for upgrading and expansion of the existing unit. Total amount sanctioned is ₹ 5.00 lakh under Women Entrepriase Development scheme (WEDS) of the corporation.

## D B Rubber processing unit

This unit has been in existence in Agia, Goalpara district, Assam for the last ten years. The promoter also owns a rubber garden measuring an area of 15 bighas. He approached NEDFi for financial assistance for modernization and expansion of his existing unit in July 2013. A loan of ₹ 9.00 lakh under NEED scheme was sanctioned and it has been utilized for construction of processing house and godown, purchase of rubber rolling machine and working capital.



## S R D Bakers

*SRD Bakers* is being promoted by the SRD group of Mongoldoi. The group is promoted by one of the prominent local business families and is engaged in different types of food processing industries. The group is doing contract manufacturing for well known brands like Britannia cakes, GSK (Horlicks) and Trinity Fructus Ltd (ORS). In addition to this, the group also owns and manages the Repose Foods (P) Ltd which is a well known bakery and retailer. A loan amount of ₹1.00 cr. has been sanctioned

under NOSSE scheme of the Corporation for expansion of existing bakery unit at Saloipara, Mangoldoi, Darrang, Assam.





## Ken N Twill

*Ken N Twill* is a resort located at Khliehshnong, Cherrapunjee, Sohra, East Khasi Hills, Meghalaya and is operated by an experienced and well known entrepreneur, Smt. Jopsimon Phanbuh. Set among picturesque hills,

this unit has four cottages and a separate restaurant with all the necessary facilities. NEDFi had financed an amount of ₹25.00 lakhs to the unit under NEEDS.



## Medplus Diagnostic

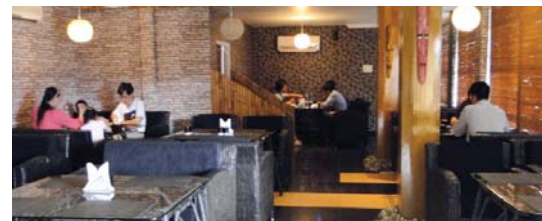
In view of the demand for medical services in Lunglei, Mizoram, NEDFi sanctioned an amount of ₹13.76 lakh under the NEED scheme for setting up a diagnostic centre to cater to the needs of the people in the area.



## Bhumika Entertainments

The Corporation has sanctioned a loan of ₹6.90 lakh under the WEDS to Mrs. Sabita Neog Agarwal for setting up a franchise of Saroj Khan Dance Academy viz; *Bhumika Entertainments* at Zoo Road, Guwahati, Assam. The promoter, a management graduate, has over ten years of cross functional experience in various areas and this is her first entrepreneurial venture. The unit presently has enrolled 80 students within the age range of 3 years to 40 years.

## E & K's Restaurant



"E & K's", a brand renowned in Itanagar Capital Complex in Arunachal Pradesh for its excellent multi-cuisines and catering services is promoted by Shri Toko Tatung, a local entrepreneur who has been in this business for the last seven years. He chose to expand the business by setting up this exclusive tribal hut restaurant having 70 seating capacity, specializing in ethnic food, mainly the multi-tribal cuisine of the state. NEDFi provided assistance of ₹ 36.00 lakhs under the NEEDS for the venture.



## Sports Planet

This unit is located at Chanmari, Aizawl. NEDFi has given financial assistance of ₹ 10.00 Lakh under WEDS for setting up of retailing and dealership of sports goods like NIVIA Sports, Bajaj Sports, Freewill and Stag. It is one of the biggest units dealing with sports goods and apparels in Mizoram.



## Arham Packaging Solutions

This unit dealing in corrugated box manufacturing has been set up at Tezpur, Assam. The product; corrugated boxes, has a very good market all over the country as corrugated packing is the most accepted mode of packaging for a good number of manufactured products. The unit was sanctioned an amount of ₹1.09 crores under the NOSSE scheme of the corporation. The promoter is experienced in the packaging industry and the unit is backed by technically qualified management and skilled manpower. The unit already has tie-ups with MNCs like Mc Dowells, Britannia, etc for the product.



## Janambhumi Press

*Janambhumi Press Private Limited*, promoted by Mr. Subroto Sharma and Mrs. Bornali Sharma has been in the printing industry since 1982. It has been printing 'The Telegraph' since the year 2000, with units at Jorhat and Tinsukia also. The Group as a whole is the single largest printer for ABP Pvt. Ltd. in Eastern India. The Company approached NEDFi for financial assistance for acquiring a printing machine capable of printing all pages in colour. An amount of ₹320 lakhs was extended by NEDFi under its Equipment Finance scheme.



## Jainab

*Jainab* was set up at Bishalgarh, Sepahijala District, Tripura by Md. Jalludin Rumi with financial assistance of ₹4.00 lakhs under NEED scheme of NEDFi. It is a proprietorship firm dealing in the manufacturing of detergent soaps. The unit which mainly targets the rural population has earned a good reputation for its quality products in the market in a very short span of time and therefore has high demand for its products.





## The Shillong Café & Restaurant



*The Shillong Café & Restaurant* is a homestay located at Upper Lachumiere, Shillong, Meghalaya. It is a joint venture of well known and experienced entrepreneurs, Shri William Alen Diengdoh and Shri Larshing Sawyan. The Homestay has four luxurious rooms and has been operating very well since it started its operations. NEDFi had financed an amount of ₹9.99 lakhs under NEEDS for setting up of the homestay.

## K D Cements

The Group has a presence in a wide gamut of industries which includes manufacturing Cement, TMT Bars, Metallurgical Coke products, etc. The Company operates from its plant at Bhomraguri near Nagaon, Assam. They sell their product in the brand name of “Suraksha Cement”, which has a steady demand in the market. The company has been provided assistance of ₹10.00 crore under Rupee term loan (RTL) of the Corporation.



## The Beauty Spot

The Corporation financed an amount of ₹ 9.50 lakhs to *The Beauty Spot* under WEDS for this exclusive cosmetics shop at Red Hill Road, Laitumkhrah, Shillong Meghalaya. It started its operations in April 2014 and is managed by a young and dynamic entrepreneur, Ms. Ridalang Mary Tariang. It is one of the city’s first stores which sells not only Indian brands but famous international brands like Grace Cole England, Victoria’s Secret, Jergens, Freemans etc.



## Daru Silpalaya

This unit which is engaged in the making of bamboo based handicrafts products like table lamps, flower stands, office partitions etc. has been successfully marketing its products through govt. emporiums, local show rooms and some private purchasers at the national level. NEDFI has extended financial assistance of ₹ 2.30 lakhs to the unit for the second time under the Scheme for North East Handloom and Handicrafts (SNEHH) scheme.



## SOLVSE

This Vocational training institute at Dimapur has been set up with project cost of ₹15 lakh. They have availed financial assistance of ₹10 lakh under WEDS. The institute has been providing training to the school and college students, unemployed youth, administrative probationers, self-help groups, churches, and youth and women organizations for the past eight years.



## Zorem Khadi Weaving and Handicraft Industry

The unit is located in Chanmari, Aizawl. The promoter had approached NEDFI for setting up handloom and handicraft unit and was assisted with ₹4.00 Lakh under SNEHH. The unit with the financial assistance from the Corporation has been able to produce various designs of 'Mizo Puan' and handicraft products for sale in the local market.



## Munlom Nature Resort

This project promoted by Shri Kalzang Dorjee Lepcha and Shri Pintso Gyatso is a Nature Resort having five log cabins as living quarters, a dining cum reading lounge, an open walk-in kitchen cum pantry shack and barbecue pit. It is a true nature resort located amidst beautiful forests and magnificent mountain ranges of north Sikkim, where visitors get to enjoy nature's beauty in a quiet, serene and peaceful environment. NEDFI has provided financial assistance to the tune of 25.00 Lakhs under NEEDS.





## Micro Finance

### Building Local Micro Finance Institutions (MFIs) for growth, outreach and sustainability

The financial year 2013-14 has been a significant year for NEDFi's Microfinance with the launching of "NEDFi Equity Fund Scheme



*A few beneficiaries of the NBFC-MFI*

(NEFS)", basically to support local MFIs by strengthening their capital base to enable them to reach out to more needy borrowers and become sustainable. Assistance under this scheme was first initiated with two credible NBFC-MFIs of the Region, viz; Nightingale Finvest Pvt. Limited, Guwahati Assam and YVU Financial Services Pvt. Ltd, Manipur.

### Nightingale Finvest Pvt. Ltd.

The association of this NGO with NEDFi can be traced back to FY 2004-05, when it was operating as a small NGO in the name of Nightingale Charitable Society at Guwahati. In the very year, NEDFi sanctioned just ₹2.50 lakh to test their credibility. The NGO utilised the loan properly and repaid timely without a single instalment default and since then, the Corporation has been giving repeated assistance to them for helping more beneficiaries. Till FY 2013-14, NEDFi has sanctioned a total amount of ₹38.50 crore to the NGO.

A recent change brought in by RBI is the creation of a new category of NBFC called NBFC-MFI to regulate the Microfinance sector. To keep up with the changes, the promoters of Nightingale Charitable Society acquired a Kolkata based NBFC viz, "Aninda Investment & Finance Pvt. Ltd." and with an authorised capital of ₹5 crore and paid up capital of ₹2.39 crore only, it became an NBFC i.e. Nightingale Finvest Pvt. Ltd. The NBFC somehow achieved the minimum capital requirement for becoming NBFC-MFI under RBI guidelines. NEDFi has sanctioned an equity support of ₹50 lakh to the NBFC at par value of ₹100 per share. With this support, the company is in a position to mobilise more funds presently. Other banks and financial institutions have also shown interest in assisting the new NBFC.

## YVU Financial Services Pvt. Ltd.

Youth Volunteers' Union (YVU) a reputed NGO from Manipur is one of the pioneer Microfinance Institutions (MFIs) of the state, established in the year 1972. The NGO started its microfinance programme in the year 1996 and has been working in this sector for almost 17 years now. NEDFi provided the first loan to this MFI in the year 2010 and its performance has been noteworthy. To carry out Microfinance activities more effectively and efficiently in the long run, YVU acquired



an NBFC and transformed itself to YVU Financial Services Pvt. Ltd, complying with all the necessary regulatory guidelines laid

down by the RBI. With an authorised capital of ₹5 crore and paid up capital of ₹2.35 crore, they approached NEDFi for equity support to strengthen their capital base. Although it achieved the minimum capital requirement for becoming NBFC-MFI under RBI guidelines, it could not mobilise external funds due to several reasons. So, although the NBFC had a good track record, good portfolio quality and adequate systems & processes,



mobilizing funds was extremely difficult and it was at this juncture that NEDFi sanctioned an equity support of ₹50 lakh to the NBFC at par value of ₹100 per share. After this initial much needed support from the Corporation, they have gained the confidence of other banks which are eager to provide them further support.

### Training Programmes for NGOs/MFIs across NER



*Training on Micro Finance for Beginners at Kohima, Nagaland*



*Workshop cum training program on Micro Finance at Namchi, South Sikkim*



*Training on 'Micro Finance for Beginners' at I & PR Conference Hall at Aizawl. Altogether, 19 participants from 12 NGOs participated in the programme.*



## Advisory & Consultancy Services

NEDFi provides multi-disciplinary consulting services to industrial, infrastructure, and social development projects in North East India.

The Corporation has executed, several prestigious consultancy assignments in various states of North East India in the fields of evaluation and third party monitoring of infrastructure projects and impact assessment studies. It also provides a comprehensive package of services, which covers the social aspects of development.



*Evaluation of Preparatory Phase of 2010-11 (Batch-II) IWMP Projects in Assam*



*Monitoring & Evaluation projects funded under NLCPR Scheme in the state of Meghalaya:*



*Third Party Monitoring of Projects under SPA (10-11) in the state of Arunachal Pradesh*

## NEDFi signs MoU with RITES

In a bid to ensure effective project conceptualization and implementation of various infrastructure projects, NEDFi signed MoU

on 29<sup>th</sup> July 2013 with RITES Ltd., a Government of India Enterprise under the Ministry of Railways.



*Shri B.P. Muktieh, CMD NEDFi and Shri Arbind Kumar, Director (Projects), RITES Ltd. signing the MoU.*

Through this collaboration, both NEDFi & RITES Ltd. will be exploring consulting activities in key infrastructure sectors such as traffic & economic studies, engineering surveys, geology & geo-tech studies, environment engineering, contract management & construction supervision for multi-disciplinary projects for ports & waterways, highways and bridges.

## MoU between Ministry of DoNER & NEDFi



A Memorandum of Understanding (MoU) was signed between the Ministry of DoNER and NEDFi represented by Jt. Secretary, Ministry of DoNER, Govt. of India and CMD, NEDFi respectively on the 30<sup>th</sup> August 2013 at New Delhi for availing ₹ 60.00 crores as interest free loan from the Govt. of India for the financial year 2013-14. The fund will be utilized for achieving the objectives of entrepreneurship development, inclusive geographical growth and overall industrial development of the North Eastern Region, more particularly of MSME and microfinance sectors.

## NEDFi Craftsmanship Award 2013

The 18<sup>th</sup> Foundation Day of NEDFi was celebrated on 10<sup>th</sup> August, 2013 which was dedicated to the cause of artisans. Mr. Pradyumna Vyas, Director, National Institute of Design (NID), who was invited as the Chief Guest inaugurated the 'Aqua - Weaves' website and catalogue on Water Hyacinth Craft. NEDFi Craftsmanship Award - 2013 was also distributed to 13 artisans belonging to water hyacinth, decorative candle and doll making crafts. An MoU between NEDFi and NID was also signed during the occasion to promote the craft sector of the region.





## Business Facilitation

Mentors of Business Facilitation Centres (BFCs) were deputed to a 2-day exposure trip to India International Trade Fair (IITF), 2013



which was held at Pragati Maidan, New Delhi. The exposure trip was a good opportunity for the mentors as it acquainted them with technology related to MSME sector as well as availability of market.

Eleven entrepreneurs from Arunachal Pradesh, Manipur, and Tripura were sent for an exposure trip from 8 to 25 December, 2013 to Centres like Kolkata, Bangalore, Cochin and Chennai. The entrepreneurs also participated in the annual event of “Kerala Bamboo Fest 2013” at Ernakulam. The exposure trip enlightened the entrepreneurs on the process, technology, improvement in design and products, market linkage etc.



## Business Meets to tap local Entrepreneurs

A series of awareness camps cum business meets were conducted by the Corporation in all the North East States during Financial Year 2013-14



*Agartala, Tripura*



*Kakching, Thoubal District, Manipur*



*Jaintia Hills District, Meghalaya*



*Champai, Mizoram*

## CSR Initiatives

The CSR initiatives of NEDFi enables the Corporation to play its developmental role of nurturing enterprises and entrepreneurs of the Region. The activities focus on women empowerment, vocational skills, livelihood enhancement projects, development of indigenous handloom & handicraft products, etc.

Glimpses into some of the activities....

### ***Skill Development Programme on Cloth Mat***

Cloth Mat from scrap fabric is an initiative of NEDFi to popularize a weaving technique that reduces raw material cost and increases productivity. NEDFi has introduced the programme to recycle scrap fabric for economic gain of the weavers of the region, while retaining the ethnic designs and motifs.

NEDFi had conducted the Training of Trainers (TOT) Programmes for expert weavers from Arunachal Pradesh, Manipur, Mizoram and Assam. These master trainers have conducted several such training programmes in their localities to benefit more weavers in this technique.



*Training Programme on Weaving (Revival of a traditional technique on using scrap fabric) for weavers from the north eastern states at R & D centre, Khetri, Guwahati*

### ***Training in Designer candles***



NEDFi has adopted Namchi Designer Candle project to promote entrepreneurship at Namchi, Sikkim. More than 180 beneficiaries have been enrolled through capacity building and market linkage facility of the project.

On June 16, 2013, Hon'ble Chief Minister of Sikkim distributed certificates and moulds to these beneficiaries. He appreciated NEDFi's



effort for promotion of the craft and building 'Namchi Designer Candle' as a brand. The Chief Minister who was the chief guest on the occasion also released a leaflet on "Namchi Designer Candles".



## CSR Initiatives Contd...

### *Training in home made chocolate*



*Training in Home made chocolate making in Aizawl in August, 2013*

### *Training in bakery & confectionery*



*Training programme on bakery and confectionery at Shillong, Meghalaya*

### *Training Programmes on Water Hyacinth Craft in NER*



The Water Hyacinth Craft initiative of the Corporation has been successful in making it a sustainable craft in the rural areas. Up gradation in techniques and skills for quality products has been possible with intervention of technology from Thailand which has benefitted local craftsmen.



*Experts from Thailand training participants in water hyacinth products*



## CSR Initiatives Contd...

**Training Programmes for self employment under Centre for Practical Livelihood Training (CPLT)** - CPLT was set up by NEDFi to train rural unemployed youth in various trades which would eventually enable them to become self-employed.



*CMD, NEDFi examining rubber sheet product produced by trainees at the Rubber Tapping & Processing Training Centre at Goalpara, Assam*



*Artificial Flower Making training programme in Kohima (in association with IIJT Kohima).*



*Beauty Parlour Management Programme in Dharmanagar, Tripura*



*Cutting & Tailoring Programme for Women in Shillong, Meghalaya*



*LMV Driving Training Programme, Namchi, South Sikkim*



# Board of Directors



## Sri B.P. Muktieh

Sri B. Paul Muktieh, B. Tech (Electrical & Electronics), PGDM (IIM, Ahmedabad) is the Chairman & Managing Director of NEDFi and has over 26 years of development banking experience in diverse and varied areas of the financial systems. Prior to becoming the CMD of NEDFi, Sri Muktieh was the Chief General Manager, IDBI Bank and was handling the Small and Medium Enterprises Division of the Bank. He has wide experience in the areas of Project Financing, Treasury Management, Forex and Trade Finance, etc. During his tenure in IDBI Bank, he had served in the Eastern and North Eastern Region of India during the period 2001-2008 and was on the Board of NEDFi during the period 2006-2008.



## Sri S.K. Magoo

Shri Sanjay Kumar Magoo is the Chief General Manager, State Bank of India, North East Circle. He has the distinction of holding a variety of challenging assignments in the Bank and carries with him a rich combination of knowledge and experience. Just prior to taking over as CGM of the Circle, he was posted as the General Manager (Network II) in Bhubaneswar. He has vast experience in credit and IT. He held the charge of General Manager and Deputy General Manager in Core Banking and other special projects in the Bank's IT Department at Belapur. Shri Magoo is not new to this region, as he was posted as Asstt. General Manager at the Bank's LHO, Guwahati, in 1999.



## Sri H. Bhargava

Sri Hemant Bhargava, ED, LIC of India, Eastern Zonal Head, has rich experience of more than 31 years in India and abroad. He has served on the Boards of National Mutual Fund, Mauritius; LIC Mauritius Offshore Ltd.; Krishna Knitwest Ltd.; Mumbai. He is a member of Insurance Institute of India AC and also Director on the board of PTC India Ltd., New Delhi.



## Sri Ugen Tashi

Sri Ugen Tashi is the Regional Head, Retail Banking, IDBI Bank Ltd, Regional Office, Guwahati. Prior to this, he was Deputy General Manager, Priority Sector Group, Zonal Office, East & North East, Kolkata.



## Ms Banuo Z. Jamir, IAS

Ms. Banuo Z Jamir who belongs to the Indian Administrative Service (1977 Batch) is the first Lady Chief Secretary of Nagaland. Earlier, she was the Additional Chief Secretary of the State till 31<sup>st</sup> January 2014.



## Sri P.R. Meshram

Sri P. R. Meshram is the Director, Ministry of Development of North Eastern Region (DoNER), New Delhi. He belongs to the Indian Statistical Service and has the experience of working in various capacities in key Ministries of the Central Government.



## Sri A. Luikham, IAS

Sri Ameising Luikham, IAS (1981 batch) is the Secretary of the North Eastern Council, Shillong, in the rank of Addl. Secretary to Govt. of India. Sri Luikham was earlier posted as Addl. Chief Secretary in the Govt. of Manipur. He has rich experience of serving for 12 years in the capacities of Director and Jt. Secretary in three ministries of the Central Government.



## Ms L. Toichong, IAS

Ms. L. Toichong who belongs to the Indian Administrative Service (1979 Batch) is the Chief Secretary, Government of Mizoram. She is the first woman IAS officer from the State and is well known for her outstanding acumen in administrative skills as well as social involvement.



## Dr. R. K. Baisya

Dr. Rajat Kanti Baisya is an eminent academician and Professor in the Department of Management Studies at Indian Institute of Technology (IIT), Delhi. He is also the Director, Booker India Pvt. Ltd. (subsidiaries of Booker Group Plc., UK).



## Dr. R.B. Barman

Dr. R.B. Barman is an eminent economist and retired as the Executive Director of the Reserve Bank of India. Dr. Barman is well-known for his outstanding contribution in research & development in the fields of banking technology and payment system.

# Directors' Report

**The Directors of your Company have pleasure in presenting their Annual Report and Accounts for the year ended 31<sup>st</sup> March, 2014.**

## Financial Reviews

The financial results of the year are highlighted below:

<b>Working Results</b>	<b>(₹ Crore)</b>	
<b>Financial Year</b>	<b>2012-13</b>	<b>2013-14</b>
Gross Income	123.25	139.23
Gross Expenditure	31.91	39.10
Profit Before Tax	91.34	100.13
Profit After Tax	62.05	63.87
Earnings Per Share (in ₹)	6.20	6.39
Dividend	7.00	8.00
Interest income as percentage to average working funds (%)	12.10	12.06
Non-interest income as percentage to average working funds (%)	1.05	1.18
Operating profit as a percentage to average working funds (%)	9.83	9.59
Return on average assets (%)	6.15	5.54
Net profit per employee	0.57	0.59
Capital to Risk (Weighted) Assets Ratio (CRAR) (%)	46.22	46.35
<b>Financial Position</b>		
Authorised Capital	500.00	500.00
Paid up Capital	100.00	100.00
General Reserve	267.91	298.63
Net worth	468.03	518.62
Total Assets	1166.40	1290.46
Sanctions	453.49	457.51
Disbursements	348.73	364.69
Loan Outstanding	1010.25	1113.26
Recovery (%)	81.03	85.70

## Performance of the Corporation

During the year 2013-14, the Corporation's key parameters such as gross income, profits, sanctions, disbursements and loan outstanding registered good improvement. The Corporation has been maintaining steady and healthy growth in sanctions, disbursements and number of projects financed. To view this growth in the right perspective, we take a look at the sanctions and disbursements during the past few years along with cumulative performance as on 31<sup>st</sup> March, 2014:

(₹ Crore)

Year	Sanctions	Disbursements
2007-08	268.89	112.45
2008-09	272.67	183.9
2009-10	356.44	207.97
2010-11	396.53	280.84
2011-12	432.23	334.56
2012-13	453.49	348.73
2013-14	457.51	364.69

(₹ Crore)

Cumulative		
Year	As on 31.03.13	As on 31.03.14
Sanctions	2872.20	3329.7
Disbursements	1961.06	2325.75
No. of Projects	3042	3585
Capital Investment Facilitated in NER	10891.97	11981.43
No. of Employment Generated	72169	79842

This financial year 2013-14, the gross profit of the Corporation has crossed ₹100 crores. Operating profit as a percentage to average working funds was 9.59%. Return on average assets was 5.54 % in the year under review as compared to 6.15% in 2012-13 on account of reduction in interest rate under existing schemes in the MSE segment to promote first generation entrepreneurs and facilitate flow of funds in under-served and un-served areas of the Region. Net profit at ₹ 63.87 crore recorded an improvement of around 3% over ₹62.05 crore in 2012-13. Capital Adequacy Ratio stood at 46.35%, similar to last year's 46.22%.

During the current financial year, ₹31 crore was transferred to General Reserve of the Corporation, ₹12.77 crore to Statutory Reserve under RBI Act, 1934 and ₹12.24 crore to Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961.

The Board of Directors of the Corporation has recommended a dividend of 8% for the financial year 2013-14. The payout ratio is 14.65% of the net profit and total outgo on account of dividend and tax thereon is ₹ 9.36 crore.

## 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 ₹ 1113.26 crore, 10% higher as compared to ₹ 1010.25 crore as at 31<sup>st</sup> March, 2013. Credit exposure to five emerging sectors – iron & steel, micro finance, cement and real estate industry - constituted around ₹ 579 crore which is 52% of the loan book.
- An amount of ₹ 457.51 crore was sanctioned to 543 new projects and disbursement was ₹364.69 crore.
- With higher business volume and better loan and interest recovery, the gross earnings of the Corporation increased by 13% at ₹ 139.23 crore.
- Out of the 41 sectors financed by the Corporation, the maximum recovery has been from

the industries engaged in Educational & training institutes (100%), Petroleum products (100%), Hotels (99%), Power (99%), Microfinance (98%), Hospitals & nursing homes (98%), Ferro-Alloy (97%), Plastic & plastic products (97%), Medical equipments & diagnostics (96%), Iron & steel (95%), Media and printing industry (95%), Bamboo & wood products (94%), Equipment finance (94%), Tourism & leisure (92%), Infrastructure (92%), Real estate industry (89%), Food products (88%), Tea (85%), Cement(82%).

- Lowest recovery has been in sectors such as coke (4%), agro food processing (34%), information technology (36%), Paper & Paper Products (52%), contract finance (58%), Agri & allied (64%).
- Net NPAs to net loans & advances stood at 3.48% as on 31<sup>st</sup> March 2014 and gross NPA stood at 6.34% as against 3.49% and 7.24% respectively in the previous FY.
- The Corporation has been making provision on NPAs regularly as mandated under the prudential norms issued by the Reserve Bank of India from time to time.

The Corporation has also taken into due consideration the genuine needs of the borrowers for restructuring/ re-schedulement of loans whenever necessary, to ensure continued viability of the assisted projects for maintenance of the growth momentum. Presently, focus is on risk management system to improve asset quality and reduce NPAs. A separate Risk Management Department has been created in the Corporation to look into various aspects of risk involved in its operations, such as credit, market, etc. The overall risk management system of the Corporation includes:

- Risk Management Committee to look into the all kinds of risks and compliance matters of the Corporation.
- Asset Liability Management Committee to looks into various aspects of market risk (primarily interest rate and liquidity risks).

During the year the Corporation received budgetary allocation of ₹ 60 Cr. as interest free loan from the Government of India through the Ministry of DoNER. The fund has been utilized for lending to the micro and small enterprises and to the micro finance sector in the un-served/ underserved areas at a concessional rate of 8% p.a.

## Micro Finance

The Micro Finance Scheme is an effective instrument for financial outreach where credit is given to SHGs/JLGs and individuals through established and good NGO/MFIs of the region. It is noteworthy that this financial year, NEDFi's Microfinance has completed 15 years of intervention in the sector. As on 31<sup>st</sup> March 2014, NEDFi has crossed ₹300 crore mark in both sanctions and disbursements with sanctions of ₹318.57 crores and disbursements of ₹306 crores respectively, through which NEDFi has been able to touch around 450000 lives. The loan portfolio of ₹130.80 crores is healthy with gross NPA below 1% (i.e. 0.7%) as on 31<sup>st</sup> March, 2014.

During the year, another new scheme called "NEDFi Equity Fund Scheme" has been launched to provide Equity assistance to those NEDFi supported MFIs which are transforming to NBFC-MFI. Two MFIs, viz; Nightingale Finvest Pvt. Ltd of Assam and YVU Financial Services Pvt. Ltd. of Manipur have been identified and given equity support of ₹50 lakh each. The support has

helped them strengthen their capital base and maintain minimum capital requirement as per RBI guidelines.

As part of the NEDFi's continuous efforts to help the people of the region, another Memorandum of Agreement has been signed with National Schedule Castes Finance and Development Corporation (NSCFDC) from whom the organization has started availing line of credit. With this arrangement, NEDFi has able to assist marginalised people belonging to scheduled castes at subsidized rate of interest.

## Capacity Building Support to NGOs/MFIs

To remain abreast with the rapid changes and developments that take place in the micro finance sector, NEDFi provides capacity building support through trainings to upgrade the MFIs in required areas in the North Eastern Region. During the year, the Corporation conducted four such training programmes in the states of Sikkim, Nagaland, Mizoram and Manipur.

## Business Development Initiatives

The Corporation has taken initiatives to reach out to the young generation by organizing business/ entrepreneur meets in all NE states, with the objective of helping and encouraging entrepreneurs of the Region. During the financial year, NEDFi conducted a total number of 17 Business/Entrepreneurs Meets, Workshops and Entrepreneurship Development Programmes (EDPs) in all eight states of North Eastern Region for dissemination of information on its schemes and programmes. These business meets are a means to reach out to all the corners of the North East Region for a one to one interaction with potential entrepreneurs who are educated on the means of financial assistance provided by the Corporation.

## Corporate Social Responsibility

### Highlights of CSR Initiatives of the Corporation during the FY 2013-14:

- The CSR activities undertaken during the year focused on increasing income level of the women and youths of the region by way of building their capacity, may it be through entrepreneurship or through the sustainable livelihood projects. The NEDFi Business Facilitation Centres helped to set up their own business venture with Bank Credit Linkage of ₹ 4.97 crores.
- The Water Hyacinth Craft initiative of NEDFi has been able to establish itself as a sustainable craft among the rural areas. More than 2000 artisans of the region are now engaged in the Craft. On the occasion of the 18<sup>th</sup> Foundation Day of NEDFi, Sri Pradyumna Vyas, Director, NID, Ahmedabad who was the Chief Guest of the function launched an e-portal for the craft as well as a Catalogue of the products. The website has helped to popularize the craft in other parts of the country. NEDFi has also provided 3 Demonstration cum Training Centres in 3 clusters of Assam, so that the artisans can work in groups and all facilities required for producing the quality finished products are available under one roof at their close vicinity.
- To encourage sustainable livelihood, NEDFi introduced Homemade Chocolate making in the State of Mizoram and Meghalaya. Since the market is locally available and the women can prepare the products at home, the initiative has been showing encouraging results.



- Another pilot project conducted during this year was popularizing the use of scrap fabric in the looms to prepare cloth mat. Weavers from different states were encouraged to produce products using scrap fabric technology but retaining their ethnic motifs and colour combination. They were further taught to make finished products like dining mat, sling bag, cushion covers etc. using these cloth mats. The technology has helped not only to reduce cost but also to increase productivity because of the use of thicker scrap fabric in the warp of the loom in place of normal yarn.
- For implementation of its CSR initiative, IDBI Bank has joined hands with NEDFi. During this year, it has sanctioned 2 projects. The first one involves setting up of a Common Facility Centre for a group of Bodo Tribal Women in Nalbari district of Assam. NEDFi had nurtured this group since 2009, as a result, these women who used to earn their living from making of country liquor have switched over to weaving as their source of livelihood. The other project involves sanction of a Designer Candle Showroom at Namchi, Sikkim to provide market linkage to the candle craft cluster developed by NEDFi in the area. IDBI Bank has sanctioned ₹20.00 Lakhs for the first project while ₹ 16.90 Lakhs has been sanctioned for the Showroom at Namchi.

### **Other Initiatives:**

Two days training programme for Mentors from BFCs was organized at NEDFi Head Office on June 25-26, 2013. The annual target of each BFC was revised to 25 units so that due importance is given to generate quality projects. An exposure trip was also arranged for the mentors to India International Trade Fair (IITF) 2013 which was held at Pragati Maidan, New Delhi on 21<sup>st</sup> and 22<sup>nd</sup> November, 2013. IITF 2013 was a good opportunity for the Mentors as it acquainted them with technology related to MSME sector as well as market opportunities.

NEDFi Haat, a marketing platform for artisans and craftsmen of this Region (which was housed since the year 2002 in a complex at Ambari on lease from the Govt of Assam till October 2013) has held 335 fairs with business totaling ₹35 crores and benefitting around 10000 beneficiaries, most being women participants.

Marketing Support was provided to water hyacinth craft artisans by facilitating their participation in 32 nos. of different fairs/ exhibitions in the north east region and outside the region as well. A total number of 163 entrepreneurs participated in these fairs.

Exposure trip for entrepreneurs to Handicraft units (Cane and Bamboo sector) outside North East Region: Eleven entrepreneurs from Arunachal Pradesh, Manipur and Tripura were sent for an exposure trip from 8<sup>th</sup> to 25<sup>th</sup> December, 2013 to Kolkata, Bangalore, Cochin and Chennai. The entrepreneurs also participated in the annual event of “Kerala Bamboo Fest 2013” (5 days) at Ernakulam. The exposure trip enlightened the entrepreneurs on processes, technology, improvement in design and products, market linkage, etc.

Centre for Practical Livelihood Training conducted 33 nos. of skill training programmes for self-employment, in trades like Beauty Parlour Management, Dress Designing, Rubber Tapping, LMV Driving, Welding, Electrician, Masonry etc. A total no. of 858 participants were trained in most of the North East States.

Sixteen nos. of capacity building programmes were organized in various areas like making of



bamboo cutlery and other decorative items, designer candle, doll making, dry flower making, homemade chocolate, bakery and confectionery, natural dye, etc. during the financial year.

The pilot project for pig rearing at Toulazouma village of Nagaland which was adopted by NEDFi in Feb, 2013 is in its second phase of progress during this FY. A second training was organized on 30<sup>th</sup> July, 2013 for the beneficiaries of the pig rearing Project on “Swine Reproduction and Farrowing Management” in the village. The second round of distribution of piglets to the second batch of 26 nos. beneficiaries from piglets collected from the 1<sup>st</sup> batch of beneficiaries was conducted on 28<sup>th</sup> February, 2014.

Promotion of entrepreneurship in Medicinal & Aromatic Plant Sector through the NEDFi R & D Centre for MAP : To popularize the cultivation of MAP amongst the neighbouring villages, the centre at Khetri, Assam and Nagicherra , Tripura have taken various initiatives to popularize plantation and processing of MAPs . The Khetri Centre has encouraged more than 75 growers of Khetri to grow Citronella plantation with buy back facility and similar approach is being adopted in a village in Bishalgarh sub-division of Tripura.

## TEDF STUDIES

- NEDFi conducts various techno economic feasibility studies for the North Eastern Region. Till date 79 studies were approved to be taken up under TEDF of which 65 studies have been completed.
- The 14<sup>th</sup> Executive Committee meeting of TEDF was held at New Delhi on July 26, 2013 under the Chairmanship of Shri V.B. Pathak, IAS, Jt. Secretary, Ministry of DoNER.
- A total of 19 (nineteen) proposals for studies were taken up during the meeting. 11 studies were approved to be taken up under TEDF, of which 4 studies related to IT Sector was clubbed together with the study approved earlier during the 13th Executive Committee meeting, 4 other studies were combined together to make it to 2. Effectively, 5 new studies were added to the list of ongoing TEDF Studies.

## NODAL AGENCY ROLE

The Corporation is a nodal agency for disbursement of Central Subsidies under NEIP 1997 & NEIIPP 2007, which is administered by the Deptt of Industrial Policy & Promotion, Ministry of Commerce, GOI. The Corporation is thus facilitating disbursement of subsidies under the Central Transport Subsidy Scheme, Central Capital Investment Subsidy Scheme, Central Interest Subsidy Scheme & Central Insurance Subsidy Scheme to industrial units of all the eight NER States. The details of disbursement under various schemes, during this financial year is given below:-

(₹ Crore)

Scheme	FY 12-13	FY 13-14	Cumulative as on 31-03-2014
Central Transport Subsidy (CTS)	228.42	205.46	2453.84
Central Capital Investment Subsidy (CCIS)	128.40	132.73	463.17
Central Interest Subsidy (CIS)	24.99	18.10	165.26
Central Comprehensive Insurance Subsidy	0.94	0.43	11.53
TOTAL	382.75	356.72	3093.80

## Consultancy and Advisory Services

The Advisory & Consultancy Department of NEDFi has executed and is currently executing several prestigious consultancy assignments in various states of North East India in the fields of Evaluation & Monitoring of Infrastructure Projects, Development Planning, Project Management, Engineering design, Business Plan preparation & Impact Assessment Studies.

NEDFi has been awarded with several assignments during the financial year 2013-14. NEDFi has acquired around 10 projects from various departments of the Govt. of Assam, Govt. of Arunachal Pradesh, Govt. of Meghalaya, NCDPD, Govt. of India, etc. during April, 2013 to March' 2014. Other ongoing projects include amongst others:

- Third Party Monitoring of SPA & RIDF projects for Govt. of Arunachal Pradesh
- DPR preparation works for Rural Roads/Bridges under PMGSY for Govt. of Assam
- Preparation of State Strategic Statistical Plan (SSSP) in Tripura
- Preparation of Business Register for Arunachal Pradesh
- Consultancy Services for development of IT Park at Guwahati (in consortium with SREI & Holistic Urban Innovations Pvt. Ltd.) for AMTRON, Govt. of Assam
- Policy Impact Study of NERCORMP
- Evaluation of Capacity/Skill Development and Training Programme to the Artisans/Craftsmen/SHG/NGO at NER under HRD Scheme of O/O DC (H) during 2013-14 (Guwahati, Manipur, Sikkim, Shillong, BCDI Agartala) under NCDPD, Govt. of India.

There are a number of other important assignments in the pipeline. NEDFi has been empanelled by Directorate of Town & Country Planning, Govt. of Assam as one of the Technical Consultant for providing consultancy services for various central and state-assisted projects in the state. To explore the opportunities and enhance the expertise for providing consultancy services in infrastructure development sector in North Eastern Region of India, the Corporation has signed an MoU with RITES, a Government of India enterprise on 29<sup>th</sup> July, 2013 at New Delhi.

## HRD Initiatives

- **Manpower:** Total strength of employees in all categories in the organization as on date i.e. on 31<sup>st</sup> March, 2014 is 105 (one hundred and five).
- **Recruitment:** Since the Corporation is expanding, it was felt necessary to recruit additional manpower to meet the requirements of the new departments as well as strengthening of the Branch Offices. In this connection, campus recruitments were held in Tezpur University, Gauhati University, Assam University, Silchar, Dibrugarh University, NIT Silchar and IIM Shillong.
- **Appraisal system:** The corporation is in the process of changing the Appraisal System to make it a more dynamic one where individual officers are given separate criteria and weightage to different factors in different jobs.
- **Training :** Training has been provided to officers in the different grades in reputed institutions like ICSI, Mumbai, EDI, Ahmedabad, IIBM, Guwahati, ICAI, Hyderabad, IRMA, Gujarat, etc in areas like Risk, Regulation & Compliance, Project appraisal, monitoring & follow-up, Library Management, Advance Tax, TDS & tax planning, Appraisal & monitoring of MFIs, etc.

## NEDFi's Convention Centre

A total of 156 numbers of events had taken place in the Convention centre during the year with participation of organizations like Silk Mark, ICICI, TCS, FINER, NHPC, UNICEF, RRC, CII, Commissioner of Taxes etc. Total collection received ₹ 48,51,748/- (forty eight lakh fifty one thousand seven hundred forty eight only).

## NER Databank

NEDFi is maintaining a web based portal called "NER Databank" which is a storehouse of information about North East India provided at a single source. Data on various sectors are being updated regularly. The details can be browsed at <http://db.nedfi.com>. The NEDFi web site has been redesigned and developed.

## NEDFi Databank Journal

The Corporation publishes "NEDFi Databank Journal" - an economic journal on the North Eastern region on various sectors. NEDFi Databank Quarterly is an effort to attract investments and business to the region as well as be of use for research/study for students, policy makers and business persons. So far, 26 sectors specific to the North East Region have been covered.

## Thrust Areas

- **Resource Augmentation for financial inclusion:** To augment its lending activities substantially, the Corporation is continuously exploring various avenues for raising its resources. NEDFi has an agreement with NABARD for grant of financial assistance for promoting agriculture and rural development in the NE Region and also refinance support from SIDBI.

For further financial outreach in the Region, the Corporation has tied up with other socio development agencies like NBCFDC and the National Scheduled Castes Finance & Development Corporation (NSCFDC) and signed a Memorandum of Agreement with the National Schedule Tribe Development Corporation (NSTDC) for providing financial assistance to deprived and underprivileged sections of society in the region.

- **Targeting first generation local entrepreneurs through business counselling & networking:** In this connection, the corporation is facilitating entrepreneurship development and new enterprise creation through its BFCs and organising a series of business meets/ counseling camps and capacity building programmes in all the NE states. The focus is to tap and nurture the entrepreneurship skills of the 1<sup>st</sup> generation entrepreneurs of the Region.
- **Network expansion and branch strengthening:** The Corporation is continuing its focus on further expansion of branch network to reach out to needy clients, on strengthening of the Branches and empowering them to reduce turnaround time in decision making by streamlining processes and procedures.
- **Skill Development:** With major stress on skill development in the 12<sup>th</sup> five year plan, NEDFi has also tried to align some of its activities to develop skills among the rural youth for self employment in the North East Region.

## Board of Directors

NEDFi's Board has 10 (Ten) Directors of which all except one are Non-Executive Directors. In the last Annual General Meeting held on 27<sup>th</sup> September Dr. S.K. Panda, IAS, Chief Secretary, Tripura and Smt. R. Ongmu, IAS, Chief Secretary, Sikkim were retired and in their place Smt. L. Tochhong, IAS, Chief Secretary, Mizoram and Sri Alemtemshi Jamir, IAS, Chief Secretary, Nagaland.

During the year Sri A. Jamir, IAS (Retd.), Chief Secretary, Govt. of Nagaland, Sri Rajnish Kumar, Chief General Manager, State Bank of India, Local Head Office, North East Circle, Guwahati, Sri P.K. Biswas, General Manager, IDBI Bank Ltd. and Sri S.M. Awale, Regional Head, PSG, IDBI Bank Ltd., Guwahati relinquished their office as Directors. The Board has placed on record its appreciation of the services rendered by Sarbasree S.K. Panda, IAS, Smt. R. Ongmu, IAS, A. Jamir, IAS, Rajnish Kumar, Sri P.K. Biswas and Sri S.M. Awale and during their respective tenure at NEDFi.

Sri S.K. Magoo, Chief General Manager, State Bank of India, North East Circle, Sri Ugen Tashi, Regional Head, Retail Banking, Regional Office, IDBI Bank Ltd., Guwahati and Smt. B. Jamir, IAS, Chief Secretary, Nagaland had been appointed as Directors on the Board of Director of NEDFi with effect from 14<sup>th</sup> November 2013 and 16<sup>th</sup> June 2014 respectively and will hold office as Director of NEDFi upto the ensuing Annual General Meeting. The Company has received notices from State Bank of India (member) signifying its intention to propose the candidature of Sri S.K. Magoo and IDBI Bank Ltd. (member) signifying its intention to propose the candidature of Sri Ugen Tashi and Smt. B. Jamir, for the office of Directors. Necessary resolution in this regard has been incorporated in the notice for Nineteenth Annual General Meeting.

As per the provisions of Section 152 of the Companies Act 2013, Dr. R.B. Barman and Dr. R.K. Baisya will retire by rotation at the ensuing Annual General 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. 4 (four) Audit Committee Meetings were held during the year.

## Sanctioning 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 ₹ 2 crore are placed before the Directors' Committee for approval. During the year under review, 6 (six) Sanctioning Committee Meetings were held.

## Corporate Credit Committee

In conformity with the principle of delegation of financial and administrative powers, the Corporate Credit Committee (1), Corporate Credit Committee (II) and Corporate Credit

Committee (III) have been constituted for speedy disposal of proposals. Credit Proposals having loan component upto (i) ₹ 2 crore (ii) ₹ 50 lakh and (iii) ₹10 lakh are placed before Corporate Credit Committee (I), Corporate Credit Committee (II) and Corporate Credit Committee (III) respectively. 6(six) Corporate Credit Committee (I) meetings, 20 (twenty) Corporate Credit committee (II) meetings were held during the year and 26 (twenty six) Corporate Credit Committee (III) 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, 2014, 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;
- d. That the annual accounts for the year ended 31<sup>st</sup> March, 2014 have been prepared on a going concern basis.

## Auditors

On the advice of the Comptroller and Auditor General of India, Messrs Saraswati & 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 2013-2014 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.

Guwahati

22-08-2014

By order of the Board



(B P Muktieh)

Chairman and Managing Director

# Independent Auditor's Report

To  
The Members Of  
NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED  
GUWAHATI

## Report on the Financial Statements

We have audited the accompanying financial statements of NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government 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 paragraph 4 and 5 of the said order to the extent applicable to the company.

2. As required by Section 227(3) of the Act, we report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. The Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet and the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
- e. On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For SARASWATI & CO**  
**Chartered Accountants**  
**Firm No:- 317097E**



**(ASHOK KUMAR AGARWALA)**

Partner.

Membership No. 053233

Place:- GUWAHATI  
Date: - 17/06/2014

# Annexure to Audit Report

(Referred to in paragraph 3 of our report of even Date)

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 where 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 (Auditors 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 ₹60.00 Crore from Government of India, ₹10.00 Crore from NBCFDC and ₹2.00 Crore from NSCFDC during last year and its terms & conditions are not prima facie prejudicial to the interest of the company. The maximum amount outstanding during the year was ₹609.00 Crore and the balance as on 31<sup>st</sup> March, 2014 was ₹600.65 Crore.
- 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 company and the nature of its business with regard to the purchase of the fixed assets and with regard to sale of services.
5. In respect of transactions covered under sec.301 of the companies act 1956  
According to the information and 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 the 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 nature of its business. However no system information audit was conducted during the year under audit.
8. As informed to us the central government has not prescribed maintenance of the cost record 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 company undisputed statutory dues including provident fund, investors education and protection fund, employees insurance, Income tax, sales tax, wealth tax, service tax, central duty and excise duty, cess and other material statutory dues have been generally regularly deposited with the appropriate authorities According to explanations and information given to us no amount payable in respect of aforesaid dues were outstanding as at 31-03-2014 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 undisputed amount payable in respect of the dues of Sales Tax/ Custom duty/ Wealth Tax/ Service Tax/ Excise duty/ Cess were outstanding as at 31-3-2014, except a sum of ₹2,032,677/- in respect of Service Tax against which an appeal is pending before the Addl. Commissioner of Service Tax.
- 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 investment 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 as well as loans from NBCFDC, NSCFDC and SIDBI. The loans have 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 and those raised during 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 and explanation 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 informed to us, the company has not raised any 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 explanation given to us, no material fraud on or by the company has been noticed or reported during the year.

Place: Guwahati  
Date : 17.06.2014

For **Saraswati & Co.**,  
Chartered Accountants



**CA Ashok Kumar Agarwala**  
Partner  
M. No. 53233  
FRN. 317097E

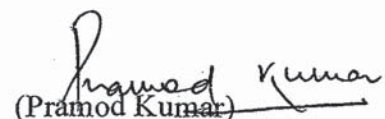
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED, GUWAHATI FOR THE YEAR ENDED 31 MARCH 2014.**

The preparation of financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on 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 17.06.2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and 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: 01 August 2014

  
(Pramod Kumar)  
Principal Director of Commercial Audit  
& Ex-officio Member, Audit Board – I,  
Kolkata

## Balance Sheet as at 31<sup>st</sup> March 2014

Particulars		Note No.	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>Shareholders' funds</b>			
	(a) Share capital	1	1,00,00,00,070	1,00,00,00,070
	(b) Reserves and surplus	2	4,75,59,82,384	4,18,12,57,630
	(c) Money received against share warrants		-	-
<b>2</b>	<b>Share application money pending allotment</b>		-	-
<b>3</b>	<b>Non-current liabilities</b>			
	(a) Long-term borrowings	3	5,83,02,93,067	5,28,29,37,471
	(b) Deferred tax liabilities (net)	4	17,14,11,126	12,27,07,204
	(c) Other long-term liabilities		-	-
	(d) Long-term provisions	5	48,03,37,613	50,55,63,783
<b>4</b>	<b>Current liabilities</b>			
	(a) Short-term borrowings		-	-
	(b) Trade payables	6	-	-
	(c) Other current liabilities	7	24,53,20,377	20,95,09,459
	(d) Short-term provisions	8	42,12,58,601	36,20,43,146
	<b>TOTAL</b>		<b>12,90,46,03,238</b>	<b>11,66,40,18,763</b>
<b>B</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	9	27,31,29,767	29,18,27,334
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress	10	1,68,35,384	40,31,250
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments	11	4,50,00,000	3,50,00,000
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	12	11,14,30,43,361	10,10,25,08,933
	(e) Other non-current assets	13	19,97,649	17,05,649
<b>2</b>	<b>Current assets</b>			
	(a) Current investments	14	5,67,95,009	5,49,47,590
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and Cash equivalents	15	75,48,69,265	67,19,02,441
	(e) Short-term loans and advances	16	9,21,84,585	8,43,87,151
	(f) Other current assets	17	52,07,48,218	41,77,08,415
	<b>TOTAL</b>		<b>12,90,46,03,238</b>	<b>11,66,40,18,763</b>
	<b>Significant Accounting Policies and Notes on Financial Statements</b>	1 to 32		

In terms of our report of even date annexed

For and on behalf of the Board of Directors

**For Saraswati & Co.**  
Chartered Accountants

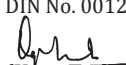
  
(CA Ashok Kumar Agarwala)  
Partner

M.No. 53233  
FRN 317097E

Place : Guwahati  
Date : 17<sup>th</sup> June, 2014



(B.P. Muktieh)  
Chairman cum Managing Director  
DIN No. 00123561

  
(Ugen Tashi)  
Director

DIN No. 06898202

Place : Guwahati  
Date : 16<sup>th</sup> June, 2014



(S.K. Baruah)  
GM & CS  
DIN No. 03591721



## Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2014

PARTICULARS	Note No.	For the year ended 31 <sup>st</sup> March, 2014 (₹)	For the year ended 31 <sup>st</sup> March, 2013 (₹)
<b>CONTINUING OPERATIONS</b>			
Revenue from Operation	18	1,30,49,05,256	1,15,73,53,453
Other Income	19	8,74,26,684	7,51,46,228
<b>Total Revenue</b>		<b>1,39,23,31,940</b>	<b>1,23,24,99,681</b>
<b>Expenses</b>			
(a) Cost of materials consumed		-	-
(b) Purchases of stock-in-trade		-	-
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
(d) Employee benefits expense	20	14,09,07,736	12,96,30,442
(e) Finance costs	22	5,36,63,175	3,09,27,734
(f) Depreciation and amortisation expense	9	2,50,07,769	2,69,85,256
(g) Other expenses	21	17,14,30,032	13,15,20,036
<b>Total expenses</b>		<b>39,10,08,712</b>	<b>31,90,63,468</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>1,00,13,23,228</b>	<b>91,34,36,213</b>
Exceptional items		-	-
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>1,00,13,23,228</b>	<b>91,34,36,213</b>
Extraordinary items		44,037	2,181
<b>Profit / (Loss) before tax</b>		<b>1,00,12,79,191</b>	<b>91,34,34,032</b>
<b>Tax expense:</b>			
(a) Current tax expense for current year		31,20,00,000	27,20,00,000
(b) (Less): MAT credit (where applicable)		-	-
(c) (Less): Current tax expense relating to prior years		18,77,634	(1,06,48,111)
(d) Net current tax expense		31,38,77,634	26,13,51,889
(e) Deferred tax		4,87,03,922	3,16,22,675
		<b>36,25,81,556</b>	<b>29,29,74,564</b>
<b>Profit / (Loss) from continuing operations (A)</b>		<b>63,86,97,635</b>	<b>62,04,59,468</b>
<b>DISCONTINUING OPERATIONS</b>			
Profit / (Loss) from discontinuing operations (before tax)		-	-
Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
Add / (Less): Tax expense of discontinuing operations		-	-
(a) on ordinary activities attributable to the discontinuing operations		-	-
(b) on gain / (loss) on disposal of assets / settlement of liabilities		-	-
<b>Profit / (Loss) from discontinuing operations (B)</b>		<b>-</b>	<b>-</b>
<b>Profit / (Loss) for the year (A+B)</b>		<b>63,86,97,635</b>	<b>62,04,59,468</b>

## Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2014 (contd.....)

PARTICULARS	Note No.	For the year ended 31 <sup>st</sup> March, 2014 (₹)	For the year ended 31 <sup>st</sup> March, 2013 (₹)
<b>Earnings per share (of ₹ 10/- each):</b>	23		
Basic & Diluted			
(i) Continuing operations		6.39	6.20
(ii) Total operations		6.39	6.20
<b>Earnings per share (excluding extraordinary items) (of ₹10/- each):</b>			
Basic & Diluted			
(i) Continuing operations		6.39	6.20
(ii) Total operations		6.39	6.20
<b>Significant Accounting Policies and Notes on Financial Statements</b>	1 to 32		

In terms of our report of even date annexed

**For Saraswati & Co.**  
Chartered Accountants



**(CA Ashok Kumar Agarwala)**  
Partner

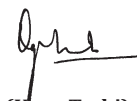
M.No. 53233  
FRN 317097E

Place : Guwahati  
Date : 17<sup>th</sup> June, 2014

For and on behalf of the Board of Directors



**(B.P. Muktieh)**  
Chairman cum Managing Director  
DIN No. 00123561



**(Ugen Tashi)**  
Director  
DIN No. 06898202

Place : Guwahati  
Date : 16<sup>th</sup> June, 2014



**(S.K. Baruah)**  
GM & CS  
DIN No. 03591721

## Cash Flow Statement for the year ended 31<sup>st</sup> March 2014

	(₹ in '000)	
	For the year ended 31 <sup>st</sup> March, 2014	For the year ended 31 <sup>st</sup> March, 2013
<b>Cash flows from Operating activities</b>		
Net profit before income tax	10,01,279	9,13,434
Adjustment for:		
Depreciation charge for the year	25,007	26,985
Loans Provisions & Write offs	88,517	66,131
Fixed Assets written off/Loss on sale	11	21
Dividend received	(200)	(200)
Provision for Gratuity, Leave Encashment and LTC / LTA	7,152	11,322
Operating profit before working capital changes	11,21,766	10,17,693
Adjustments for:		
(Increase) / Decrease in Advances	(11,38,642)	(16,91,744)
(Increase) / Decrease in Other Current Assets & Advances	(32,702)	(50,526)
Increase / (Decrease) in Other liabilities and Provisions	16,755	(4,874)
Cash Flow from operations	(32,823)	(7,29,451)
Direct Taxes paid (net of refund received)	(3,45,525)	(2,11,585)
<b>Net cash flow / (used in) from operating activities</b>	<b>(3,78,348)</b>	<b>(9,41,036)</b>
<b>Cash flows from Investing activities</b>		
(Increase) / Decrease in Capital Advances	(10,465)	-
(Increase) / Decrease in Investment	(10,000)	2,500
(Increase)/Decrease in Capital Work in Progress	(16,835)	(4,031)
Purchase of fixed assets (net of sales)	(3,145)	(18,514)
Dividend Received	200	200
<b>Net cash flow / (used in) from Investing activities</b>	<b>(40,245)</b>	<b>(19,845)</b>
<b>Cash flows from Financing activities</b>	-	-
Dividend and Dividend Tax paid	(81,356)	(69,734)
Increase / (Decrease) in Borrowings	6,29,337	9,12,579
<b>Net cash flow / (used in) from financing activities</b>	<b>5,47,981</b>	<b>8,42,845</b>
Net increase in cash and cash equivalents from		
Operating, Investing and Financing Activities	1,29,388	(1,18,036)
<b>Cash flows from Nodal Agency and Implementing Agency Activities</b>		
Net Income / (Expenditure) of TEDF	29,835	28,396
(Increase)/Decrease in Investments	(1,847)	(816)
(Increase)/Decrease in Current Assets	(11,484)	8,856
Increase / (Decrease) in Growth Centre, Central Subsidy and other Central Funds	(62,926)	(4,72,953)
<b>Net Increase in cash &amp; cash equivalent from</b>	<b>(46,422)</b>	<b>(4,36,517)</b>



## Cash Flow Statement (contd.....)

<b>Nodal Agency activity</b>		
<b>Net increase in cash and cash equivalents</b>	<b>82,966</b>	<b>(5,54,553)</b>
<b>Cash and cash equivalents at beginning of period</b>		
- Own funds	3,98,948	9,88,516
- Nodal Agency and Implementing Agency funds	2,83,828	2,48,813
<b>Cash and cash equivalents at end of period</b>		
- Own funds	4,63,978	3,98,948
- Nodal Agency and Implementing Agency funds	3,01,764	2,83,828
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	10,873	10,873
Cash and bank balances		
Cash in hand	313	480
Balance at Bank		
-With Scheduled Bank		
(i) In Current Account	3,29,665	2,64,467
(ii) In Fixed Deposits	1,25,000	1,25,000
Balance at Bank (TEDF)		
-With Scheduled Bank		
(i) In Current Account	24,891	6,955
(ii) In Fixed Deposits	2,75,000	2,75,000
	<b>7,65,742</b>	<b>6,82,775</b>

In terms of our report of even date annexed

**For Saraswati & Co.**  
**Chartered Accountants**



**(CA Ashok Kumar Agarwala)**  
Partner

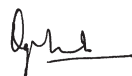
M.No. 53233  
FRN 317097E

Place : Guwahati  
Date : 17<sup>th</sup> June, 2014

For and on behalf of the Board of Directors



**(B.P. Muktieh)**  
Chairman cum Managing Director  
DIN No. 00123561



**(Ugen Tashi)**  
Director  
DIN No. 06898202

Place : Guwahati  
Date : 16<sup>th</sup> June, 2014



**(S.K. Baruah)**  
GM & CS  
DIN No. 03591721

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****Significant Accounting Policies****A. 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. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision in the accounting estimates is recognized prospectively in the current and future period.

**B. 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 and CSR expenses are accounted for on accrual basis.
- iv) The income from Techno Economic Development Fund is accounted on cash basis except interest on fixed deposit which is appropriated to that account resulting in appreciation of fund.

**C. Advances and Provisions thereof**

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.

In the case of loan accounts classified as NPAs, an account may be reclassified as a performing account if it conforms to the guidelines prescribed by the regulators.

A general provision of 0.40% is made against Standard Assets, except in case of Commercial Real Estate, where the provision is made @ 1% and 3.50% is made against restructured standard accounts of the current and previous year.

Advances are stated as Gross Advances without deducting any provisions made on non performing assets. Interest on non performing advances is netted off and not recognized in the profit & loss account until actually received. Provision for standard, sub standard, doubtful and loss assets and floating provisions is included under "Long Term Provisions". Creation of floating provisions are considered by the Corporation as approved by the Board of Directors. Floating provisions are not reversed by credit to Profit & Loss Account and can be used only for contingencies under extraordinary circumstances for making specific provisions in impaired accounts after obtaining Board

approval. Amounts recovered against debts written off in earlier years are recognized as revenue.

#### **D. Prior Period Adjustments**

Prior period items are accounted for and disclosed separately as per generally accepted accounting principles.

#### **E. 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.

#### **F. Investments:**

Classification and valuation of investments are made in accordance with the prudential norms prescribed by RBI. The entire investment portfolio is classified into three categories viz. Held to Maturity, Available for Sale and Held for Trading in line with the guidelines / directions of RBI. Disclosure of the investments under the three categories mentioned above is made as under:

- i. Government Securities
- ii. Other approved securities
- iii. Shares
- iv. Debentures
- v. Subsidiaries / Joint Ventures
- vi. Others

Investments held by the company are under the category "Held to Maturity". The same is valued at lower of the cost or quoted / fair value on an individual scrip 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.

Investments are classified as Performing and Non Performing, based on the guidelines issued by the RBI.

#### **G. 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.

#### **H. Employee Benefits**

The undiscounted amount of short – term employee benefits, such as medical benefits, casual leave, etc. which are expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders the services.



Retirement benefit in the form of Provident Fund is charged to the Profit and Loss Account as an expense in the year to which it relates. The company provides gratuity and leave encashment to all eligible employees, which are defined benefit plans. The Corporation partially makes annual contribution to LIC for gratuity against gratuity policy taken and balance of gratuity amount and full of leave encashment amount is provided based on an independent actuarial valuation carried out annually.

The cost of providing defined benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Actuarial gain / losses are immediately recognized in the statement of profit & loss account and are not deferred.

### **I. Segment Reporting**

The Corporation operates in three segments of business:

1. Lending and Financing Activities
2. Management of Surplus Funds
3. Others

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 is 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.

The revenues reported under “Others” segment consists of segments not classified above.

### **J. Government Grants**

In terms of AS 12 issued by the ICAI, 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 / carried over as Deferred Grant against which expenses and provisions & losses for diminution in value of assets representing the fund / depreciation on assets created out of the grant is charged / recouped.

### **K. 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.

### **L. Earnings per Share**

The company reports basic and diluted earnings per share in accordance with AS 20 – ‘Earnings per Share’ issued by the ICAI. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding for the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding at the year end.

#### M. 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.

### Notes on Financial Statements for the Year ended 31<sup>st</sup> March, 2014

#### Note 1 : SHARE CAPITAL

PARTICULARS	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of shares (₹)		Number of shares (₹)	
<b>(a) Authorised</b>				
Equity shares of ₹10/- each	50,00,00,000	5,00,00,00,000	50,00,00,000	5,00,00,00,000
<b>(b) Issued, Subscribed, Called up &amp; Paid up Capital</b>				
Equity shares of ₹10/- each	10,00,00,007	1,00,00,00,070	10,00,00,007	1,00,00,00,070
<b>TOTAL (₹)</b>	<b>10,00,00,007</b>	<b>1,00,00,00,070</b>	<b>10,00,00,007</b>	<b>1,00,00,00,070</b>

- 1.1 The Company has issued only one class of Equity Shares having at par value of ₹10 per share.
- 1.2 No shares out of the issued, subscribed and paid up capital were allotted without payment being received in cash.
- 1.3 There has been no movement in equity shares during the last 5 years.
- 1.4 The details of shareholders holding shares more than 5% of the total share holding is as under:

Name of the Shareholder	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Number of shares	% held	Number of shares	% held
IDBI Bank Limited	2,50,00,002	25%	2,50,00,002	25%
Life Insurance Corporation of India	1,50,00,001	15%	1,50,00,001	15%
State Bank of India	1,50,00,001	15%	1,50,00,001	15%
Industrial Finance Corporation of India	1,00,00,001	10%	1,00,00,001	10%
ICICI Ltd.	1,00,00,001	10%	1,00,00,001	10%
Small Industries Development Bank of India	1,00,00,000	10%	1,00,00,000	10%
Administrator of Specified Undertaking of Unit Trust of India	1,00,00,001	10%	1,00,00,001	10%

#### Note 2: RESERVES & SURPLUS

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	(₹)	(₹)
<b>(a) North East Equity Fund</b>		
Fund balance	7,98,70,500	7,98,70,500
Less : Bad Loans written Off	1,30,60,578	70,58,958
Less : Provision against Soft Loans under NEEDS	74,79,459	1,40,93,135
Closing balance	<b>5,93,30,463</b>	<b>5,87,18,407</b>
<b>(b) Statutory Reserve under RBI Act, 1934</b>		
Opening Balance	58,57,79,775	46,16,87,880
Add: Transferred from P/L Account	12,77,39,536	12,40,91,895
Closing balance	<b>71,35,19,311</b>	<b>58,57,79,775</b>

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	(₹)	(₹)
<b>(c) Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961</b>		
Opening Balance	36,36,32,925	25,67,34,772
Add: Transferred from P/L Account	12,24,08,802	10,68,98,153
Closing balance	<b>48,60,41,727</b>	<b>36,36,32,925</b>
<b>(d) Venture Capital Fund: *</b>		
Fund Balance	7,00,00,000	7,00,00,000
Add: Transferred from General Reserve	4,08,68,594	3,80,96,174
Closing balance	<b>11,08,68,594</b>	<b>10,80,96,174</b>
<b>(e) General reserve</b>		
Opening balance	2,67,90,92,201	2,38,24,02,396
Add: Transferred from surplus in Statement of Profit and Loss	31,00,00,000	30,00,00,000
Less: Utilised / transferred during the year for:		
Others : Transferred to Venture Capital Fund	27,72,420	33,10,195
Closing balance	<b>2,98,63,19,781</b>	<b>2,67,90,92,201</b>
<b>(f) India Exposition Mart Stalls</b>		
Opening balance	2,05,56,904	2,14,57,339
Add: Additions / transfers during the year	-	-
Less: Utilisations / transfers during the year	8,55,413	9,00,435
Closing Balance	<b>1,97,01,491</b>	<b>2,05,56,904</b>
<b>(g) Techno Economic Development Fund</b>		
Opening balance	33,41,69,633	30,57,74,051
Add: Additions / transfers during the year	3,20,12,073	2,84,60,248
Less: Utilisations / transfers during the year	21,45,597	64,666
Closing Balance	<b>36,40,36,109</b>	<b>33,41,69,633</b>
<b>(h) CSR Reserve **</b>		
Opening balance	2,68,16,162	1,63,37,493
Add: Additions / transfers during the year	-	1,04,78,669
Less: Utilisations / transfers during the year	1,09,30,005	-
	<b>1,58,86,157</b>	<b>2,68,16,162</b>
<b>(i) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	43,95,449	67,60,448
Add: Profit / (Loss) for the year	63,86,97,635	62,04,59,468
Amounts transferred from:		
General reserve	-	
Other reserves (CSR Reserve)	1,09,30,005	



Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	(₹)	(₹)
Less: Interim dividend	-	-
Dividends proposed to be distributed to equity shareholders (₹ per share)	8,00,00,000	7,00,00,000
Tax on dividend	1,35,96,000	1,13,55,750
Transferred to:		
CSR Reserve	-	1,04,78,669
General reserve	31,00,00,000	30,00,00,000
Statutory Reserve under RBI Act,1934	12,77,39,536	12,40,91,895
Special Reserve created and maintained		
u/s 36(1)(viii) of the Income Tax Act, 1961	12,24,08,802	10,68,98,153
Closing Balance	<b>2,78,751</b>	<b>43,95,449</b>
<b>Total(₹)</b>	<b>4,75,59,82,384</b>	<b>4,18,12,57,630</b>

\* On the advice of Principal Director of Commercial Audit (C & AG), the interest on unutilised amount for the current FY has been transferred from General Reserve to the fund (average interest rate net of income tax). The utilisation of the Fund towards investments are shown under Non Current Investments

\*\* A sum of ₹ 10930005/- has been transferred from CSR Reserve to Profit & Loss Account as the same is no longer required since CSR obligation to that extent is met.

### NOTE 3: LONG TERM BORROWINGS

BORROWED FROM	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	REMARK
	₹	₹	
<b>Secured</b>			
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (1st Loan)	2,89,28,582	5,74,99,998	1. Secured against FD of ₹12.50 Crore.
			2. Repayable in 17 quarterly instalments starting from September, 2012.
	<b>2,89,28,582</b>	<b>5,74,99,998</b>	
<b>Unsecured</b>			
Interest free loan from Govt. of India	5,29,11,00,000	4,69,11,00,000	1. Repayable after 15 years as per instalment received.
			2. First instalment due in FY 2017-18.
Loan from National Scheduled Castes Finance & Development Corporation (NSCFDC)	1,40,00,000	-	1. Repayable in 10 quarterly instalments starting from September, 2014.

BORROWED FROM	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	REMARK
	₹	₹	
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (2nd Loan)	6,07,14,305	8,57,14,303	1. Repayable in 16 quarterly instalments starting from December, 2013.
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (3rd Loan)	8,30,00,005	-	1. Repayable in 17 quarterly instalments starting from September, 2014.
Loan From Small Industries Development Bank of India (SIDBI)**	35,25,50,175	44,86,23,170	1. Repayable in 19 quarterly instalments starting from September, 2013.
	<b>5,80,13,64,485</b>	<b>5,22,54,37,473</b>	
<b>Total</b>	<b>5,83,02,93,067</b>	<b>5,28,29,37,471</b>	
* Loan from NBCFDC was ₹ 30 Crore taken on various occasions, out of which ₹5.32 Crore has already been repaid. The instalments due within 12 months has been shown under 'Other Current Liabilities' and the balance has been shown above.			
** Loan from SIDBI is ₹ 50 Crore. The instalments due within 12 months has been shown under 'Other Current Liabilities' and the balance has been shown above.			
*** There is no default in repayment of any of the aforesaid loan and interest thereof.			

**NOTE 4 : DEFERRED TAX LIABILITY (Net)**

	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>Deferred Tax Liability</b>		
Relating to Fixed Assets	62,05,542	47,26,500
Relating to Special Reserve	16,52,05,584	11,79,80,703
Total	<b>17,14,11,126</b>	<b>12,27,07,203</b>

**NOTE 5 : LONG TERM PROVISIONS**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>A. Provision for employee benefits</b>		
Provision for Leave Encashment	4,19,31,738	3,86,55,534
Provision for Gratuity	41,54,483	72,54,019
	<b>4,60,86,221</b>	<b>4,59,09,553</b>
<b>B. Others</b>		
Provision for Standard Assets	8,40,91,275	4,24,68,238
Floating Provision against Advances	2,00,00,000	2,00,00,000
Provision for Rent/Electricity Charges Receivable	-	47,36,073

Provision Against Sub Standard Assets	4,84,04,050	8,61,30,964
Provision Against Doubtful Assets	26,01,22,274	19,79,43,936
Provision Against Loss Assets	2,16,33,793	10,83,75,019
	<b>43,42,51,392</b>	<b>45,96,54,230</b>
<b>Total</b>	<b>48,03,37,613</b>	<b>50,55,63,783</b>

#### NOTE 6 : TRADE PAYABLE

North Eastern Development Finance Corporation Limited is a Financial Institution. Hence, there is no trade payable.

#### NOTE 7: OTHER CURRENT LIABILITIES

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
Sundry creditors (for expenses)	2,60,47,050	89,02,105
Sundry creditors (for capital expenditure)	8,88,429	12,47,777
Current maturities of Long Term Loan (NBCFDC)	7,41,42,827	4,28,57,130
Current maturities of Long Term Loan (NSCFDC)	60,00,000	-
Current maturities of Long Term Loan (SIDBI)	9,60,72,995	5,13,76,830
Other liabilities	1,55,92,118	1,77,85,090
MEFC- R & D Training Fund	16,28,187	16,28,187
Interest payable on Loans	41,14,105	30,50,085
Undisbursed Central Subsidies	1,05,42,306	7,34,67,870
Security Deposit	1,02,48,592	91,50,616
NE Trade Expo	43,768	43,768
<b>Total</b>	<b>24,53,20,377</b>	<b>20,95,09,458</b>

#### NOTE 8: SHORT TERM PROVISION

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>A. Provision for Employee Benefits</b>		
Provision for Leave Travel Concession / Allowance	55,00,000	-
Provision for Leave Encashment	62,76,839	54,54,075
Provision for Gratuity	38,85,762	32,33,321
	<b>1,56,62,601</b>	<b>86,87,396</b>
<b>B. Others</b>		
Proposed Dividend	8,00,00,000	7,00,00,000
Additional Tax on Dividend	1,35,96,000	1,13,55,750
Provision for Income Tax	31,20,00,000	27,20,00,000
	<b>40,55,96,000</b>	<b>35,33,55,750</b>
<b>Total</b>	<b>42,12,58,601</b>	<b>36,20,43,146</b>



**Note 9 : FIXED ASSETS**

Particulars	GROSS BLOCK			Depreciation / Amortisation				NET BLOCK		
	As at 31 <sup>st</sup> Mar, 2013 ₹	Additions ₹	Disposals ₹	As at 31 <sup>st</sup> Mar, 2014 ₹	As at 31 <sup>st</sup> Mar, 2013 ₹	For the Year ₹	Eliminated on disposal ₹	Upto 31 <sup>st</sup> Mar, 2014 ₹	As at 31 <sup>st</sup> Mar, 2014 ₹	As at 31 <sup>st</sup> Mar, 2013 ₹
<b>Tangible Assets</b>										
Freehold Land	1,69,69,592	0	0	1,69,69,592	0	0	0	0	1,69,69,592	1,69,69,592
Building*	19,27,76,520	0	0	19,27,76,520	2,36,98,527	84,53,900	0	3,21,52,427	16,06,24,093	16,90,77,993
RCC Bridge	15,78,377	0	0	15,78,377	2,01,505	68,844	0	2,70,349	13,08,028	13,76,872
Air Conditioning System	3,65,62,942	57,10,975	0	4,22,73,917	95,85,380	40,63,808	0	1,36,49,188	2,86,24,729	2,69,77,562
Electrical Installation	2,64,12,736	0	0	2,64,12,736	87,58,266	24,57,100	0	1,12,15,366	1,51,97,370	1,76,54,470
Fire Alarm System	36,73,341	0	0	36,73,341	12,04,006	3,43,484	0	15,47,490	21,25,851	24,69,335
Lift	79,56,378	0	0	79,56,378	26,07,852	7,43,980	0	33,51,832	46,04,546	53,48,526
Machineries	71,52,955	3,06,500	0	74,59,455	49,76,675	3,22,772	0	52,99,447	21,60,008	21,76,280
UPS System	14,90,229	0	0	14,90,229	4,61,091	1,43,153	0	6,04,244	8,85,985	10,29,138
Water Installation System	15,88,014	0	0	15,88,014	5,20,500	1,48,491	0	6,68,991	9,19,023	10,67,514
Furniture & Fixture	92,19,362	6,79,690	55,127	98,43,925	72,27,019	4,12,419	44,502	75,94,936	22,48,990	19,92,344
Interior Furnishing & Fittings	6,87,15,031	0	0	6,87,15,031	2,79,75,635	73,73,831	0	3,53,49,466	3,33,65,565	4,07,39,396
Vehicle	14,62,224	0	0	14,62,224	6,61,405	2,07,332	0	8,68,737	5,93,487	8,00,819
Office Equipments	44,57,164	3,85,733	8,097	48,34,800	22,50,407	3,21,425	0	25,71,832	22,62,968	22,06,757
Computers	1,43,84,112	1,01,440	0	1,44,85,552	1,24,43,375	8,02,644	0	1,32,46,019	12,39,533	19,40,737
<b>Total:</b>	<b>39,43,98,977</b>	<b>71,84,338</b>	<b>63,224</b>	<b>40,15,20,091</b>	<b>10,25,71,643</b>	<b>2,58,63,183</b>	<b>44,502</b>	<b>12,83,90,324</b>	<b>27,31,29,767</b>	<b>29,18,27,334</b>
Figures for the previous year	37,66,65,248	1,79,76,157	2,42,428	39,43,98,977	7,48,52,221	2,78,85,621	1,66,199	10,25,71,643	29,18,27,334	30,18,13,027

\* Building includes ₹199,51,364/- (previous year ₹199,51,364/-) towards Permanent Stalls at India Exposition Mart, Noida, acquired out of grant received from the North Eastern Council, Shillong. As per AS-12, the asset has been taken at cost in the books and the corresponding depreciation is charged to the fund every year.

#### NOTE 10 : CAPITAL WORK IN PROGRESS

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	₹		₹	
Interior Works at 3 <sup>rd</sup> Floor of Head Office		1,68,35,384		-
Air Conditioning works at Office Building		-		40,31,250
<b>Total</b>		<b>1,68,35,384</b>		<b>40,31,250</b>

#### Note 11 :NON CURRENT INVESTMENTS

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	₹		₹	
<b>Other Investments</b>				
<b>Investments in Equity Instruments</b>				
<b>Quoted</b>				
<b>Premier Cryogenics Ltd.</b>				
Quoted at Cost (Fair value ₹10,790,000/- Not traded -2013-14)				
(2,00,000 shares of 10/- each)		20,00,000		20,00,000
<b>Total (A)</b>		<b>20,00,000</b>		<b>20,00,000</b>
<b>Unquoted</b>				
<b>Gauhati Neurological Research Centre Ltd.</b>		25,00,000		25,00,000
(Unquoted at cost 250,000 shares @ 10/- per share, fair value ₹9,300,000/-)				
<b>Konoklota Mahila Urban Co-Op Bank Ltd.</b>		5,00,000		5,00,000
(Unquoted at cost 5,000 shares @ 100/- per share, fair value ₹985,100/-)				
<b>Exotic Juices Ltd.</b> (formerly: Good Samaritan Social Service Association)				
(Unquoted at cost 100,000 shares @ 10/- per share)	-		10,00,000	
Less: Provision for diminution in value of investments	-		- 10,00,000	-
<b>DSS eContact Ltd.</b>				
(Unquoted 660,000 Equity Shares of 10/- per share)	-		66,00,000	
Less : Provision for diminution in value of investments	-		- 66,00,000	-
<b>RGVN (North East) Microfinance Ltd.</b>				
(Unquoted at cost 3,00,000 Equity Shares @ 10/- per share, fair value ₹47,100,000/-)		3,00,00,000		3,00,00,000
<b>Nightingale Finvest Pvt. Ltd.</b>				
(Unquoted 50,000 Equity Shares of 100/- per share, fair value N.A.)		50,00,000		-
<b>YVU Financial Services Pvt. Ltd.</b>				
(Unquoted 50,000 Equity Shares of 100/- per share, fair value N.A.)		50,00,000		-
<b>Total (B)</b>		<b>4,30,00,000</b>		<b>3,30,00,000</b>
<b>TOTAL (A+B)</b>		<b>4,50,00,000</b>		<b>3,50,00,000</b>

	Amount (₹)	Market Value (₹)	Amount (₹)	Market Value (₹)
Aggregate amount of quoted investments and market value thereof	20,00,000	1,07,90,000	20,00,000	99,02,000
Aggregate amount of unquoted investments	4,30,00,000	NA	4,06,00,000	NA
Aggregate provision for diminution in value of investments	-	-	76,00,000	-

In respect of shares / scrips / bonds quoted in recognised stock exchange, latest quotation nearest to the balance sheet date is taken to ascertain the market value. Where the scrip is not traded 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 as per the latest Balance Sheet. In case of investments in mutual funds, fair value is taken as the declared NAV of the said scheme / fund, nearest to the balance sheet date.

**NOTE 12: LONG TERM LOANS AND ADVANCES**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>Capital Advances</b>		
Advance for Office Space at Agartala, Tripura		
Secured (Considered Good)		
Unsecured (Considered Good)	1,04,64,633	-
Doubtful		
<b>Trade Loans &amp; Advances</b>		
Term Loans		
Secured (Considered Good)	8,91,79,69,573	7,76,76,24,613
Unsecured (Considered Good)	1,50,11,26,386	1,58,72,30,903
Doubtful	69,66,70,816	71,59,25,728
Soft Loan under NEEDS		
Secured (Considered Good)	78,50,695	1,61,40,097
Unsecured (Considered Good)		
Doubtful	89,61,258	1,55,87,592
<b>TOTAL(₹)</b>	<b>11,14,30,43,361</b>	<b>10,10,25,08,933</b>

**NOTE 12.1: LOAN PORTFOLIO CLASSIFICATION AND PROVISIONING\***

Category	2013-14		2012-13	
	Loan Outstanding	Provisioning	Loan Outstanding	Provisioning
	₹	₹	₹	₹
Standard	10,426,946,654	8,40,91,277	9,37,09,95,583	4,24,68,240
Sub Standard	19,36,16,196	4,84,04,049	34,45,23,850	8,61,30,963
Doubtful	49,03,82,085	26,01,22,274	27,86,14,481	19,79,43,936
Loss	2,16,33,793	2,16,33,793	10,83,75,019	10,83,75,019
<b>Total</b>	<b>11,132,578,728</b>	<b>41,42,51,393</b>	<b>10,102,508,933</b>	<b>43,49,18,158</b>

\* The Loans & Advances are gross advances and the amount of provisions as shown above against the same is shown as Long Term Provisions.

**NOTE 13: OTHER NON CURRENT ASSETS**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
Security Deposit		
Secured (Considered Good)	-	-
Unsecured (Considered Good)	19,97,649	17,05,649
Doubtful	-	-
<b>Total</b>	<b>19,97,649</b>	<b>17,05,649</b>

**NOTE 14: CURRENT INVESTMENT**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>Investment in Mutual Funds:</b>		
HDFC Mutual Fund - Short Term Opportunities Fund (710,137.6089 units, Value as on 31.03.2014 ₹9,824,967/-)	90,00,000	90,00,000
UTI Mutual Fund - Treasury Advantage Fund (TEDF) (1226.4093 units, Value as on 31.03.2014 ₹2,132,745/-)	18,73,310	18,73,310
UTI Mutual Fund - Fixed Maturity Plan (TEDF) (655879.6329 units, Value as on 31.03.2014 ₹11,687,709/-)	1,09,45,254	1,00,00,000



Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
UTI Mutual Fund - Fixed Term Income Plan (TEDF) (1,500,000 units, Value as on 31.03.2014 ₹15,234,300/-)	1,50,00,000	1,50,00,000
UTI Mutual Fund - Fixed Term Income Fund (TEDF) (907427.9960 units, Value as on 31.03.2014 ₹10,644,268/-)	99,76,445	90,74,280
UTI Mutual Fund - Fixed Term Income Fund (TEDF) (907427.9960 units, Value as on 31.03.2014 ₹10,624,800/-)	1,00,00,000	-
SBI Mutual Fund - SDFS 367 Days (TEDF) (1,000,000 units, Value as on 31.03.2013 ₹10,608,100/-)	-	1,00,00,000
<b>Total</b>	<b>5,67,95,009</b>	<b>5,49,47,590</b>

**NOTE 15 :CASH AND BANK BALANCES**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>Cash and Cash Equivalents</b>		
<b>Balance at Bank</b>		
-With Scheduled Bank		
(i) In Current Account	32,96,65,081	26,44,67,601
(ii) In Fixed Deposits	-	-
	32,96,65,081	26,44,67,601
<b>Balance at Bank (TEDF)</b>		
-With Scheduled Bank		
(i) In Current Account	98,91,271	69,54,646
(ii) In Fixed Deposits	1,50,00,000	7,00,00,000
	2,48,91,271	7,69,54,646
<b>Cash in hand</b>	3,12,912	4,80,194
<b>Other Bank Balances</b>		
In Fixed Deposits pledged as Security against borrowing from NBCFDC	12,50,00,000	12,50,00,000
In Fixed Deposits with maturity more than 3 months	-	-
In Fixed Deposits with maturity more than 3 months (TEDF)	17,50,00,000	12,00,00,000
In Fixed Deposits with maturity more than 12 months (TEDF)	10,00,00,000	8,50,00,000
	40,00,00,000	33,00,00,000
<b>Total</b>	<b>75,48,69,265</b>	<b>67,19,02,441</b>

**NOTE 16: SHORT TERM LOAN AND ADVANCES**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>Advance to Others</b>		
Secured (Considered Good)		
Unsecured (Considered Good)	2,38,126	5,73,995
Doubtful		
<b>Advance to Staff</b>		
Secured (Considered Good)		
Unsecured (Considered Good)	7,21,016	5,84,327
Doubtful		
<b>Loan to Staff</b>		
Secured (Considered Good)	9,12,25,443	8,32,28,829
Unsecured (Considered Good)		

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
Doubtful		
<b>Total</b>	<b>9,21,84,585</b>	<b>8,43,87,151</b>

**NOTE 17: OTHER CURRENT ASSETS**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>A. Interest</b>		
Interest Receivable (Loan)	12,19,59,478	11,17,95,667
Interest Receivable on Fixed Deposits	3,25,58,260	1,95,10,991
Interest Receivable on Fixed Deposits(TEDF)	2,15,33,460	1,00,49,366
Interest Receivable (Staff)	88,57,135	73,39,439
<b>B. Others</b>		
Advance Income Tax	29,75,00,000	22,48,00,000
TDS Receivable	92,28,145	1,02,49,273
Income Tax Refundable	2,11,98,316	2,11,98,316
Other Receivables	76,66,293	77,82,159
Rent / Electricity charges receivable (Recoverable in cash or in kind or for value to be received -considered good/doubtful)	2,47,131	49,83,204
<b>Total</b>	<b>52,07,48,218</b>	<b>41,77,08,415</b>

**NOTE 18: REVENUE FROM OPERATIONS**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>A. INTEREST</b>		
Interest on loans	1,22,67,85,784	1,07,65,46,968
Interest on Fixed Deposits and Bonds	3,18,18,836	4,77,88,697
	1,25,86,04,620	1,12,43,35,665
<b>B. OTHER FINANCIAL SERVICES</b>		
Consultancy Fees	1,08,13,007	43,55,528
Upfront Fees	2,97,41,360	2,86,62,260
Prepayment Charges	57,46,269	-
	4,63,00,636	3,30,17,788
<b>Total</b>	<b>1,30,49,05,256</b>	<b>1,15,73,53,453</b>

**NOTE 19: OTHER INCOME**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
Net gain from sale of Investments (other than trade investments)	3,76,02,852	2,65,61,683
Dividend	2,00,000	2,00,000
Other Non Operating Income		
Miscellaneous Receipts	38,90,848	36,37,791
Interest on Income Tax Refund	-	17,38,890
Rental Income	2,14,13,953	2,04,89,220
Maintenance Charges	89,11,426	85,32,180
Hall Charges	43,98,297	30,08,859
Bad Loans & Advances Recovered	1,10,09,308	1,09,77,605
<b>Total</b>	<b>8,74,26,684</b>	<b>7,51,46,228</b>

## NOTE 20: EMPLOYEES BENEFIT EXPENSES

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
Salaries (Director)	25,12,920	22,18,080
Salaries(Others)	10,80,84,223	9,30,53,527
Employer's Provident Fund	73,98,153	92,33,410
Medical Reimbursement	26,31,802	28,77,331
Recruitment expenses	4,53,267	1,49,971
Leave Travel Concession / Allowance	67,48,775	8,02,257
House Rent	5,87,049	5,05,522
Leave Encashment	71,51,105	1,16,85,172
Gratuity	(388840)	41,45,600
Staff welfare	57,29,282	49,59,572
<b>Total</b>	<b>14,09,07,736</b>	<b>12,96,30,442</b>

**Note 20.1:** The following table sets out the status of the defined benefit Gratuity and Leave Encashment Plan as per AS - 15:

Particulars	Gratuity		Leave Encashment	
	Current Year (₹)	Previous Year (₹)	Current Year (₹)	Previous Year (₹)
<b><i>i. Change in the present value of the defined benefit obligation</i></b>				
Opening benefit obligation	2,24,57,036	1,74,77,229	4,41,09,609	3,35,98,536
Current Interest Cost	18,19,020	15,03,042	35,72,878	28,89,474
Past Service Cost	-	-	-	-
Current Service Cost	31,19,904	38,88,421	42,67,151	48,14,388
Benefit Paid	(10,56,593)	-	(33,40,036)	(13,22,083)
Actuarial (Gain) / Loss	(42,42,589)	(4,11,656)	(4,01,025)	41,29,294
Closing benefit obligation	2,20,96,778	2,24,57,036	4,82,08,577	4,41,09,609
<b><i>ii. Change in Plan Assets</i></b>				
Opening Fair Value of Plan Assets	1,19,69,696	78,00,326	-	-
Expected Return on Plan Assets	10,95,227	9,06,752	-	-
Contribution	9,82,713	32,62,618	-	-
Benefit paid	-	-	-	-
Actuarial Gain / (Loss)	8897	-	-	-
Closing Fair Value of Plan Assets	1,40,56,533	1,19,69,696	-	-
<b><i>iii. Reconciliation of present value of obligation and fair value of plan assets</i></b>				
Closing present value of obligation	2,20,96,778	2,24,57,036	4,82,08,577	4,41,09,609
Closing fair value of plan assets	1,40,56,533	1,19,69,696	-	-
Deficit / (surplus)	(80,40,245)	(1,04,87,340)	(4,82,08,577)	(4,41,09,609)
Net Liability / (Asset)	80,40,245	1,04,87,340	4,82,08,577	4,41,09,609
Net Liability recognised in Balance Sheet	80,40,245	1,04,87,340	4,82,08,577	4,41,09,609
<b><i>iv. Net Cost recognized in Profit &amp; Loss Account</i></b>				
Current Service cost	31,19,904	38,88,421	42,67,151	48,14,388
Past Service cost	-	-	-	-
Interest Cost	18,19,020	15,03,042	35,72,878	28,89,474
Expected return on plan assets	(10,95,227)	(9,06,752)	-	-

Net Actuarial (Gain) / Loss recognized	(42,51,486)	(4,11,656)	(4,01,025)	41,29,294
Expenses recognized in Profit & Loss Account	(4,07,789)	40,73,055	74,39,004	1,18,33,156
<b>v. Reconciliation of opening and closing net liability recognized in Balance Sheet</b>				
Opening Net Liability	1,04,87,340	96,76,903	4,41,09,609	3,35,98,536
Expenses recognized in Profit & Loss Account	(4,07,789)	40,73,055	74,39,004	1,18,33,156
Benefit paid by Corporation	(10,56,593)	-	(33,40,036)	(13,22,083)
Contribution paid	(9,82,713)	(32,62,618)	-	-
Closing Net Liability	80,40,245	1,04,87,340	4,82,08,577	4,41,09,609

**vi. Investments under Plan Assets of Gratuity and Leave Encashment as on 31st March, 2014 are as under:**

Category of Plan Assets	Gratuity	Leave Encashment
	% of Plan Assets	% of Plan Assets
Funds managed by LIC	100%	-

**vii. Principal Actuarial Assumptions**

Particulars	Gratuity		Leave Encashment	
	Current Year (₹)	Previous Year (₹)	Current Year (₹)	Previous Year (₹)
Discount Rate	9.10%	8.10%	9.10%	8.10%
Rate of increase in compensation levels	15.00%	15.00%	15.00%	15.00%
Rate of return on Plan Assets	8.75%	9.15%	-	-

The estimates of future salary growth, factored in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. Such estimates are very long term and are not based on limited past experience / immediate future. Empirical evidence also suggests that in very long term, consistent high salary growth rates are not possible, which has been relied upon by the auditors.

The employees of the Corporation are covered by Provident Fund to which the Corporation makes a defined contribution measured as a fixed percentage of basic salary. The Provident Fund plan is administered by the Regional Provident Fund. As such, there does not arise any interest shortfall. During the year an amount of ₹73.98 Lac (Previous Year ₹92.33 Lac) has been charged to Profit & Loss Account.

**NOTE 21: OTHER EXPENSES**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>A. Administrative &amp; Other Expenses</b>		
Advertisement Expenses	8,24,925	4,05,395
Audit Expenses	5,41,959	3,40,269
Bank charges	27,835	48,870
BOD Meeting expenses	18,22,265	11,26,778
Books & Periodicals	2,26,811	2,31,265
Business Promotion	8,46,100	11,63,525
Car hire expenses	43,38,816	46,11,816
Consultancy expenses	33,66,659	20,12,961
Conveyance	4,02,489	2,74,736
Databank Expenses	20,650	-



Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
Electricity Charges & Electrical Expenses	61,20,840	55,76,410
Filing Fees	17,546	8,467
Haat Expenses (net)	(3,58,192)	4,11,965
Honararium	40,000	11,452
India Exposition Mart Expenses	(76,337)	6,66,385
Insurance charges	3,58,940	3,55,502
Legal & professional fees	47,29,729	35,41,338
Licence & Registration fees	14,97,802	11,63,861
Loss on sale / disposal of assets	10,619	21,153
Misc expenses	7,023	2,14,520
Printing & Stationery	26,24,779	27,87,047
Rent (Premises)	33,20,364	30,65,432
Repairs & Maintenance (Machine)	21,68,597	17,13,055
Repairs & Maintenance (Security Service Charges & Others)	1,11,80,545	98,42,106
R & D Expenses (net)	44,83,073	34,04,704
Seminar & Conference expenses	4,67,105	4,91,684
Skill & Market Development Expenses	2,46,26,187	1,26,39,245
Software Maintenance Charges	4,09,319	-
Service Tax Paid	93,070	5,19,655
Telephone charges & Postage	24,82,727	22,63,840
Training expenses	7,12,627	13,46,029
Travelling expenses(Director)	3,18,936	4,31,898
Travelling expenses(Others)	50,28,911	44,39,257
Internal Audit fees	1,00,000	1,12,360
<b>Auditors' Remuneration:</b>		
Tax Audit Fees	20,000	22,472
Statutory Audit Fees	1,10,000	1,23,596
<b>Total (A)</b>	<b>8,29,12,719</b>	<b>6,53,89,048</b>
<b>B. Provisions and Write Off</b>	8,85,17,313	6,61,30,988
<b>Total (B)</b>	<b>8,85,17,313</b>	<b>6,61,30,988</b>
<b>Total (A+B)</b>	<b>17,14,30,032</b>	<b>13,15,20,036</b>

**NOTE 21.1: Provisions and Write Offs**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>Provisions</b>		
Provision on Non Performing Assets	(1,40,53,089)	6,49,68,456
Provision on Rent / Electricity Charges	(47,36,073)	-
Provision on Equity Investments	(76,00,000)	-
<b>Write Offs</b>		
Equity Investments	76,00,000	-
Rent / Electricity Charges Receivable	47,36,073	-
Bad Loans & Advances	10,25,70,402	11,62,532
<b>Total</b>	<b>8,85,17,313</b>	<b>6,61,30,988</b>

**NOTE 22: FINANCE COST**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
<b>INTEREST</b>		
Interest on Loan		
- NBCFDC	30,86,825	15,99,888
- NSCFDC	26,301	-
- SIDBI	5,05,50,049	2,93,27,846
<b>Total</b>	<b>5,36,63,175</b>	<b>3,09,27,734</b>

**NOTE 23: EARNINGS PER SHARE (EPS)**

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
	₹	₹
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	63,86,97,635	62,04,59,468
No. of Equity shares used as denominator for calculating EPS	10,00,00,007	10,00,00,007
Basic and Diluted Earnings Per Share	6.39	6.20
Face Value per Equity Share	10	10

**Note 24: RELATED PARTY DISCLOSURES**

As per AS – 18, the disclosures of transactions with the related parties are given below:

The Corporation does not have any related party, save and except Sri Bulu Paul Muktieh, Chairman and Managing Director, as key managerial personnel, to whom a sum of ₹28,41,865/- (previous year: ₹25,37,544/-) was paid as remuneration.

**Note 25: CONTINGENT LIABILITIES AND COMMITMENTS**

- a. The Service Tax authorities have raised a demand of ₹2,032,677/- towards alleged short payment of Service Tax, alleged excess credit of cenvat, penalties / Interest thereon, etc. The Corporation has already filed its reply to the Show Cause Notice issued and it is in the hearing stage. After interpretation of the relevant Act and rules thereon, the Corporation is of the view that the demand is based on wrong facts and figures and is likely to be deleted, and accordingly no provision has been made.
- b. Claims against the Corporation not acknowledged as debt since the Corporation does not expect the outcome of the claims to have material adverse effect:
  - i. The Corporation has been made a party in claims made by third parties relating to Government subsidies of which the Corporation is a disbursing agency on behalf of the Government. Hence, even if any liability arises, the same will be met from the Government funds and will not have any impact on the income of the Corporation.
- c. Although the Corporation sanctions financial assistance in the form of loans to the entrepreneurs the same is disbursed in a phased manner depending on various factors viz. promoters' contribution, etc. Hence, as a result the Corporation has a commitment towards undisbursed financial assistance amounting to ₹347.18 Crore, which shall be disbursed in due course, subject to compliance of requisite formalities.
- d. The DIPP had raised a demand of ₹8.77 Crore towards refund of interest earned on unspent central subsidy funds received. The DIPP had taken a decision on March 22, 2000 to allow the Corporation to earn interest out of the unspent funds as no service charge was being paid to the Corporation. Hence, the refund of interest earned was against the decision of DIPP taken on March 22, 2000. The matter is under consideration by the DIPP. If any interest needs to be paid, in that case, the Corporation will be entitled to receive service charges retrospectively, which will be higher than the interest refundable to the DIPP. Hence, no provision has been made in the books of accounts of the Corporation.

**Note 26:** 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.

**Note 27:** Special Reserve has been created and maintained in terms of section 36 (1) (viii) of the Income Tax Act, 1961.

**Note 28:** Previous year figures have been regrouped / rearranged / reclassified, wherever necessary.

**Note 29:** The Provisioning Coverage Ratio of the Corporation is 49.62%.

**Note 30: SEGMENT REPORTING**

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

(₹ in Crore)

1.	<b>Segment Revenue</b>	<b>2013 - 14</b>	<b>2012 - 13</b>
	Lending and Financing Activities	127.33	111.62
	Management of Surplus Funds	6.96	7.46
	Others	1.08	0.44
	<b>Total</b>	<b>135.37</b>	<b>119.52</b>
2.	<b>Segments Results</b>		
	Lending and Financing Activities	88.57	79.91
	Management of Surplus Funds	6.96	7.46
	Others	0.74	0.23
	<b>Total</b>	<b>96.27</b>	<b>87.60</b>
	Unallocated Income	3.86	3.74
	Unallocated Expenses	0.00	0.00
3.	<b>Operating Profit</b>	<b>100.13</b>	<b>91.34</b>
	Income Tax	36.26	29.30
4.	<b>Net Profit</b>	<b>63.87</b>	<b>62.04</b>
5.	<b>Other Information</b>		
	<b>Segment Assets</b>		
	Lending and Financing Activities	1113.26	1010.25
	Others	0.28	0.41
	Management of Surplus Funds	53.07	79.87
	<b>Total</b>	<b>1166.61</b>	<b>1090.53</b>
	Unallocated Assets	123.85	75.87
	<b>Total</b>	<b>1290.46</b>	<b>1166.40</b>
	<b>Segment Liabilities</b>		
	Lending and Financing Activities	680.47	583.98
	Management of Surplus Funds	0.00	0.00
	Others	0.00	0.00
	Unallocated Liabilities	91.37	114.39
	<b>Total</b>	<b>771.84</b>	<b>698.37</b>
	<b>Net Capital Employed</b>	<b>518.62</b>	<b>468.03</b>

**Note 31:** Additional information is disclosed in terms of RBI guidelines vide DBS. FID No.c-

18/01.02.2000-01 issued on 23.03.2001.

(₹ in Crore)

<b>A</b>	<b>Capital</b>																						
a)	CRAR CORE CRAR & Supplementary CRAR	46.35%																					
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 : ₹1118.80 Off the Balance Sheet : Nil																					
d)	The Shareholding pattern as on 31.03.2014	<table> <thead> <tr> <th colspan="3">Equity shares:</th> </tr> <tr> <th>No of Shares</th> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>FI's</td> <td>55,000,004</td> <td>55</td> </tr> <tr> <td>Bank</td> <td>15,000,001</td> <td>15</td> </tr> <tr> <td>Insurance Co.</td> <td>20,000,001</td> <td>20</td> </tr> <tr> <td>Mutual Fund</td> <td>10,000,001</td> <td>10</td> </tr> <tr> <td><b>Total</b></td> <td><b>10,000,007</b></td> <td><b>100</b></td> </tr> </tbody> </table>	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	<b>Total</b>	<b>10,000,007</b>	<b>100</b>
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																					
<b>Total</b>	<b>10,000,007</b>	<b>100</b>																					
<b>B</b>	<b>Asset quality and credit concentration</b>																						
e)	Percentage of net NPA's to net loans & advances, (floating provisions of ₹2 Crore has not been netted from Gross NPA to arrive at net NPA)	3.48%																					
f)	Amount and percentage of net NPA's to net advances under the prescribed asset classification categories,	<table> <thead> <tr> <th>Category</th> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Sub Standard Assets :</td> <td>₹ 14.52</td> <td>1.39</td> </tr> <tr> <td>Doubtful debts :</td> <td>₹ 23.03</td> <td>2.21</td> </tr> <tr> <td>Loss assets :</td> <td>₹ Nil</td> <td></td> </tr> </tbody> </table>	Category		%	Sub Standard Assets :	₹ 14.52	1.39	Doubtful debts :	₹ 23.03	2.21	Loss assets :	₹ Nil										
Category		%																					
Sub Standard Assets :	₹ 14.52	1.39																					
Doubtful debts :	₹ 23.03	2.21																					
Loss assets :	₹ Nil																						
g)	Amount of provisions made during the year towards standard assets, NPA's loans and investments (other than those in the nature of an advance), in income tax.	<table> <tbody> <tr> <td>Standard Assets</td> <td>₹ 4.17</td> </tr> <tr> <td>NPA Loans</td> <td>₹ (-)5.57</td> </tr> <tr> <td>Soft loan Assistance</td> <td>₹ (-)0.66</td> </tr> <tr> <td>Investments</td> <td>₹ Nil</td> </tr> <tr> <td>Income Tax</td> <td>₹ 36.26</td> </tr> </tbody> </table>	Standard Assets	₹ 4.17	NPA Loans	₹ (-)5.57	Soft loan Assistance	₹ (-)0.66	Investments	₹ Nil	Income Tax	₹ 36.26											
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NPA Loans	₹ (-)5.57																						
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Investments	₹ Nil																						
Income Tax	₹ 36.26																						
h)	i) Movement in NPAs (Gross) of loans including soft loans.	<table> <tbody> <tr> <td>Opening Balance:</td> <td>₹ 73.15</td> </tr> <tr> <td>Deletions incl. upgradation</td> <td>₹ 21.95</td> </tr> <tr> <td>Additions during the year</td> <td>₹ 19.36</td> </tr> <tr> <td>Closing Balance</td> <td>₹ 70.56</td> </tr> </tbody> </table>	Opening Balance:	₹ 73.15	Deletions incl. upgradation	₹ 21.95	Additions during the year	₹ 19.36	Closing Balance	₹ 70.56													
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Deletions incl. upgradation	₹ 21.95																						
Additions during the year	₹ 19.36																						
Closing Balance	₹ 70.56																						
	ii) Movement of Provisions for NPAs against loans including soft loan assistance.	<table> <tbody> <tr> <td>Opening Balance</td> <td>₹ 39.24</td> </tr> <tr> <td>Less: write off / waiver / Write back</td> <td>₹ 12.35</td> </tr> <tr> <td>Additions during the year</td> <td>₹ 6.13</td> </tr> <tr> <td>Closing Balance</td> <td>₹ 33.02</td> </tr> </tbody> </table>	Opening Balance	₹ 39.24	Less: write off / waiver / Write back	₹ 12.35	Additions during the year	₹ 6.13	Closing Balance	₹ 33.02													
Opening Balance	₹ 39.24																						
Less: write off / waiver / Write back	₹ 12.35																						
Additions during the year	₹ 6.13																						
Closing Balance	₹ 33.02																						
	ii) Movement of Provisions for Investments	<table> <tbody> <tr> <td>Opening Balance:</td> <td>₹ 0.76</td> </tr> <tr> <td>Additions during the year</td> <td>₹ 0.00</td> </tr> <tr> <td>Write Back</td> <td>₹ 0.76</td> </tr> <tr> <td>Closing Balance</td> <td>₹ 0.00</td> </tr> </tbody> </table>	Opening Balance:	₹ 0.76	Additions during the year	₹ 0.00	Write Back	₹ 0.76	Closing Balance	₹ 0.00													
Opening Balance:	₹ 0.76																						
Additions during the year	₹ 0.00																						
Write Back	₹ 0.76																						
Closing Balance	₹ 0.00																						
i)	Restructured Accounts																						
	Total amount of standard assets which have been subjected to restructuring / rescheduling	₹66.94 Crore																					
	Total sub standard assets which have been subjected to restructuring / rescheduling	₹2.63 Crore																					
	Total doubtful / Loss assets which have been subjected to restructuring / rescheduling	₹ 0.62 Crore																					
	<b>Total</b>	<b>₹70.19 Crore</b>																					



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	5.88		2.36	
	The largest borrower group	10.90		4.38	
	The 10 largest single borrowers				
	No.1	5.88		2.36	
	No.2	5.53		2.22	
	No.3	5.21		2.09	
	No.4	4.30		1.73	
	No.5	4.24		1.70	
	No.6	4.10		1.65	
	No.7	3.89		1.56	
	No.8	3.87		1.56	
No.9	3.52		1.41		
No.10	3.51		1.41		
	The 10 largest borrower groups				
	No.1	10.90		4.38	
	No.2	10.60		4.26	
	No.3	9.40		3.78	
	No.4	8.30		3.34	
	No.5	5.90		2.37	
	No.6	5.53		2.22	
	No.7	4.60		1.85	
	No.8	4.36		1.75	
	No.9	4.30		1.73	
No.10	4.24		1.70		
k)	Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets	1. Iron & Steel	:	11.78	
		2. Micro Finance	:	11.75	
		3. Hotels & Tourism	:	10.69	
		4. Cement	:	9.23	
		5. Real Estate	:	8.68	
<b>C</b>	<b>Liquidity</b>				
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 year	More than 3 years up to 5 years	More than 5 years up to 7 years
	Rupees Asset	0.90	12.50	Nil	Nil
	Total Assets	0.90	12.50	Nil	Nil
	Total Liabilities	17.62	32.10	52.60	30.80
m)	Maturity pattern of foreign currency assets & liabilities	Nil			
<b>D</b>	<b>Operating results</b>				
n)	Interest income as percentage to average working funds	12.06			
o)	Non-interest income as a percentage to average working funds	1.18			
p)	Operating profit as a percentage to average working funds	9.59			
q)	Return on average assets	5.54			
r)	Net profit per employee (₹ In Crores)	0.59			

**Note 32:** 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

(₹ in lakh)

	Particulars		
	<i>Liabilities side:</i>		
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	<u>Amount outstanding</u>	<u>Amount overdue</u>
	(a) Debentures : Secured : Unsecured (other than falling within the meaning of public deposit*)	NIL	NIL
	(b) Deferred Credits		
	(c) Term Loans	7154	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper		
	(f) Other Loans (specify nature) – GOI Loan	52911	NIL
	* Please see Note 1 below		

(₹ in lakh)

	<i>Assets side:</i>	
		Amount outstanding
(2)	Break-up to Loans and Advances including bills receivable other than those included in (4) below] :	
	(a) Secured	96225
	(b) Unsecured	15116
(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	
	a) Assets on hire	NIL
	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	-
	(iii) Units of mutual funds	568
	(iv) Government Securities	
	(v) Others (please specify)	
	2. Unquoted:	
	(i) Shares : (a) Equity	430
	(b) Preference	
	(ii) Debentures and Bonds	
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
		<hr/> 1018

(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		96225	15116	111341
Total		96225	15116	111341

(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)
	(a) Subsidiaries	NIL	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
2. Other than related parties		782	450
Total		782	450

\*\*As per Accounting Standard of ICAI

(7) Other information (₹ in lakh)

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	7056
(ii)	Net Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	3755
(iii)	Assets acquired in satisfaction of debt	

(8) Exposure to Real Estate Sector


(₹ in Crore)

Items	March 31, 2014	March 31, 2013
a) Direct Exposure		
(i) Residential Mortgages [all individual housing loans]	4.79	3.62
(ii) Commercial Real Estate	96.59	83.07
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:		
a) Residential b) Commercial c) Indirect Exposure	Nil	Nil
b) Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
<b>Total Real Estate Exposure</b>	<b>101.38</b>	<b>86.69</b>

In terms of our report of even date annexed

For and on behalf of the Board of Directors

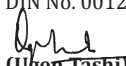
**For Saraswati & Co.**  
Chartered Accountants

  
(CA Ashok Kumar Agarwala)  
Partner

M.No. 53233  
FRN 317097E

Place : Guwahati  
Date : 17<sup>th</sup> June, 2014

  
(B.P. Muktieh)  
Chairman cum Managing Director  
DIN No. 00123561

  
(Ugen Tashi)  
Director  
DIN No. 06898202

Place : Guwahati  
Date : 16<sup>th</sup> June, 2014

  
(S.K. Baruah)  
GM & CS  
DIN No. 03591721

## SARASWATI & CO.

CHARTERED ACCOUNTANTS

**ASHOK KUMAR AGARWALA**

**B.Sc., LLB, F.C.A., A.C.S., DISA (ICAI)**

B.C. Das Lane, F. A. Road,  
Kumarpara, Guwahati – 781 001

Phone: 0361 – 2481196

Mobile: 9435047557 Fax: 2481196

E-Mail: [jyotiasbok@gmail.com](mailto:jyotiasbok@gmail.com)

To,  
**North Eastern Development Finance Corporation Ltd.**  
**Guwahati**

In pursuance to paragraph 15 of Non- Banking Financial (Non – deposit Accepting on Holding Companies) Prudential Norms (Reserve Bank) Directions 2007, we do hereby certify that North Eastern Development Finance Corporation Ltd., Guwahati is engaged in the business of non banking financial institution as at 31/03/2014 requiring it to hold a certificate of Registration under Sec 45-1A of the RBI Act.

Further, the company is carrying on as its principal business of providing finance by making loans or advances and as at 31/03/2014 the net loans or advances (net of provisions) was ₹108,024.19 Lac which is 83.71% of its total assets and the income from interest on loans for the financial year 2013- 14 was ₹12267.86 Lac which is 88.11% of its total income.

Place: Guwahati  
Date : 01.07.2014



**For Saraswati & Co.**  
**Chartered Accountants**

  
**(CA Ashok Kumar Agarwala)**

**(Partner)**

**M.No.53233**

**FRN – 317097E**



## SARASWATI & CO.

CHARTERED ACCOUNTANTS

**ASHOK KUMAR AGARWALA**

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Phone: 0361 – 2481196

Mobile: 9435047557 Fax: 2481196

E-Mail: [jyotiasbok@gmail.com](mailto:jyotiasbok@gmail.com)

### To WHOM IT MAY CONCERN

This is to certify that NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LTD., GUWAHATI had a net owned fund of ₹51861.60 Lac as at 31.03.2014 as shown below.

		<u>₹ In Lakhs</u>
Paid up equity Capital		10000.00
Free Reserve. General Reserve	29863.20	
Credit Balance in P/L A/C	2.79	
Statutory Reserve u/s RBI Act	7135.19	
Special Reserved credited u/s 36 of I.T Act	<u>4860.42</u>	
		41861.60
Less: Intangible Assets, deferred revenue exp. & accumulated losses		NIL
Less: Investment in shares/loan advances/ Investment in bonds / debentures/bills Purchases and discounted made to and deposit with subsidiaries company in the same group.		NIL
		<b>51861.60</b>

This is further certified that the said company is not accepting / holding public deposits as at 31.03.2014 and has complied with prudential norms as applicable to it for the financial year 2013-2014.

Place: Guwahati

Date : 01.07.2014



For Saraswati & Co.  
Chartered Accountants

(CA Ashok Kumar Agarwala)

(Partner)

M.No.53233

FRN – 317097E

## SARASWATI & CO.

CHARTERED ACCOUNTANTS

**ASHOK KUMAR AGARWALA**

**B.Sc., LLB, F.C.A., A.C.S., DISA (ICAI)**

B.C. Das Lane, F. A. Road,  
Kumarpara, Guwahati – 781 001

Phone: 0361 – 2481196

Mobile: 9435047557 Fax: 2481196

E-Mail: jyotiashok@gmail.com

To,  
The Board of Directors,  
North Eastern Development Finance Corporation Ltd.  
Guwahati

As required by Non Banking Financial Companies Auditors Report (Reserve Bank) Direction, 2008 we furnish below a statement on the matters specified in paragraphs 3 and 4 of the said direction to the extent applicable to the North Eastern Development Finance Corporation Ltd. For the year ended 31.03.2014.

### STATEMENT

#### **A. In the case of all Non- Banking Financial Companies:**

- i Whether the company is engaged in the business of Non-banking financial institution and whether it has obtained a certificate of registration (CoR) from the Bank. : Yes, the company is engaged in the business of non- banking financial institution and it has obtained a certificate of registration from RBI on 20.12.2002.
- ii In case of co. holding CoR issued by the Bank whether that company is entitled to continue to hold such CoR in terms of its assets/income pattern as on March 31 of the applicable year. : Yes
- iii Based on the criteria set forth by the Bank in company Circular No. DNBS. PD. CC No. 85/03.02.089/2006-07 Dated December 6,2006 for classification of NBFC's as Asset Finance company (AFC)Whether the non- banking Financial company has been correctly classified as AFC as defined in Non- Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Direction, 1998 with reference to the business carried on by it during the applicable financial year. : The company is classified as loan company which is correct.



**B. In the case of Non- Banking Financial Company accepting / Holding public deposits:**

This para is not applicable to the company as the company is not accepting / holding public deposits.

**C. In the case of a Non – Banking Financial Company not accepting/ public deposits:-**

- i Whether the Board of Directors has passed a resolution : Yes on Board meeting dated  
for the non - acceptance of any public deposits 24/05/2013 and 29/04/2014.
- ii Whether the Company has accepted any public deposit : No  
during the relevant period /year
- iii Whether the Company has complied with the prudential : Yes  
norms relating to income recognition, accounting  
standards, asset classification and provisioning for bad  
and doubtful debts as applicable to it.
- iv In respect of systemically important Non-Deposit taking : Yes  
NBFC's as defined in paragraph 2(1)(xix) for Non-  
Banking Finance (Non-Deposit Accepting or Holding  
Companies Prudential Norms (Reserve Bank)  
December 2007 whether the capital adequacy ratio as  
disclosed in the return submitted to the Bank in the form  
NBS-7, has been correctly arrived at and whether such  
ratio is in compliance with the minimum CRAR  
prescribed by the Bank.
- v Whether the company has furnished to the bank the : Yes  
annual statement of capital funds, risk  
assets/exposures and risk asset ratio (NBS-7) within  
the stipulated period. Copy of NBS-7 for financial year  
2013-14 is uploaded on 01.07.2014.

**D. In the case of a company engaged in the business of non- banking financial institutions not required to hold CoR subject to certain condition:**

This Para is not applicable to the company

Place: Guwahati  
Date: 01.07.2014



For Sarawati & Co.  
Chartered Accountants

(CA Ashok Kumar Agarwala)

(Partner)

M.No.53233

FRN – 317097E





## Branch Offices

### Agartala

Palace Compound, Laxmi Narayan Bari, BK Road  
Opp. Women's College, Agartala-799001, Tripura  
Telefax : +91 381 2310848

### Dharmanagar

M. B. Unit Complex, Rajbari, Dharmanagar  
North Tripura-799250, Mobile: +91 9612155421

### Udaipur

C/O Shanti Mohan Rakshit, Ramesh Chowmuhan  
Jagannath Dighi Road, Udaipur, South Tripura-799120  
Mobile : +91 9856034495

### Aizawl

2nd Floor, A-50, Zarkawt, Above Bank of Baroda  
Aizawl-796001, Mizoram  
Ph : +91 389 2347782, Fax : +91 389 2347783

### Lunglei

C-1/236, First Floor, Chanmari, Lunglei-796701  
Lunglei, District-Mizoram, Ph : +91 372 2324274

### Dimpaur

2nd Floor, Kuknalim Building, Circular Road  
Dimapur-797112, Nagaland, Telefax : +91 3862 248930

### Kohima

4th Floor, Mato Complex, P.R. Hill, Opp. Police H.Q.  
Kohima-797001, Nagaland, Telefax +91 370 2243046

### Imphal

Babupara, Opp. Telephone Bhawan, Imphal-795001, Manipur  
Ph : 0385 2443385, Telefax : +91 385 2445927, 2443385

### Itanagar

NH-52A, Main Road, E-Sector  
Itanagar-791 111, Arunachal Pradesh, Telefax : +91 360 2217694

### Shillong

Cresens Buildings, 1st Floor, Opp. Main Secretariat  
M. G. Road, Shillong-793001, Meghalaya  
Ph : +91 364 2504815/2504814 (Telefax)

### Gangtok

Near Super Market Complex, Development Area  
Gangtok-737101, Sikkim Telefax : +91 3592 208269

### Pasighat

1st Floor, M.M. Complex, Upper Banskota, N.H. 52,  
Pasighat -791102, Arunachal Pradesh, Phone: 0368-2222280

### Namchi

Agam Singh Marg, Bhanjyang Road, Namchi  
South Sikkim-737126, Mobile No. +91 3595263494

### Tinsukia

First Floor, Satyam Trade & Tower-1, S.R. Lohia Road  
Tinsukia-786125, Ph : +91 374 2330225  
Mobile: +91 9854057430

### Silchar

Silchar Cachar Market, 3<sup>rd</sup> floor, Netaji Subhas Avenue  
P. S. Rangirkhari, Silchar-788005, Telefax : +91 3842 220157

## Representative Offices

### Kokrajhar

C/o Discovery Club, Agriculture Campus, Jwhlwao Dwimalu Road  
P.O. & Dist. Kokrajhar BTC, Assam-783370, Ph : +91 3661 276191  
Mobile : +91 9678778412/9678540590

### Agia

Ajagar Social Circle, Vill-P.O. - Agia, Dist.-Goalpara, Assam-783120  
Ph. : +91 3663 285078, 084 (Fax), Mobile : +91 9435725238

### Sivasagar

MMS Consultancy Association Pvt. Ltd., Near K. P. M. Hall  
A. T. Road, Sivasagar, Assam-785640  
Ph: +91 3772 224688, 222451, Mobile: +91 9435057549

### Tura

Achik Evangelical Association, Ringrey  
Tura, West Garo Hills District, Meghalaya-794001  
Ph: +91 3651 224031 (O), Mobile: +91 9436306138

### Churachandpur

Rural Aid Services (RAS), Happy Valley, Tuibuong  
Opposite oil pump, Near KBC Church, Churachandpur District  
Manipur-795128, Phone no: +91 9862000469





## **North Eastern Development Finance Corporation Limited**

***Registered Office***

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