
ANNUAL REPORT

2017-18

Creating
newer
footprints

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 erstwhile Companies Act, 1956, on August 9, 1995 with an authorized capital of ₹500 crore and a paid up capital of ₹100 crore. 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

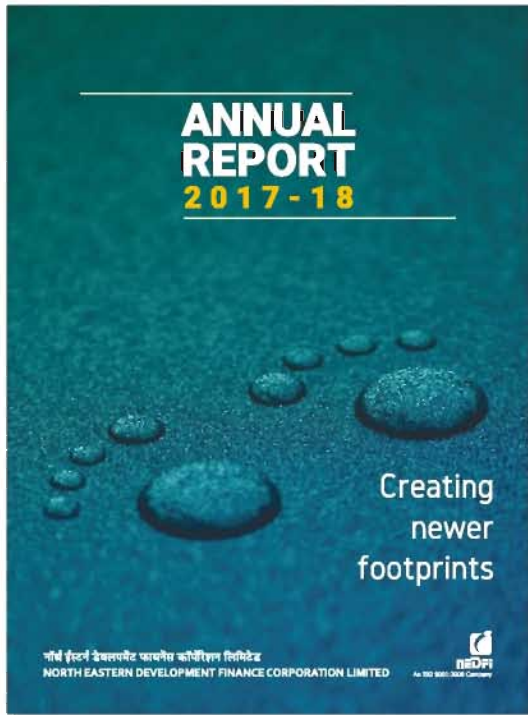
- Customer satisfaction by providing quality, timely and effective services and fairness in dealings.
- Maximization of stakeholders' value.
- Success through team work, innovation, integrity and people.

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, developmental and support services to entrepreneurs by continuously improving the effectiveness of the Quality Management System and employee development”.



CREATING NEWER FOOTPRINTS

NEDFi, over the years, has been playing the role of the catalyst to the overall economic growth of the North Eastern part of India not only by dint of giving impetus to the financial aspect of the entrepreneurial ecosystem but also through facilitating key services, critical interventions and imparting of data and knowledge. Triggered by its formidable understanding of the region, NEDFi has been successfully offering advisory and consultancy services in the region. The startup culture in the North East received a powerful boost when NEDFi launched its first venture capital fund through North East Venture Fund (NEVF). Since nothing can replace crucial data and information in developmental activities, NEDFi has upscaled its publications too.

The cover of this Annual Report metaphorically depicts the fact that NEDFi, through its activities, has been creating one footprint after another in societal progression, for the future to hold on to as well as to march ahead.

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INSIDE





FROM THE DESK OF THE CHAIRMAN AND MANAGING DIRECTOR

Dear Shareholders,

It gives me immense pleasure in welcoming you all to the 23rd Annual General Meeting of the Corporation. At the outset, I would like to thank each one of you for your guidance and support for the performance of the Corporation during FY 18.

The Directors' Report and the Audited Balance Sheet of the Corporation for FY 18 are already with you. With your permission, I take them as read.

Now I proceed to present the performance highlights of the Corporation.

Performance Highlights

Business

During FY 18, sanctions & disbursements were lower at Rs.289.16 crore & Rs.251.41 crore as against Rs.394.88 crore & Rs.349.09 crore respectively in the previous year. The slowdown in the industrial activity and suspension of NEIIPP-2007 had adversely impacted the investor's

sentiment in the region. Financial assistance during the year was extended to 553 projects as against 472 in the previous year. Till March 31, 2018, the Corporation mobilised a capital formation of Rs.14,314 crore by extending assistance to 5460 projects with cumulative sanctions & disbursements of Rs.4688 crore & Rs.3616 crore respectively. The Corporation had been able to generate direct employment of more than one lakh and indirect employment of more than six lakh through the units assisted under Micro-Finance Scheme, out of which more than 90% are women beneficiaries.

The portfolio of loans outstanding at the end of FY 18 was Rs.1175.62 crore while net-worth was Rs.720.39 crore.

Income and Earnings

During FY 18, gross income of the Corporation increased marginally to Rs.146.94 crore from Rs.145.30 crore in the previous year. Profit before tax increased by 18.73% during the year to Rs.83.91 crore from Rs.70.67 crore in the previous year while net profit after tax increased by 25.85% to Rs.57.21 crore from Rs.45.46 crore in the previous year.



The Board of Directors of the Corporation has recommended dividend of 8% for FY 18. The payout ratio is 13.98% of the net profit and total outgo on account of dividend and tax thereon is Rs.9.63 crore.

Asset Quality

The gross non-performing assets (NPA) of the Corporation reduced during FY 18 to Rs.230.90 crore (19.64%) from Rs.305.13 crore (23.77%) in the previous year while the net NPA reduced to Rs.154.41 crore (14.05%) from Rs.221.04 crore (18.42%) in the corresponding period.

The asset quality continued to be a challenge. However, continuous credit monitoring, follow-up & recovery efforts had resulted in a reduction in the NPA level during the year. The Corporation will continue to take corrective action to improve its asset quality.

Advisory & Consultancy Services

Advisory & Consultancy services builds upon the Corporation's unique understanding of the North Eastern Region, aimed at economic development of the region, covering various services in the areas of monitoring & evaluation of infrastructure and natural resources management projects, strategic consulting, operations consulting, financial advisory, infrastructure advisory, programme management & implementation support, transaction & bid advisory and capacity building & institutional strengthening. During the year, the Corporation was awarded a total of 12 new consultancy projects.

North East Venture Fund

The Corporation in association with Ministry of Development of North Eastern Region (M-DoNER) had launched "North East Venture Fund", the first dedicated venture capital fund for the North Eastern Region with a corpus of Rs. 100 crore. The objective of the Fund is to contribute to the entrepreneurship development of the region and achieve an attractive risk-adjusted returns through long term capital appreciation by way of investments in privately negotiated equity/ equity related

investments. The Fund has generated a lot of enthusiasm among the start-ups from the region. During the year, a total of eight projects were given investment commitments of Rs.16.30 crore.

Promotional & Developmental Services

Entrepreneurship Development & New Enterprise Creation

The Corporation had set up Business Facilitation Centres in all the North Eastern States in order to provide hand-holding support to first generation entrepreneurs of the region, by providing free advisory services which inter-alia include preparation of detailed project reports (DPRs), assistance in getting credit linkages, exposure visits, etc. The Business Facilitation Centres are manned by experienced Mentors. During the year, a total of 579 entrepreneurs were provided mentoring assistance, out of which credit linkages were extended to 88 entrepreneurs. In addition, business meets were conducted in all North Eastern States for dissemination of information on the Corporation's schemes. During the year, the Corporation conducted 17 business meets with participation of 1324 prospective entrepreneurs.

In the field of Micro-Finance, the Corporation conducts capacity building programmes for MFIs/NBFCs, for bringing about improvements in their processes, risk management, management information system (MIS), etc. During the year, 4 training programmes were conducted for 94 participants from various MFIs/NBFCs.

Techno-Economic Development Fund (TEDF)

NEDFi conducts various techno-economic studies funded under TEDF to map the resources available in the region for setting up industrial and infrastructural projects suitable to the region. A total of 75 studies have been completed and 14 studies are at various stages of progress.

NER Databank

NEDFi is maintaining a web based portal "NER Databank" which is a single-point storehouse of updated statistical information about the North Eastern States. The details



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can be accessed at <http://db.nedfi.com>. The Corporation also publishes “NEDFi Databank Journal”, which provides sector-specific analytical statistics on various sectors of the region. The Journals are intended to attract investments to the region as well as be of use for researchers and policy makers. So far, 40 sector-specific journals have been published.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) initiatives of the Corporation focuses on women empowerment, livelihood enhancement projects, employment enhancing vocational skills, development of craft sector and rural & backward areas through promotion of entrepreneurship. During the year, a total of 562 beneficiaries were covered in 26 training programmes in various trades.

The Corporation is also facilitating marketing support to the artisans of the region through participation in exhibitions, trade fairs and sales from its various showrooms. During the year, a total of 806 artisans benefitted from the marketing support initiatives.

Strategic Initiatives : Thrust on the MSE Segment

The Micro and Small Enterprises (MSE) segment is a key source of economic growth. The pace of MSE sector in the region is slow despite abundant natural resources and supportive government policies and incentives. To promote this sector, the MSE Department of the Corporation is putting more emphasis on the sector in terms of updating its various loan products, conducting various Business Entrepreneurs Meets, Workshops and Entrepreneurship Development Programmes all over the NE region. Further, the services of Business Facilitation Centres and Representative Offices are also utilised to encourage potential entrepreneurs to set up new enterprises.

The MSE sector will continue to be the major focus area. In the coming years, the Corporation will endeavour to cover more geographical areas by opening more Branches and Representative Offices to serve the MSE sector, especially

projects from first generation entrepreneurs to spread the spirit of entrepreneurship in the region. In respect of larger projects, especially in the infrastructure sector, the Corporation will continue its role as a catalyst for investment in the region by lending jointly or in consortium with other banks. The Corporation will focus on its micro finance initiatives to contribute towards the objectives of financial inclusion.

Acknowledgement

I would like to take this opportunity to thank the members of the Board for their valuable guidance, support and counsel. I would like to acknowledge with gratitude, the unstinting support from the Ministry of Development of North Eastern Region (M-DoNER), the State Governments of the region, various banks and financial institutions and other organisations in the North East. I also place on record our appreciation for the trust and support of all our shareholders- IDBI Bank, SBI, LIC, SIDBI, ICICI, IFCI, Administrator of the specified undertaking of the Unit Trust of India, GIC & Subsidiaries for their wholehearted support and trust in the Corporation.

I am confident that driven by dedication and commitment of a young, enthusiastic and professionally qualified team of officers and employees, NEDFi will live up to the expectations of the stakeholders and entrepreneurs of the North Eastern Region to fulfill the catalytic role in economic development of the region.

I look forward to your continued support in this journey.

With best wishes,



(B Paul Muktieh)





अध्यक्ष एवं प्रबंध निदेशक की कलम से

प्रिय शेयरधारको,

निगम की 23वीं महासभा में आप सबका स्वागत करते हुए मैं अत्यंत आनंद का अनुभव कर रहा हूँ। सबसे पहले मैं आप में से प्रत्येक को वित्त वर्ष के दौरान निगम के प्रदर्शन में मार्गदर्शन और समर्थन देने के लिए धन्यवाद ज्ञापित करता हूँ। वित्तवर्ष 2017-18की निगम की डायरेक्टर्स रिपोर्ट एवं ऑडिटेड बैलेंस शीट पहले से ही आपके पास है। आप सबकी अनुमति से मैं इसे पढ़ा हुआ मानता हूँ। अब मैं निगम के प्रदर्शन के कुछ बिंदुओं का ब्यौर आप सभी के सामने प्रस्तुत कर रहा हूँ।

प्रदर्शन के मुख्य बिंदु

व्यापार

वित्तीय वर्ष 2017-18में संस्वीकृत ऋण एवं संवितरित ऋण राशि क्रमशः 289.16 करोड़ रुपए एवं 251.41 करोड़ रुपए रही जबकि विगत वर्ष यह राशि क्रमशः 394.88 करोड़ रुपए एवं 349.09 करोड़ रुपए रही है। औद्योगिक गतिविधियों में गिरावट और एनईआईआईपी 2007 के स्थगन के कारण इस क्षेत्र के उद्यमियों के मानस पर बहुत विपरीत असर रहा। वित्त वर्ष 2017-18के दौरान निगम ने पिछले वर्ष की 472 परियोजनाओं की तुलना में 553 परियोजनाओं को ऋण सहायता प्रदान की है। 31 मार्च 2018 तक निगम ने पूर्वोत्तर क्षेत्र में कुल 5460 परियोजनाओं में कुल 14,314 करोड़ रुपए पूँजी पैदा

की है, जिसमें कुल संचयी संस्वीकृत ऋण राशि 4688 करोड़ रुपए व कुल संचयी संवितरित ऋण राशि 3616 करोड़ रुपए है। इन परियोजनाओं के माध्यम से निगम क्षेत्र में 1 लाख से ज्यादा प्रत्यक्ष रोजगार एवं 6 लाख से ज्यादा अप्रत्यक्ष रोजगार माइक्रो फायनेंस स्कीम के तहत सहायता प्राप्त इकाइयों के माध्यम से पैदा करने में सफल रहा है जिसमें 90 प्रतिशत से अधिक लाभार्थी महिलाएं हैं। वित्त वर्ष के अंत में कुल प्राप्य ऋण राशि 1175.62 करोड़ रुपए है जबकि निगम का शुद्ध मूल्य 720.39 करोड़ रुपए हो गया है।

आय और लाभ

वित्त वर्ष 2017-18के दौरान निगम की कुल आय, मामूली बढ़त के साथ 145.30 करोड़ रुपए से बढ़कर 146.94 करोड़ रुपये हो गई है। कर पूर्व लाभ पिछले वर्ष की तुलना में 18.73 प्रतिशत बढ़कर 70.67 करोड़ रुपये से बढ़कर 83.91 करोड़ रुपये हो गया है जबकि कर के बाद निगम का शुद्ध लाभ 25.85 प्रतिशत बढ़कर 45.46 करोड़ रुपए से बढ़कर 57.21 करोड़ रुपए हो गया है।

निगम के निदेशक मंडल ने वित्त वर्ष 2017-18के लिए 8 प्रतिशत लाभांश की अनुशंसा की है। लाभांश में दी जाने वाली राशि शुद्ध लाभ का 13.98% है जो कि कर सहित 9.63 करोड़ रुपये है।



परिसंपत्ति गुणवत्ता (एसेटक्वालिटी)

इस वित्त वर्ष की समाप्ति पर निगम की सकल गैर-निष्पादित परिसंपत्ति (एनपीए) पिछले वर्ष के 305.13 करोड़ रुपये (23.77%) की तुलना में इस वर्ष घटकर 230.90 करोड़ रुपये (19.64%) हो गई है, जबकि इस वित्त वर्ष की समाप्ति पर नेट एनपीए पिछले वर्ष के 221.04 करोड़ रुपये (18.42%) से घटकर 154.41 करोड़ रुपये (14.05%) रह गया है। परिसंपत्ति गुणवत्ता अभी भी एक चुनौती बनी हुई है फिर भी लगातार उचित ऋण मूल्यांकन, निगरानी प्रणाली, व प्राप्य ऋण की वसूली के कारण इस वित्त वर्ष के दौरान गैर-निष्पादित परिसंपत्ति (एनपीए) को कम किया जा सका है। निगम अच्छी गुणवत्ता की संपत्ति को बढ़ाने के लिए सुधारत्मक उपायों को जारी रखेगा।

सलाहकारी और परामर्श विभाग

निगम के सलाहकारी और परामर्श विभाग को पूर्वोत्तर क्षेत्र के बारे में निगम की अद्वितीय समझ के आधार पर क्षेत्र के आर्थिक विकास को लक्ष्य मानकर बनाया गया है, जिसके दायरे में क्षेत्र के विभिन्न राज्यों में ढाँचागत परियोजनाओं की निगरानी और मूल्यांकन प्राकृतिक संसाधनों वाली परियोजनाओं का प्रबंधन, रणनीतिक परामर्श, परियोजना संचालन परामर्श, वित्तीय परामर्श, ढाँचागत परियोजनाओं से संबंधित परामर्श, कार्यक्रम प्रबंधन एवं अनुपालन सहयोग, भुगतान एवं बोली लगाने में सलाह एवं क्षमता निर्माण व संस्थानों को मजबूत बनाने के काम आते हैं। इस वित्त वर्ष, के दौरान निगम को कुल 12 नई सलाहकारी परियोजनाएँ मिली हैं।

नॉर्थ ईस्ट वेंचर फंड

निगम ने पूर्वोत्तर क्षेत्र विकास मंत्रालय (डोनर मंत्रालय) के सहयोग से 100 करोड़ रुपए के कोष के साथ पूर्वोत्तर के पहले समर्पित वेंचर कैपिटल फंड, नॉर्थ ईस्ट वेंचर फंड (NEVF), की स्थापना की है। इस फंड का उद्देश्य पूर्वोत्तर क्षेत्र में उद्यमशीलता को बढ़ावा देने में योगदान करना है और निजी तौर पर वार्ताबद्ध इक्विटी/इक्विटी से जुड़े निवेशों के माध्यम से दीर्घकालिक पूँजी एप्रिशिएसन के माध्यम से एक आकर्षक जोखिम समायोजित रिटर्न प्राप्त करना है। यह फंड क्षेत्र के स्टार्टअप के बीच एक नया उत्साह पैदा करने में सक्षम हो गया है। इस वर्ष के दौरान कुल 8 परियोजनाओं को 16.30 करोड़ रुपए के विनिवेश वादे दिए गए हैं।

विकास और प्रमोशनल सेवाएँ

उद्यमिता विकास और नए उद्यमों का सृजन

निगम ने पूर्वोत्तर के सभी राज्यों में व्यापार सुविधा केंद्रों की स्थापना की है, जो पहली पीढ़ी के उद्यमियों को विस्तृत परियोजना रिपोर्ट (डी पी आर) बनाने, बैंक क्रेडिट लिंकेज प्राप्त करने में सहायता प्रदान करने सहित मुफ्त परामर्श सेवाओं के माध्यम से उनकी सहायता कर रहे हैं। निगम के व्यापार सुविधा केंद्र अनुभवी परामर्शदाताओं द्वारा संचालित हैं। वित्तीय वर्ष 2017-18 के दौरान, निगम ने अपने व्यापार सुविधा केंद्रों के माध्यम से क्षेत्र के 579 उद्यमियों को सलाह-सहायता प्रदान की जिनमें से 88 उद्यमियों को बैंक क्रेडिट लिंकेज प्रदान किए गए हैं। इसके आतिरिक्त निगम ने उद्यमियों को अपनी ऋण संबंधी योजनाओं की जानकारी देने के लिए 17 व्यापार सम्मेलनों का आयोजन किया। इन सम्मेलनों में कुल 1324 संभावित उद्यमियों ने भाग लिया।

निगम ने माइक्रो फायनेंस के क्षेत्र में क्षमता निर्माण और विशेष प्रशिक्षण कार्यक्रमों के माध्यम से कई एनबीएफसी / एमएफआई की भी सहायता की है ताकि उनकी प्रक्रियाओं, रिस्क प्रबंधन, सुचना प्रणाली आदि को लगातार उन्नत किया जा सके। इस वित्त वर्ष के दौरान 4 प्रशिक्षण कार्यक्रम एनबीएफसी/एमएफआई के कुल 94 प्रतिभागियों के लिए आयोजित किए गए।

तकनीकी आर्थिक विकास निधि (TEDF)

निगम, पूर्वोत्तर क्षेत्र में उपयुक्त औद्योगिक और ढाँचागत परियोजनाओं की स्थापना के लिए इस क्षेत्र में उपलब्ध संसाधनों की मैपिंग करने के लिए, TEDF के तहत वित्त पोषित विभिन्न तकनीकी आर्थिक अध्ययन आयोजित करता है। अब तक 75 अध्ययनों को TEDF के तहत पूरा किया गया है और 14 अध्यायन प्रगति के विभिन्न चरणों में हैं।

NER डाटा बैंक

निगम ने “NER डाटा बैंक” नाम से एक वेब आधारित पोर्टल को बनाया हुआ है जो कि पूर्वोत्तर भारत के बारे में अद्यतन सांख्यिकीय जानकारी का भंडार है। इसकी विस्तृत जानकारी इसके वेब पृष्ठा <http://db.nedfi.com> पर देखी जा सकती है।

इसके अलावा निगम पूर्वोत्तर भारत के विभिन्न क्षेत्रों पर एक आर्थिक पत्रिका “नेडफी डाटाबैंक पत्रिका” का प्रकाशन भी करता है जो कि



पूर्वोत्तर क्षेत्र के किसी सेक्टर विशेष का सांख्यिकीय विश्लेषण प्रदान करती है। इन पत्रिकाओं के प्रकाशन का मुख्य लक्ष्य क्षेत्र में निवेश को आकर्षित करना है तथा साथ ही शोधकर्ता एवं नीति निर्माता इसके आंकड़ों का सदुपयोग कर सकें। अब तक पूर्वोत्तर के 40 विशिष्ट क्षेत्रों के बारे में समस्त जानकारियों को इसमें प्रकाशित किया जा चुका है।

निगम की सामाजिक जिम्मेदारी (CSR)

नेडफी की सीएसआर पहल उद्यमशीलता को बढ़ावा देने के माध्यम से महिला सशक्तिकरण आजीविका वृद्धि परियोजनाओं, रोजगार परक व्यवसायिक कौशल, शिल्प क्षेत्र और ग्रामीण और पिछड़े क्षेत्रों के विकास को बढ़ाने पर केन्द्रित है। इस वर्ष के दौरान विभिन्न क्षेत्रों के कुल 26 स्थाई आजीविका प्रशिक्षण के कार्यक्रम 562 प्रशिक्षुओं के लिए आयोजित किए गए हैं।

निगम, पूर्वोत्तर क्षेत्र के बाहर की विभिन्न प्रदर्शनियों में भी उद्यमियों को सहभागिता दिलाने एवं इसके विभिन्न शोरुम से बिक्री के माध्यम से कारीगरों को मार्केटिंग समर्थन भी प्रदान करवाता है। इस वित्त वर्ष के दौरान कुल 806 कारीगरों के मार्केटिंग समर्थन की पहल से लाभ मिला है।

रणनीतिक पहल : एम एस ई क्षेत्र पर जोर

माइक्रो एंड स्माल इंटरप्राइजेज (एमएसई) सेगमेंट, आर्थिक विकास का एक प्रमुख स्रोत है। प्रचुर मात्रा में प्राकृतिक संसाधनों और सहायक सरकारी नीतियों और प्रोत्साहन के बावजूद इस क्षेत्र में एमएसई की गति धीमी है। एमएसई क्षेत्र को बढ़ावा देने के लिए निगम का एमएसई विभाग अपने विभिन्न ऋण उत्पादों को अद्यतन करने, विभिन्न व्यापार उद्यमियों की बैठक, कार्यशालाओं और उद्यमिता विकास कार्यक्रमों को पूरे पूर्वोत्तर क्षेत्र में संचालित करने के मामले में इस क्षेत्र पर अधिक जोर दे रहा है। इसके अलावा व्यापार सुविधा केंद्रों व प्रतिनिधि कार्यालयों का भी संभावित उद्यमियों को नए उद्यम स्थापित करने के लिए प्रोत्साहित करने के लिए उपयोग किया जाता है।

एमएसई क्षेत्र प्रमुख फोकस का क्षेत्र बना रहेगा। आने वाले वर्षों में निगम एमएसई क्षेत्र की सेवा के लिए विशेष रूप से इस क्षेत्र में उद्यमशीलता की भावना फैलाने के लिए लगे हुए पहली पीढ़ी के उद्यमियों के लिए और अधिक शाखाओं और प्रतिनिधि कार्यालयों

को खोलकर और अधिक भौगोलिक क्षेत्र को कवर करने का प्रयास करेगा। बड़ी परियोजनाओं विशेषकर आधारभूत संरचना क्षेत्र में निगम संयुक्त रूप से या अन्य बैंकों के साथ मिलकर ऋण देकर इस क्षेत्र में निवेश के लिए उत्प्रेरक के रूप में अपनी भूमिका जारी रखेगा। निगम, वित्तीय समावेशन के उद्देश्यों के लिए योगदान देने के लिए अपनी सूक्ष्म वित्त पहलों पर ध्यान केंद्रित करेगा।

आभार

मैं इस अवसर पर निदेशक मंडल के मूल्यवान समर्थन, मार्गदर्शन और परामर्श के लिए उन्हें धन्यवाद ज्ञापित करना चाहता हूँ। मैं कृतज्ञता के साथ शेयर धारकों, पूर्वोत्तर क्षेत्र विकास मंत्रालय और सभी पूर्वोत्तर राज्यों की सरकारों की ओर से दिए गए पूर्ण समर्थन के प्रति आभार प्रकट करता हूँ। मैं सभी शेयर धारकों आईडीबीआई, एसबीआई, एलआईसीआई, सिडबी, आई.सी.आई.सी.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 उनके प्रति कृतज्ञता ज्ञापित करता हूँ।

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 नेडफी क्षेत्र के आर्थिक विकास में उत्प्रेरक की भूमिका को पूरा करने के लिए पूर्वोत्तर राज्यों के हितधारकों और उद्यमियों की अपेक्षाओं पर खरा उतरेगा।

मैं इस यात्रा में आपके सतत समर्थन की अपेक्षा कहता हूँ।

भवदीय



बी.पॉल मुक्ति



(₹ crore)

| Working Results | 2016-17 | 2017-18 | % Change |
|--|---------|---------|----------|
| Loan outstanding | 1273.75 | 1175.62 | (7.70) |
| Total Income | 145.30 | 146.94 | 1.13 |
| Income from lending & Financial Activities | 112.63 | 115.59 | 2.63 |
| Total Expenditure | 74.63 | 61.27 | (17.90) |
| Profit before Tax | 70.67 | 83.91 | 18.73 |
| Profit after Tax | 45.46 | 57.21 | 25.85 |
| Net Worth | 673.06 | 720.39 | 7.03 |
| Total/Assets | 1644.02 | 2224.77 | 35.32 |

| Operating Results | | 2016-17 | 2017-18 |
|--|-----------|---------|---------|
| Interest income as percentage to average working funds | (%) | 8.11 | 7.87 |
| Non-Interest income as percentage to average working funds | (%) | 1.94 | 1.90 |
| Operating profit as a percentage to average working funds | (%) | 5.12 | 5.79 |
| Return on average assets | (%) | 3.10 | 3.70 |
| Earnings per Share | (₹) | 4.55 | 5.72 |
| Net profit per employee | (₹ crore) | 0.39 | 0.49 |
| Capital to Risk (Weighted) Assets Ratio (CRAR) | (%) | 44.93 | 48.30 |



Performance Highlights



An ISO 9001:2008 Company

SANCTIONS

(₹ lakh)

| Financial Year | Arunachal Pradesh | Assam | Manipur | Meghalaya | Mizoram | Nagaland | Sikkim | Tripura | Total |
|----------------|-------------------|-------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|-------------------|
| Cumulative | | | | | | | | | |
| 1996-2008 | 5,858.61 | 53,360.91 | 1,703.71 | 27,845.26 | 1,538.61 | 1,843.93 | 1,084.17 | 2,849.56 | 96,084.75 |
| 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 |
| 2014-2015 | 3,623.00 | 15,069.69 | 4,404.45 | 4,285.74 | 681.20 | 810.00 | 1,111.30 | 1,217.97 | 31,203.35 |
| 2015-2016 | 1,047.00 | 24,654.63 | 2,048.50 | 4,587.50 | 571.30 | 488.95 | 2,096.25 | 692.05 | 36,186.18 |
| 2016-2017 | 3,273.00 | 21,091.03 | 3,299.85 | 7,166.81 | 490.33 | 623.10 | 2,117.00 | 1,427.10 | 39,488.22 |
| 2017-2018 | 1,599.50 | 15,087.53 | 3,957.72 | 1,463.05 | 623.50 | 1,174.50 | 1,322.00 | 3,688.00 | 28,915.80 |
| Total | 35,682.93 | 284,981.63 | 27,162.50 | 68,467.22 | 8,621.04 | 9,704.33 | 13,647.29 | 20,497.02 | 468,763.95 |

DISBURSEMENTS

(₹ lakh)

| Financial Year | Arunachal Pradesh | Assam | Manipur | Meghalaya | Mizoram | Nagaland | Sikkim | Tripura | Total |
|----------------|-------------------|-------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|-------------------|
| Cumulative | | | | | | | | | |
| 1996-2008 | 4,428.61 | 35,651.60 | 1,129.75 | 13,542.12 | 1,300.11 | 1,558.56 | 686.83 | 2,208.85 | 60,506.44 |
| 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 |
| 2014-2015 | 3,799.85 | 20,726.39 | 3,858.78 | 5,989.06 | 701.92 | 725.00 | 1,799.80 | 1,119.42 | 38,720.22 |
| 2015-2016 | 1,072.01 | 17,278.44 | 2,895.94 | 5,510.86 | 556.50 | 633.23 | 1,468.25 | 883.47 | 30,298.70 |
| 2016-2017 | 2,371.70 | 18,527.08 | 4,644.26 | 4,463.30 | 474.83 | 553.89 | 2,436.00 | 1,437.90 | 34,908.97 |
| 2017-2018 | 1,780.50 | 15,671.70 | 2,636.80 | 1,290.25 | 478.53 | 916.50 | 1,252.50 | 1,114.65 | 25,141.43 |
| Total | 27,008.08 | 218,852.36 | 23,985.54 | 53,671.70 | 6,938.35 | 7,563.81 | 11,289.28 | 12,335.60 | 361,644.71 |

PROJECTS

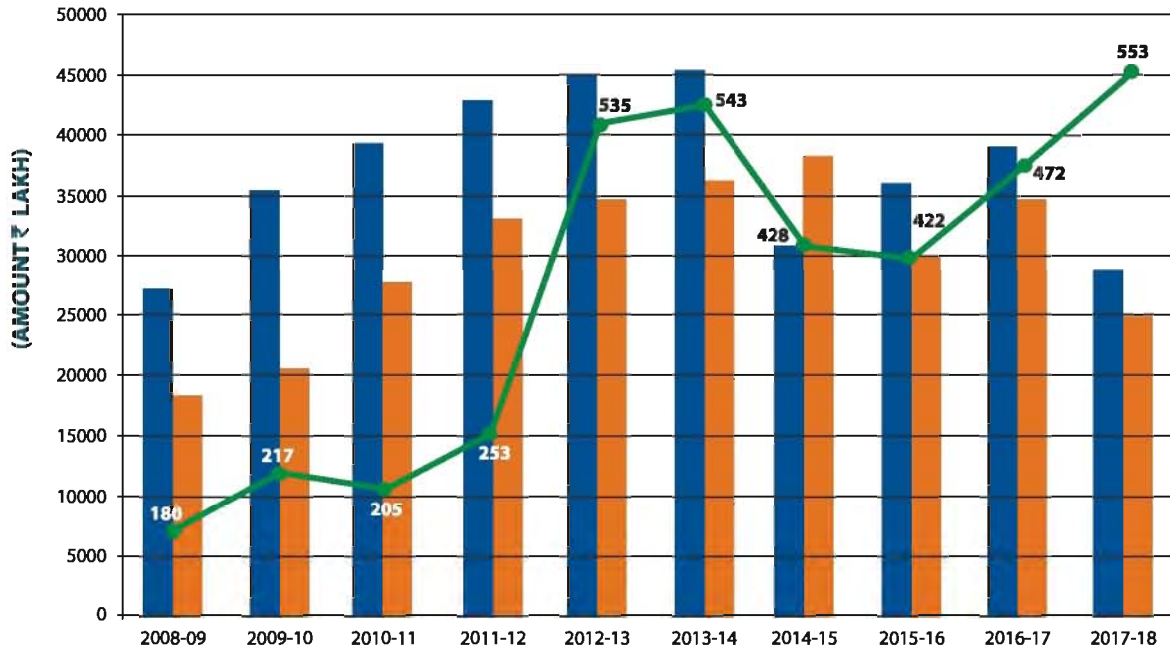
(No.)

| Financial Year | Arunachal Pradesh | Assam | Manipur | Meghalaya | Mizoram | Nagaland | Sikkim | Tripura | Total |
|----------------|-------------------|--------------|------------|------------|------------|------------|------------|------------|--------------|
| Cumulative | | | | | | | | | |
| 1996-2008 | 161 | 719 | 121 | 121 | 148 | 118 | 121 | 143 | 1652 |
| 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 |
| 2014-2015 | 51 | 69 | 63 | 22 | 38 | 76 | 49 | 60 | 428 |
| 2015-2016 | 43 | 66 | 68 | 18 | 36 | 45 | 69 | 77 | 422 |
| 2016-2017 | 35 | 77 | 71 | 21 | 32 | 41 | 120 | 75 | 472 |
| 2017-2018 | 32 | 98 | 113 | 18 | 48 | 35 | 121 | 88 | 553 |
| Total | 475 | 1,610 | 626 | 314 | 460 | 540 | 760 | 675 | 5,460 |



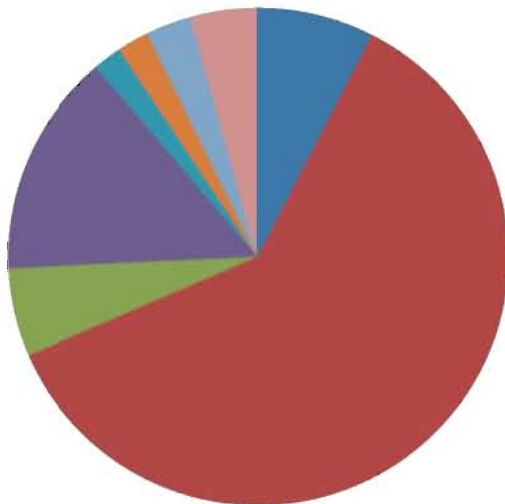
SANCTIONS, DISBURSEMENTS AND PROJECTS

SANCTIONS **DISBURSEMENTS** **PROJECTS**

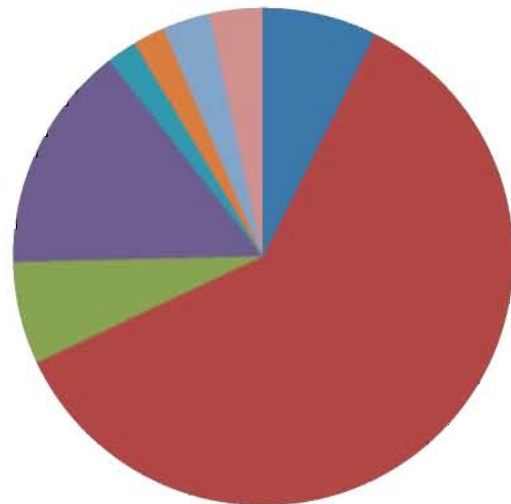


STATEWISE CUMULATIVE (AS ON MARCH 31, 2018)

SANCTIONS



DISBURSEMENTS



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



Success Stories

of Projects sanctioned by NEDFi

NEDFi is mandated to catalyse economic development of the North Eastern Region by extending financial services with the objective of overall industrial growth, more particularly of Micro, Small & Medium Enterprises and Micro Finance sectors. For larger projects NEDFi remains a catalyst for investment. With the operational area consisting of eight states NEDFi has devised its products which are tailor made for the region. The following are some of the success stories that NEDFi has helped make true.

Dew Care Hospital & Research Centre

Dew Care Hospital & Research Centre, a unit of M/s Amber Health & Nutrition Pvt. Ltd., located at Haiborgaon, Nagaon, Assam is a 40 bedded nursing home. NEDFi sanctioned Rs. 440.00 lakh under Rupee Term Loan (RTL) Scheme for setting up the hospital along with diagnostic & laboratory facilities and modern equipments like CT scan machine.



Kumecs Infratech

Kumecs Infratech, a partnership commercial complex is located at Kakwa Sorokhaibam Leikai, Imphal, Manipur. NEDFi sanctioned Rs.242.00 lakh under Rupee Term Loan (RTL) Scheme.



Chitrabon Enclave

Chitrabon Enclave, a unit of M/s Apex Medical Systems, located at Guwahati, Assam, is a commercial-cum-residential complex. NEDFi sanctioned Rs.350.00 lakh under Rupee Term Loan (RTL) Scheme.



Rudrasagar Silk Ltd.

Rudrasagar Silk Ltd., located at Sibsagar, Assam, is a Silk spinning (Eri & Muga) unit. NEDFi sanctioned Rs. 235.00 lakh under Rupee Term Loan (RTL) Scheme.



Echahaba Tea Factory

Echahaba Tea Factory, located at Merangkong, (Tuli) Nagaland, is promoted by Echahaba Tea Growers' Cooperative Society Ltd. NEDFi sanctioned Rs. 210.00 lakh under Rupee Term Loan (RTL) Scheme to set up a green tea factory to the co-operative society.



IPA Loya Lakpa Brick Field

IPA Loya Lakpa Brick Field, located at Imphal West, Manipur, is a semi-mechanized bricks construction unit. NEDFi sanctioned Rs. 184.00 lakh under Rupee Term Loan (RTL) Scheme.



Rolly Thenechu Tunyi

Rolly Thenechu Tunyi, located at Dimapur, Nagaland, is a commercial complex. NEDFi sanctioned Rs. 123.00 lakh under Rupee Term Loan (RTL) Scheme.



L.A. Ttakshang Residency

L.A. Ttakshang Residency, is located at Gangtok, East Sikkim. NEDFi sanctioned Rs.100.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE) for expansion of the existing hotel.



Success Stories of Projects sanctioned by NEDFi

Hope Academy

Hope Academy, a Kindergarten school, is located at Circular Road, Dimapur, Nagaland. NEDFi sanctioned Rs.100.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE), for construction of school building and KG Block at 4th Mile, Dimapur, Nagaland.



Hotel Malawm

Hotel Malawm, located at Lunglei, Mizoram, is a budget hotel. NEDFi sanctioned Rs.60.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



Drodal Cineworld

Drodal Cineworld, located at Itanagar, Arunachal Pradesh, is a single screen digital cinema hall. NEDFi sanctioned Rs.70.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



Sylvan Horizon

Sylvan Horizon is a guest house located at Ri Bhoi, Meghalaya. NEDFi sanctioned Rs. 40.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Lakme Saloon

Lakme Saloon is located at Durga Bari Road, Agartala, West Tripura. NEDFi Sanctioned Rs 21.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



KNL Shout-Out

KNL Shout-Out, located at Gangtok, East Sikkim, is an LED video advertising and designing firm. NEDFi sanctioned Rs. 16.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Guru Kripa Projects

Guru Kripa Projects, located at Rangpo, East Sikkim, is a stainless steel fabrication & welding unit. NEDFi sanctioned Rs.20.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Ultimate Art

Ultimate Art, located at Imphal West, Manipur, is a retail shop of Jewellery and cosmetic items. NEDFi sanctioned Rs.10.00 lakh under Enterprise Development Scheme (EDS).



Success Stories of Projects sanctioned by NEDFi

Homescape

Homescape, located at Laitumkrah, Shillong, Meghalaya, is a unit of PVC building materials for doors and windows. NEDFi sanctioned Rs 10.00 lakh under Women Enterprises Development Scheme (WEDS).



Marquee Restaurant

Marquee Restaurant, is located at Itanagar, Arunachal Pradesh. NEDFi sanctioned Rs.5.00 lakh under Women Enterprises Development Scheme (WEDS).



Omega Tailoring

Omega Tailoring is located at Lunglei, Mizoram. NEDFi sanctioned Rs. 8.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Fitness World

Fitness World, located at Nahariagun, Arunachal Pradesh, is a Gym cum aerobic centre. NEDFi sanctioned Rs. 5.00 lakh under Women Enterprises Development Scheme (WEDS).



RK Car Planet

RK Car Planet, located at Imphal West, Manipur, is a car spare parts and accessories shop. NEDFi sanctioned Rs.5.00 lakh under Enterprise Development Scheme (EDS).



Zo Agri Business Solution

Zo Agri Business Solution is located at Hunthar Veng, Aizawl, Mizoram, manufacturing sachin inchi herbal green tea and roasted nuts. NEDFi sanctioned Rs. 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Mizoram Organic Industry

Mizoram Organic Industry is located at Bilkhawthlir, Kolasib District, Mizoram, manufacturing disposable plates and cups from betel nut leaves. NEDFi sanctioned Rs.5.00 lakh under Women Enterprises Development Scheme (WEDS).



Lenbuang Handloom & Handicraft

Lenbuang Handloom & Handicraft, located at Ramhlun South, Aizawl, Mizoram, is a unit of manufacturing varieties of traditional design handloom products. NEDFi sanctioned Rs.5.00 lakh under Women Enterprises Development Scheme (WEDS).



Success Stories of Projects sanctioned by NEDFi

Daisy

Daisy, a flower shop, is located at Dimapur, Nagaland. NEDFi sanctioned Rs.5.00 lakh under Women Enterprises Development Scheme (WEDS).



Khamu Khim Homestay

Khamu Khim Homestay, is located at Gangtok, East Sikkim. NEDFi sanctioned Rs. 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Restro Fashion Store

Restro Fashion Store, located at M G Marg, Gangtok, East Sikkim, is a readymade garments shop. NEDFi sanctioned Rs. 5.00 lakh under Enterprise Development Scheme (EDS).



Joyram Video Scope

Joyram Video Scope, located at Rajarbag, Udaipur, Tripura, is a photo studio. NEDFi sanctioned Rs. 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Partha Varietie

Partha Varietie, located at Dhawjanagar, Udaipur, Tripura, is a retail shop of stationery and cosmetic items. NEDFi sanctioned Rs. 5.00 lakh under Enterprise Development Scheme (EDS).



Loknath Basanalay

Loknath Basanalaya, located at New Town Road, Udaipur, Tripura, is a retail unit of utensils. NEDFi sanctioned Rs. 5.00 lakh under Women Enterprises Development Scheme (WEDS).



New Deb Tyres

New Deb Tyres (Express Wheel), located at Rajbari, Dharmanagar, North Tripura, is a tyre alignment and tyre selling unit. NEDFi sanctioned Rs. 8.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



Shiv Sakti Stores

Shiv Sakti Stores, located at Jail Rd., Dharmanagar, North Tripura, is a retail readymade garments shop. NEDFi sanctioned Rs. 5.00 lakh under Women Enterprises Development Scheme (WEDS).



To support micro and small borrowers including farmers, NEDFI, under Its Micro Finance Scheme, provides wholesale micro credit to Micro Finance Institutions (MFIs) of the North Eastern Region for on lending to the weaker sections for carrying out various types of income generating activities in farm and non-farm sectors. This Scheme has been beneficial to the weaker section, especially women, in un-served & under-served areas of the region, which can be seen from the following case studies.

Mrs. Sarala Barua

Mrs. Sarala Barua is a 53 year old widow residing at Kamarpara, Deomornol, Darrang District, Assam. She is living with her two daughters. Her husband expired 7 years back and at that time, she became the only bread earner for her family. After her husband's death, it was very difficult for her to run the families. Mrs. Barua used to weave cloth in her own traditional loom for her personal use.



In the year 2010, Mrs. Sarala Barua availed her first loan from SATRA (an NBFC-MFI assisted by NEDFI) for an amount of Rs. 2,000/- only for procuring yarn. She started weaving sadar-mekhela and by selling those she repaid her loan on time. She procured a Jacard loom from the 2nd loan of Rs.8000/- availed from SATRA. With the new loom, she is weaving high quality cloths and selling her products at a higher margin. She purchased another loom with the 3rd loan amount of Rs.14,000/- in the year 2013. At present, she is engaging other weavers from her locality. Even her daughters are also assisting her during their free time after school.

From the earnings she is able to repay the loans in time and also send her daughters to school. Due to her hard and sincere work she has been felicitated by several women organizations.

Ms. Yengkhokpam Prava Devi

Ms. Yengkhokpam Prava Devi is a 55 year old woman residing at Chingmeirong, Imphal East, Manipur. She is a hard working woman who never gave up despite all odds in her life. She has a total of 7 family members. She is engaged in charcoal selling business. She bought the charcoal (bags) in whole sale rate and then packed in various small size bags and sell it in different prices. She used to sell Rs. 4000/- to Rs. 5000/- per day and earn profit of Rs. 400/- to Rs. 500/- daily.

As the demand increased, she needed more fund to stock the charcoal. She borrowed Rs.10,000/- from local money lenders @7% interest per month. After some time she found that major portion of the profit earned was used to repay the high rate interest loan and thus, she could not expand her business.



She got to know about VVD (an MFI assisted by NEDFi) based at Ukhrul district of Manipur and availed a loan of Rs.15,000/- in the first cycle. Her daily sales increased from Rs. 5,000/- to Rs. 10,000/- and profit increased at the same time. Based on her repayment track record, VVD extended Rs. 30,000/- in the 7th loan cycle. With the timely support of such low interest rate loan she is now able to earn more profit which helped in meeting her family's daily needs and provide for her children's education and also able to save some amount every month. From her experience she is very much satisfied with the loan amount, interest rate and repayment schedule.

Ms Salam Sangita

Ms Salam Sangita is a 40 year old woman residing at Thangmeiband Lourung Pural Leikai, Manipur. She was earlier a national level handball player before she got married. Weaving clothes and doing a business was a far cry for her but her fate led to something else which was beyond her imagination and capacity.



When she was newly married, her husband was a private school teacher and running the family with his meager income. At that juncture, Sangita was unable to just sit and wait for daily needs from her husband.

After giving a thought she pawned her jewellery items and started her clothes business. She came to know about Chanura Microfin Manipur, a NEDFi assisted MFI based at Imphal & was willing to join one of the women groups to avail loan from the MFI. Unfortunately, the other members were reluctant to let her join as they doubted on her ability of repayment.

Later, one of the members left the group and she got the chance to join. Her husband advised to use the money wisely in right way to run her business. They realized that instead of borrowing money from the money lenders, taking loan from Chanura was much more beneficial to them.

Now, her business is running well and her products are in demand throughout the year. In the group, which rejected her first, she has become an example as a very good member who pays loan on-time. She not only finds progress in business but also in household management too. She is able to create assets, send her children to good school, etc. She said, *"I am indebted to Chanura, as the progress I am making is all because of Chanura. I am very happy now and thankful to Chanura for enabling me to reach this stage"*.



Advisory and Consultancy Services

The Advisory & Consultancy Services of the Corporation is steadily consolidating its place in the North Eastern Region and has become one of the preferred consultancy organizations of the region. With a team of dedicated professionals the Corporation is providing quality consultancy services to clients which primarily includes Ministries/Departments/Agencies of Central and State Governments and Public Sector Undertakings. The services offered are mainly in the areas of Strategy Consulting, Operations Consulting, Financial Advisory, Infrastructure Advisory, Programme Management & Implementation Support, Transaction & Bid Advisory, Capacity Building & Institutional Strengthening and Monitoring & Evaluation. The domains in which these services offered are, Agriculture & Allied Sectors, Food Processing, Handloom, Textile & Handicrafts, Tourism & Hospitality, Urban Infrastructure, Water Resources, Natural Resources Management, Environment & Forest, Education & Skill Development and IT & ITES.

During the year, the Corporation completed several prestigious assignments related to delivering solutions to high level strategic issues faced by the Government Departments/ Agencies working in NER. Some important works completed are- Regional Plan and Status of Science Education in Schools in NER, Strategic Reform Roadmaps for Skill Development in NER, Policy Guideline for Mission Organic Value Chain Development for NER, State Specific SME (Small & Medium Enterprises) Project Profiles, Techno-Commercial Feasibility Study of E-



Release of Skill Development Report & SME Project Profiles for Nagaland by Secretary, M-DoNER

Commerce Platform for Craft Products in NER, Preparation of Operational Plan for Revival of NERAMAC, Market Demand Study of Jobs in Assam and Third Party Monitoring of Projects under Special Plan Assistance (SPA) in Arunachal Pradesh.



Presentation to Hon'ble CM of Mizoram on the Skill Development Report of Mizoram

Some important assignments awarded during the year are Performance Audit of Pradhan Mantri Gram Sadak Yojna (PMGSY) Projects in Meghalaya, Concurrent Evaluation of Flood Management Programme (FMP) Schemes in various districts of Assam, Implementation of Integrated Project on the Promotion of Sustainable Livelihood in Rural Areas under Assam State Rural Livelihood Mission (ASRLM) etc.

Meanwhile work has continued on its ongoing projects like Concurrent Process Monitoring, Evaluation, Learning & Documentation (MEL&D) of Projects under Integrated Watershed Management Programme (IWMP) in the States of Assam, Meghalaya & Manipur, Independent Monitoring of PMGSY Projects in Arunachal Pradesh etc. NEDFi is the nodal agency for disbursement of subsidy on Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) under the Ministry of Agriculture and Farmers' Welfare, Govt. of India and in this capacity is working towards increasing awareness of the scheme in the North East.



Awareness & Orientation on MOVCDNER



Monitoring of PMGSY Road in Arunachal Pradesh



NEDFi in collaboration with the Ministry of Development of North Eastern Region (M-DoNER) has set up North East Venture Fund, a dedicated venture capital fund for the region, to encourage startup ventures in the northeast region. The size of the fund is Rs. 100 crore. The focus of the fund will be on early and growth-stage investments, mostly in the fields of IT & ITES, food processing, healthcare, tourism, retail and aggregation of services. The fund has received lot of positive response and is looking forward to investing in promising business ventures. As on 31st March, 2018, the fund has already committed an amount of Rs. 1630 lakh for 8 portfolio companies.

Hon'ble Prime Minister, during his visit to Mizoram in the month of December 2017, handed over cheques to the first three ventures of North East Venture Fund, wherein Smt. Rajlakshmi Borthakur, Founder of Terra Blue Exploration Technologies Pvt. Ltd., Dr. Parveez Ubed, Founder of ERC Eye Care Pvt. Ltd. & Shri Mridu Mahendra Das, Founder of Automovill Technologies Pvt. Ltd. were present to collect the cheques.



Cheque distribution ceremony by Shri Narendra Modi, Hon'ble Prime Minister of India, in the presence of Dr. Jitendra Singh, Hon'ble Union Minister of DoNER in Aizawl, Mizoram.

ERC Eye Care Pvt. Ltd., provides low-cost eye-care services for the bottom-of-the-pyramid (BoP) market.

Within a short span of three and a half years, ERC has provided services to more than 1.5 lakh people in Assam and the rest of the North East. The key features of the organisation's services are low consultation charges and training & hiring of local staff for its operations.



Automovill Technologies Pvt. Ltd. is an aggregator of car service providers with asset-light operations. It also works as a custodian of customers' cars, supervising the service and repair works.

The company provides an online platform to customers where they can order an automobile service or can order it through the Android app.

Terra Blue Exploration Technologies Pvt. Ltd is a healthcare startup, working on creating innovative solutions for patients and doctors dealing with epilepsy and mental health.

It is mainly into designing and production of wearable healthcare and wellness devices which work on sensors, artificial intelligence and IoT. Their product TJay, a concept wearable device for epileptic patients has been recognized both by the Department of Science & Technology (DST) and the Department of Biotechnology (DBT), Government of India.



North East Venture Fund

North East Venture Fund (NEVF) has been acting as an enabler to stimulate innovation & entrepreneurship and thereby contributing towards creation of the eco-system required for nurturing and development of startups and early-stage companies in the region. The fund has been organising various business summits and workshops in the region such as:

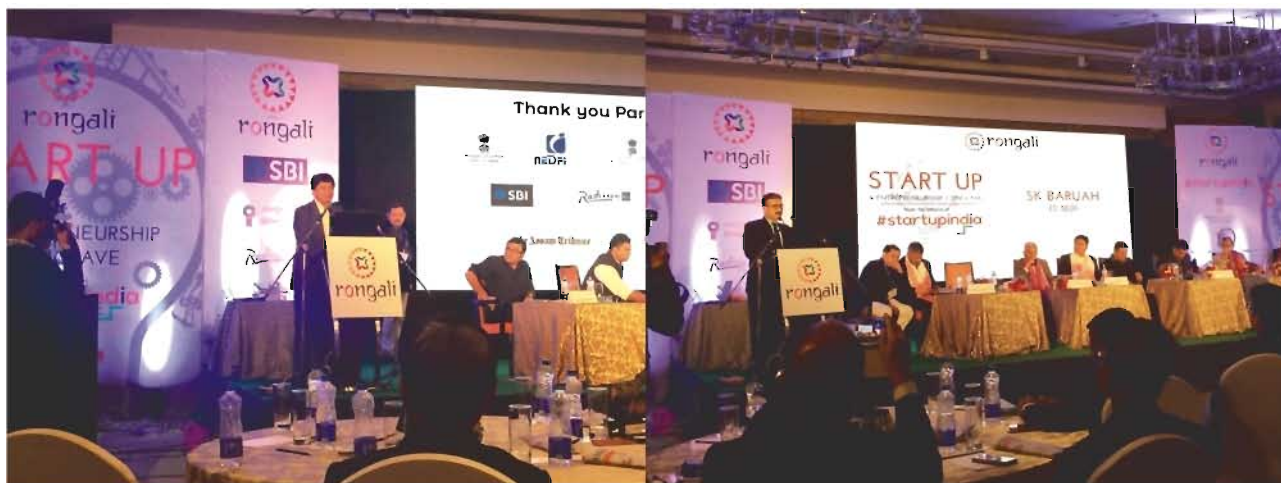
“Encouraging Entrepreneurship and Venture Capital Fundraising in the Northeastern Region” on 16th December 2017 at Aizal Club, Aizawl to promote entrepreneurship and encourage startups in the state of Mizoram.

“Kanchan Panda Start-up Fest 2017”, an event organised by Sikkim State Cooperative Union (SICUN) in partnership with Sikkim Entrepreneurs Organization (SEO) was held at Gangtok, Sikkim on 24th and 25th November 2017. The event was organised to bring together aspiring, established and eager entrepreneurs from Sikkim and provide them a platform to interact with various stakeholders such as thought leaders, industrialists, members of academia etc. to exchange views, opinions and insight about investment, innovation and nurturing of business ventures.

“Rongali Startup & Entrepreneurship Conclave”, organised on 22nd February, 2018 at Radisson Blu Hotel, Guwahati with an aim to promote entrepreneurship in the region. The objective was to bring various stakeholders including potential entrepreneurs, Bankers, Venture Capitalists, Angel Investors, Mentors, Entrepreneurs, various Govt Departments and agencies on one platform. NEVF team had a detailed interaction with the Startups and Entrepreneurs on various issues of the ecosystem including fund raising processes.



Kanchan Panda Start-up Fest 2017 was blessed with the presence of Sri Shrinivas Patil, Hon'ble Governor, Govt. of Sikkim, Dr. Pawan Chamling, Hon'ble Chief Minister, Govt. of Sikkim & Shri B. P Muktieh, Chairman and Managing Director, NEDFi and various other government dignitaries



Shri B.P. Muktieh, CMD and Shri S.K. Baruah, ED addressing the young entrepreneurs in the region at Rongali Startup & Entrepreneurship Conclave, Guwahati.

NEVF has also been a part of many other Business and Startup events in the North eastern Region, such as Creating Ecosystem for Startups in Northeastern Region -Guwahati, Northeast Development Summit -Imphal, Dream Change Arunachal 2027- Itanagar, Northeast Development Summit-Guwahati etc.



The Corporate Social Responsibility (CSR) Initiatives of the Corporation focuses on women empowerment, livelihood enhancement projects, employment enhancing vocational skills, development of craft sector and rural & backward areas through promotion of entrepreneurship. The Corporation is also facilitating marketing support to the artisans of the region through participation in exhibitions, trade fairs and sales from its various showrooms. A few snapshots of marketing support initiatives undertaken by the Corporation are given below.



Exhibition at Gelephu, Bhutan from Jan 27-31, 2018 attended by CMD, NEDFI with BCCI Officials & Sri Piyush Gupta, Consul General, Office of Consulate General of India in Bhutan



Display of water hyacinth craft products in an exhibition organised by NEHHDC in Chennai Jan 24 - Feb 6, 2018.



Arunachal Statehood Day Exhibition at Itanagar Feb 20-22, 2018.



Exposure visit of NIRD trainees to NEDFI R&D Centre for Medicinal & Aromatic Plants at Khetri, Assam



Corporate Social Responsibility



Taste Bud, a homemade chocolate unit nurtured under CSR initiative of NEDFi, participating in Red Panda Festival, Gangtok, Sikkim
Jan 8-17, 2018



NEDFi Pavilion at Tripura Industry Fair at Agartala
Jan 29- Feb 11, 2018



Display of craft products in India International Trade Fair (IITF) 2017 Pragati Maidan, New Delhi
Nov 14-27, 2017



Display of craft products of NER in NEDFi Pavillion during the Indian Handicrafts & Gifts Fair, India Exposition Mart Ltd., Greater Noida
Feb 23-27, 2018



Capacity Development Programme at NEDFi Craft Incubation Centre, Khetri, Assam, for beneficiaries from Meghalaya



Visit of IKEA team to NEDFi Craft Incubation Centre, Khetri, Assam, in March 2018





NEDFi officials handing over a Souvenir to Shri Narendra Modi, Hon'ble Prime Minister of India, during his visit to NEDFi Stall at Aizawl along with Dr. Jitendra Singh, Hon'ble Union Minister of DoNER and Pu Lal Thanhewla, Hon'ble Chief Minister of Mizorem on December 16, 2017



Mr. Jan Luyckx, Ambassador of Belgium to India visited NEDFi Branch Offices at Imphal, Aizawl & Kohima

Independence Day



Independence Day celebration at NEDFi House, Guwahati



Business Meets



Arunachal Pradesh



Meghalaya



Nagaland



Manipur



Sikkim



Mizoram

North East Craft Fair- 2017



**North East Craft Fair- 2017 held at NEDFI House, Guwahati, Assam
August 9-13, 2017**





नेडफी ने मनाया हिंदी सप्ताह

हिंदी दिवस समारोह के अवसर पर नेडफी की हिंदी क्रियान्वयन समिति ने कार्यालय में तत्काल लेखन, अंताक्षरी, नाटक मंचन, वाद-विवाद, तत्काल भाषण व एकल गायन जैसे अनेक कार्यक्रम आयोजित किए। इस अवसर पर केंद्रीय गृह मंत्री द्वारा जारी संदेश पढ़कर सुनाया गया। नेडफी के अध्यक्ष एवं प्रबंध निदेशक बी पी मुक्ति तथा कार्यकारी निदेशक एस के बरुआ ने सभी को शुभकामनाएं दी।

Swachh Bharat Abhiyan



NEDFI observed 'Mission Swachh Bharat' at Head Office, Branch Offices & Representative Offices



Vigilance Awareness Week



Art Competition at Tinsukia



Essay writing In Home Missions School, Aizawl



Essay writing competition at Imphal



Art competition in Faith Hill School, Lunglei



Speech competition at Dimapur



Essay Writing Competition at Shillong



Essay Writing Competition at Itanagar



Speech Competition at Gangtok



Essay writing competition at Agartala

**NEDFI observed Vigilance Awareness Week at Head Office and Branch Offices
October 30-November 4, 2017**



Shri B.P. Muktieh



Shri B. Paul Muktieh, B. Tech (Electrical & Electronics), PGDM (IIM, Ahmedabad) is the Chairman & Managing Director of NEDFi and has over 32 years of development banking experience in diverse and varied areas of the financial systems. Prior to becoming the CMD of NEDFi, In July 2010, Shri 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. 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.

Shri Ram Muivah, IAS



Shri Ram Muivah, IAS (MN:1985 RR), is the Secretary, North Eastern Council, Shillong, since 2015. Shri Muivah, a Post Graduate In Management from the University of Birmingham, United Kingdom, has worked in various capacities both in the Central Government as well as in State Government for over 33 years including as Director and later as Joint Secretary to the Government of India, Ministry of Finance, Department of Financial Services 2001-2006 and Joint Secretary and CVO, CPWD, Ministry of Urban Development, GoI, 2006-2008. He served on the Board of Directors of United Bank of India and Indian Bank during 2001-2006. In 2008 Shri Muivah returned to Manipur where he held a number of positions including Principal Secretary Works, Transport, Health & Family Welfare and Additional Chief Secretary, Agriculture, etc.

Dr. J. Suresh Babu, IAS



Dr. J. Suresh Babu, IAS (1986 Batch, Manipur - Tripura Cadre), is the Chief Secretary, Government of Manipur. Dr. Babu is an MS in General Surgery from PGI, Chandigarh. He had earlier served as Additional Chief Secretary (Home/Horti & SC/TA & Hills), Government of Manipur.

Shri Jitendra Kumar Sinha, IAS



Shri Jitendra Kumar Sinha, IAS (1996 Batch, Tripura Cadre), is Joint Secretary in the Ministry of Development of North Eastern Region (M - DoNER), Government of India. He has served in various capacities with the Government of Tripura and Government of Bihar including as Secretary to Chief Minister of Tripura and Special Secretary to Chief Minister of Bihar. He has also served as District Magistrate & Collector of West Tripura, Agartala and Patna (Bihar) at various points of time. He specializes in Economics and Business Administration. He has deep interest in livelihood issues relating to the underprivileged and marginalised sections of the society.

Shri PVSLN Murty



Shri P.V.S.L.N. Murty is the Chief General Manager, State Bank of India, North East Circle. A Graduate in Commerce and Masters in IR & PM, Shri Murty joined the Bank in the year 1980. He has the distinction of holding a variety of challenging assignments in the Bank. Prior to taking over charge as Chief General Manager of the Circle on August 21, 2015, he was posted as General Manager (Network II) in Bhubaneswar. He has vast experience of working in five Circles and also in Bank's Corporate Centre. Shri Murty has worked in operations all throughout his career and has vast knowledge in Credit, NPA Recovery & Monitoring, Basel III Norms etc. He carries with him a rich combination of knowledge and experience which proves to be quite useful in delivering his duties as the flag bearer of the Bank in the North East.



Shri K.S. Nagnyal



Shri K. S. Nagnyal is Zonal Manager (I/C), Life Insurance Corporation of India (LIC), Eastern Zone. Shri Nagnyal is a Bachelor of Arts from Ewings Christian Collage, Allahabad University. Prior to taking over charge as Zonal Manager(I/C) of the Eastern Zone on May 2, 2016 he was Zonal Manager(I/C) of the Central Zone, Bhopal. He has wide experience in the Corporation having worked in various Zones, handling assignments such as Sr. Divisional Manager, Haldwani and Agra Divisions. He has served in various capacities and held prestigious positions at different parts of the country. He was Regional Manager (Mktg) of East Zone, Regional Manager (OS) and Regional Manager (P&IR) of North Zone. He has special interest in sports and inclined towards Social Service.

Shri Krishnendu Banerjee



Shri Krishnendu Banerjee is Chief General Manager, IDBI Bank and Head East-I (Kolkata) Zone, encompassing West Bengal, Bihar and the entire North East. He majored in Economics from Presidency College, Kolkata and completed his Post Graduation from Calcutta University. He has rich experience in different areas of operations like Economics & Market Research, Corporate Strategy, Corporate Communications & CSR, Project Finance, Monitoring & Follow up, Retail Banking etc.

Dr. R. K. Garg



Dr. R. K. Garg, former Chief General Manager of State Bank of India, NE Circle, joined as a Probationary Officer in 1975, and has held, with distinction, a variety of critical and challenging assignments in the Bank - viz. Head of Corporate Strategy and New Business, Stressed Assets and Risk Management at the Corporate level. He is a Management Graduate from BHU. Post retirement, he completed PhD in Credit Risk Management from Gauhati University.

Dr. T. K. Mukhopadhyay



Dr. T.K. Mukhopadhyay, B.Sc (Honours), B.Tech, M.Tech, Ph D & PGDBM, formerly CGM of IDBI Bank, served the Bank for more than 30 years having rich experience in different areas of operations like Project Finance, MSME finance, Project monitoring & follow up, Restructuring of sick units etc. He also served as a Whole Time Director of Cybertech Systems & Software Ltd. and provided faculty support to Gauhati University, JNIDB, University Colleges of Science & Technology, Calcutta University and K.J. Somaiya Institute of Management. In IDBI Bank, he was the Head of both Eastern & North Eastern Region and served as nominee director on the Board of several companies.

Ms. Shruti Gonsalves



Ms. Shruti Gonsalves is Chief Executive Officer, SEWA Grih Rin Limited, a housing finance company, which provides housing loans to low income households in India. She is a Post Graduate in Finance and Management with over 18 years of experience in Project Finance, Appraisal, Monitoring & Evaluation Systems and Development Financing, mostly in the area of Micro-finance & Capacity Building of Member Organisations and their staff.



The Directors of your Company have pleasure in presenting their 23rd Annual Report on the affairs of the Company together with the Audited Statements of Account for the financial year ended 31st March, 2018.

Financial Review

The financial results of the year are highlighted below:

| Working Results | (Rs. Crore) | |
|--|-------------|-----------|
| | 2016-17 | 2017 - 18 |
| Financial Year | 2016-17 | 2017 - 18 |
| Gross Income | 145.30 | 146.94 |
| Gross Expenditure | 74.63 | 61.27 |
| Profit Before Tax | 70.67 | 83.91 |
| Profit After Tax | 45.46 | 57.21 |
| Earnings Per Share (in Rs.) | 4.55 | 5.72 |
| Dividend | 8.00 | 8.00 |
| Interest income as percentage to average working funds (%) | 8.11 | 7.87 |
| Non - interest income as percentage to average working funds (%) | 1.94 | 1.90 |
| Operating profit as a percentage to average working funds (%) | 5.12 | 5.79 |
| Return on average assets (%) | 3.10 | 3.70 |
| Net profit per employee | 0.39 | 0.49 |
| Capital to Risk (Weighted) Assets Ratio (CRAR) (%) | 44.93 | 48.30 |
| | | |
| Financial Position | | |
| Authorised Capital | 500.00 | 500.00 |
| Paid up Capital | 100.00 | 100.00 |
| General Reserve | 375.87 | 401.62 |
| Net worth | 673.06 | 720.39 |
| Total Assets | 1644.02 | 2224.77 |
| Sanctions | 394.88 | 289.16 |
| Disbursements | 349.09 | 251.41 |
| Loan Outstanding | 1273.75 | 1175.62 |
| Recovery (%) | 67.88 | 69.66 |

Performance of the Corporation

The Corporation has registered a growth of 25.85% in profit as compared to the previous year, inspite of a sluggish market and an adverse macro economic factors for the industrial sector in the region. The increase in profit has been on account of reduction in NPAs and consequent reversal of provisions and booking of past interest.

For the FY18, operating profit as a percentage to average working funds was 5.79% as compared to 5.12% in FY 17. Return on average assets was 3.70 % in the year under review as compared to 3.10% in FY 17. Net profit of the Corporation stood at Rs.57.21 crore as compared to previous year figure of Rs.45.46 crore. Capital Adequacy Ratio stood at 48.30% as at March 31, 2018, as against 44.93% recorded during the previous year.

The Board of Directors of the Corporation has recommended a dividend of 8% for the financial year 2017-18. The payout ratio is 13.98% of the net profit and total outgo on account of dividend and tax thereon is Rs.9.63 crore.

In terms of section 125 of the Companies Act 2013, there was no unpaid/ unclaimed dividend declared and paid during



the previous year and therefore the provisions of section 125 of the Companies Act, 2013 do not apply.

Review of Operations

The economy of North East received low private investment and showed negative trend in the quantum of investment intentions in the region. In the light of the adverse macro-economic headwinds, the Corporation's sanction & disbursement figures of Rs.289.16 crore and Rs.251.41 crore, respectively, were below the target fixed by the Board for FY 18 at Rs. 370 Crore and Rs.330 Crore, respectively.

During the year under review–

- the Corporation had cumulative book size i.e., net portfolio of loans and other credit facilities aggregating to Rs. 1175.62 crore as at 31st March, 2018, as compared to Rs.1273.75 crore in the previous year.
- credit exposure to five largest industrial sectors – hotel, micro finance, iron & steel, hospital and construction was around 50% of the total loan assets.
- gross earnings of the Corporation increased by 1.13% to Rs. 146.94 crore from Rs.145.30 crore.
- gross NPA was Rs.230.90 Crore (19.64%) as against the previous financial year's Rs. 305.13 Crore (23.77%) and net NPA was Rs.154.41 crore (14.05%) as against the previous financial year's Rs. 221.04 crore (18.42%).
- 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.
- as per requirement of RBI regulations, the Corporation has transferred the following amounts to various reserves during financial year ended March 31, 2018:

| Amount transferred to | Rs.Cr. |
|-----------------------|--------|
| General Reserve | 26.00 |
| Statutory Reserve | 11.44 |
| Special Reserve | 10.54 |

During the year, the Corporation received budgetary allocation of Rs. 30 Crore as interest free loan from the Government of India through the Ministry of Development of North Eastern Region (DoNER). The fund has been utilised in terms of the Memorandum of Understanding (MoU) with the Ministry of DoNER for onlending to the micro & 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 & individuals through established and good NGO/MFIs of the region. During FY 18, sanction and disbursements were Rs.66.85 Crore and Rs.75.95 Crore respectively.

Capacity Building Support to NGOs/MFIs

In Micro Finance, Capacity Building is a continuous exercise and to cope up with the changes & developments in the sector, the functionaries and staff of NGOs/ MFIs need to continuously upgrade their knowledge and skill sets. NEDFi assists these NGOs/ MFIs by conducting such capacity building programmes. During the year, NEDFi conducted four training programmes in this area where 94 participants were benefited.



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. These business meets are a means to reach out to all the corners of the North East Region for an interaction with potential entrepreneurs who are informed on the schemes/ products of the Corporation. During the financial year, NEDFi conducted a total number of 17 Business/ Entrepreneurs Meets, Workshops and Entrepreneurship Development Programmes (EDPs) with a participation of 1324 prospective entrepreneurs from all eight states of North Eastern Region for dissemination of information on its schemes and programmes.

In addition, mentoring assistance is extended primarily to the first generation entrepreneurs on managerial, technical, financial, commercial and marketing, preparation of project reports and credit linkages through the 8 Business Facilitation Centres of the Corporation in each NE States. During the year a total of 579 entrepreneurs were nurtured, out of which credit linkage was extended to 88 entrepreneurs for an amount of Rs. 4.17 crore.

Techno-economic Feasibility Studies

NEDFi conducts various techno-economic feasibility studies for the North Eastern Region. As on 31st March, 2018, 75 studies have been completed and 14 studies are at various stages of progress.

Nodal Agency Role

The Corporation is the nodal agency for disbursement of Central Subsidies under North East Industrial Policy (NEIP) 1997 & North East Industrial & Investment Promotion Policy (NEIIPP) 2007, which is administered by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India. The Corporation is thus facilitating disbursement of subsidies under the Transport Subsidy Scheme, Central Capital Investment Subsidy Scheme, Central Interest Subsidy Scheme, Freight Subsidy Scheme & Central Comprehensive Insurance Subsidy Scheme to industrial units of all the eight NER States. The details of disbursement under various schemes during the year are given below:

(Rs. Crore)

| Scheme | FY 17 | FY 18 | Cumulative as on 31/03/2018 |
|---|--------|--------|--------------------------------|
| Transport Subsidy (TS) | 53.79 | 281.27 | 2952.98 |
| Central Capital Investment Subsidy (CCIS) | 123.54 | 475.55 | 1453.03 |
| Central Interest Subsidy (CIS) | 40.13 | 77.71 | 309.06 |
| Central Comprehensive Insurance Subsidy | 6.73 | 2.60 | 22.76 |
| Freight Subsidy | 18.84 | 0.01 | 18.85 |
| Total | 243.03 | 837.14 | 4756.67 |

Advisory and Consultancy Services

Advisory & Consultancy services builds upon the Corporation's unique understanding of the North East region, aimed at economic development of the region, covering various services in the areas of strategic consulting, operations consulting, financial advisory, infrastructure advisory, programme management & implementation support, transaction & bid advisory, capacity building & institutional strengthening, monitoring & evaluation of infrastructure and natural resources management projects. During the year, a total of 12 number of projects were awarded with order booking of Rs.3.26 crore.

HRD Initiatives

The total strength of employees in all categories in the organization as on 31st March, 2018 was 118. During the year under review, 7 officers were promoted from Grade B to C and 3 officers from Grade A to B.



Directors's Report

A total of 16 training programmes were arranged for the officers (in house and outstation including overseas) during the year for 75 officers.

NEDFi's Convention Centre

A total of 118 events had taken place in the Convention centre during the year with participation of organizations like SilkMark, FINER, IGNOU, CII, WHO etc. The total collection received during the year aggregated to Rs.46.77 lakh.

NER Data bank

NEDFi is maintaining a web based portal called "NER Databank" which is a single-point store house of information about North East India. Data on various sectors are being updated regularly. The details can be accessed at <http://db.nedfi.com>.

NEDFi Databank Journal

The Corporation publishes "NEDFi Databank Journal" – which supplies analytical statistics on various sectors of the North Eastern Region. NEDFi Databank Journal is intended to attract investments and business to the region as well as be of use for research/ study for students, policy makers and business persons. During the year, 4 issues of the journal have been published.

Thrust Areas

The Corporation has drawn up a number of initiatives for special attention:

- (i) **Resource Augmentation:** To augment its lending activities substantially, the Corporation will continue to explore various avenues for raising its resources. The Corporation will also explore funding from Institutions to provide assistance to backward and disadvantaged groups at competitive rates.
- (ii) **Focus on MSME & MF Loans:** The Corporation's focus would continue to be on the micro, small & medium enterprises (MSME) & Micro finance segment by extending financial assistance on concessional rate of interest, mentoring assistance, capacity building etc. to the units generating higher employment.
- (iii) **Targeting first generation local entrepreneurs through business counselling & networking:** The Corporation is facilitating entrepreneurship development and new enterprise creation through its Business Facilitation Centres (BFCs) and organising a series of business meets/ counselling camps and capacity building programmes in all the NE states.
- (iv) **Introduction of new products and services:** The Corporation is in the continuous process of developing new products and services to cater to the customised needs of the entrepreneurs.
- (v) **Asset Quality:** The Corporation will take prompt corrective action to prevent slippages in asset quality and strengthen credit monitoring & recovery processes to bring about substantial reduction of NPAs.
- (vi) **Branches/ Representative Offices:** The Corporation is taking steps to strengthen the existing Branches and identify new areas for opening Branches/ Representative Offices to increase its geographical reach.
- (vii) **Capacity building of employees:** The corporation is taking steps to increase productivity of employees by organising appropriate training programmes for sustainable all round development of skill sets required by the Corporation.
- (viii) **Skill Development:** With major stress on skill development, NEDFi is utilising the CSR funds to develop skills among the rural youth for self employment under its CSR initiatives.



Material Changes between the date of the Board report and end of financial year

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which the financial statements relate and the date of this report.

Conservation of energy, technology absorption, foreign exchange earnings 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.

Risk Management Policy

The Corporation has put in place a risk management system to mitigate various risks such as credit, operation, market risks, etc. The Risk Management Committee (RMC), Asset Liability Management Committee (ALCO) and Risk Management Department oversees various types of risks of the Corporation. The Risk Management Policy of the Corporation is reviewed annually.

Corporate Social Responsibility

In accordance with section 135 of Companies Act 2013, the Corporation constituted a Corporate Social Responsibility (CSR) Committee of the Board as under:

- Sri B. P. Muktieh - Chairman and Managing Director
- Dr. T. K. Mukhopadhyay - Director
- Dr. R. K. Garg - Director
- Sri P.V.S.L.N. Murty - Director
- Ms. S. Gonsalves - Director
- Sri K.S. Nagnyal - Director

The CSR activity of the Corporation is guided by the CSR Policy of the Corporation and is monitored by the CSR Committee. The CSR policy of the Corporation is available at the Corporation website viz. www.nedfi.com.

The CSR expenditure incurred during FY 18 was Rs. 0.93 Crore against the minimum mandatory norm of Rs. 1.76 Crore, being 2% of average net profit of three preceding financial years i.e FY15, FY16 and FY17. The Corporation had earmarked an amount of Rs. 102.03 Lakhs towards North East Craft Village Project, which is in the process of execution, out of which an amount of Rs. 14.53 lakhs has already been utilised. The Balance amount of Rs 87.50 Lakhs is being carried forward for utilisation towards the North East Craft Village Project. Separate report on CSR Policy has been enclosed as a part of Annual Report. Sector wise summary of these expenditures is as under:

| SI. No. | Head of expenditure | Amount (Rs. Lakh) |
|---------|----------------------------------|-------------------|
| 1 | Capacity Building | 22.52 |
| 2 | Marketing Assistance | 50.17 |
| 3 | Initial work for craft village | 14.53 |
| 4 | Other Misc. activities/ projects | 5.28 |
| | Total | 92.50 |



Details of CSR and Developmental activities undertaken during the period from April 2017 to March 2018 are as under:

1. CSR Activities

- 1.1 Capacity Building:** 26 training programmes were organised by the Corporation during the FY 2017-18 covering 562 beneficiaries.
- 1.2 Marketing Support:** The Corporation facilitated marketing linkage to a total of 806 artisans of which 342 artisans participated in 45 exhibitions and 464 artisans were facilitated market linkage through showrooms of the Corporation located at Khetri, Guwahati, Noida and Aizawl.
- 1.3 North East Craft Village Project:** Master plan & DPR for the project was prepared and permission from Local Gram Panchayat was made on 26/04/2018 at the Office of DC(Handicraft), Ministry of Textiles, Government of India. The project is being examined under NER Textile Promotion Scheme (NERTPS) of the Ministry.
- 1.4 Other Miscellaneous Activities:** The Corporation extended flood relief support to flood victims of Lakhimpur and Dhemaji district of Assam covering 698 victims.

2. Developmental Activities

- 2.1 R&D Centre at Nagicherra, Tripura:** The Centre initiated awareness programmes in the state of Tripura covering 167 beneficiaries to create awareness on MAP and other potential crops like stevia and Naga Chilli. The Centre has been promoting white and red sandalwood plantation which enabled the Centre to earn Rs. 1,95,600/- from sale of the sapling, in addition to the earning of Rs. 10,620/- from sale of citronella oil produced in its demonstration plot.
- 2.2 R&D Centre at Khetri, Assam:** The Centre facilitated buy back arrangement of citronella and lemon-grass to 131 farmers. The Centre conducted 2 training programmes on MAP covering 53 beneficiaries and facilitated exposure visit to 191 students and farmer groups through 6 programmes organised by various colleges and institutions. The Centre had a sale receipt of Rs. 3,13,000/- against sale of seedling, citronella oil, lemongrass oil, natural dye from indigo etc.

Particulars of loans, guarantees or investments under section 186 of the Companies Act 2013:

There were no loans, guarantees or investments made by Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

Particulars of contracts or arrangements made with related parties under section 188 of the Companies Act 2013:

There was no contract or arrangement made with related parties under section 188 of the Companies Act, 2013 during the year under review.

Prevention and redressal of sexual harassment of women at workplace

The Corporation has constituted an in-house Committee for prevention and expeditious redressal of sexual harassment of women at workplace. The Committee examines and recommends actions required for prevention of sexual harassment of women at the workplace.

Significant and material orders passed by the regulators

There are no significant and material order passed by the regulators/courts that would impact the going concern status of the Corporation and its future operations.



Statutory Auditor and Audit Report

M/s. Jhuria & Company, Chartered Accountants, Guwahati, having registration number FRN No 311081E, was appointed as Statutory Auditors of the Corporation by the Comptroller and Auditor General of India (C&AG) for FY18. There are no qualifications or adverse remarks in the Statutory Auditors' Report, which require any clarification/explanation. The Notes on financial statements are self-explanatory and needs no further explanation. The Auditors' Report for the financial year ended, 31st March, 2018 is annexed herewith.

Secretarial Auditor and Audit Report

M/s Narayan Sharma & Associates, Practicing Company Secretary, Guwahati having registration number FCS-5117 and CP No 3844 was appointed by the Board of the Corporation to conduct Secretarial Audit for FY 18. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith.

Annual Return

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed herewith and also available at the Corporation website viz www.nedfi.com

Company's Policy Relating To Directors Appointment, Payment of Remuneration and discharge of their duties. (Nomination and Remuneration Committee):

As per the Provisions of section 178(1) of the Companies Act, 2013, the Corporation's Nomination and Remuneration Committee comprises of Four Non-executive Directors. The table sets out the composition of the Committee:

| Name of the Director | Position held in the Committee | Category of the Director |
|----------------------|--------------------------------|--|
| Dr. T.K.Mukhopadhyay | Member | Non Executive Independent Director |
| Dr. R.K.Garg | Member | Non Executive Independent Director |
| Sri K.S. Nagnyal | Member | Non Executive Non Independent Director |
| Shri. J.K. Sinha | Member | Non Executive Non Independent Director |

Remuneration Policy

Remuneration to whole time Executive Director:

The remuneration paid to the Chairman and Managing Director, the only whole time Executive Director in the Corporation is approved by the Board of Directors subject to the approval of the shareholders in the General Meeting. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

Remuneration to Non Executive Directors:

The Non Executive Directors are paid remuneration by way of Sitting Fees. The Non Executive Directors are paid sitting fees for each meeting of the Board and Committee of Directors attended by them.

Number of Board Meetings:

During FY 18, the Board of Directors met four times viz. On 27th June, 2017, 30th August, 2017, 10th November, 2017 and 28th February, 2018.



Directors's Report

Directors' Responsibility Statement:

Pursuant to the requirement under section 134(3)(C) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the profit and loss of the Company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the annual accounts on a going concern basis; and
- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Details in respect of frauds reported by auditors under section 143(12)

During the year under review, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under section 143(12) of the Companies Act, 2013.

Auditors:

On the advice of the Comptroller and Auditor General of India, Messrs Jhuria & Company, Chartered Accountants, Guwahati, were appointed by the Department of Companies Affairs, Ministry of Law, Justice and Company Affairs, GOI as Auditors for the financial year 2017-18 under Section 139 of the Companies Act, 2013. They hold office till the end of the ensuing Annual General Meeting.

Subsidiary Joint Ventures and Associate Companies:

| Sl. No. | Name and address of the company | CIN/GLN | Holding/ Subsidiary/associate | % of shares held | Applicable section |
|---------|---------------------------------|-----------------------|-------------------------------|------------------|--------------------|
| 1 | NEDFi Trustee Limited | U65999AS2016GOI017525 | Subsidiary | 98.80% | 2(87)(ii) |
| 2 | NEDFi Venture Capital Limited | U65999AS2016GOI017522 | Subsidiary | 98.80% | 2(87)(ii) |

Deposits:

The Company has not accepted deposits since its inception.

Details of Directors Key Managerial Personnel and changes thereon:

NEDFi's Board has 9 (Nine) Directors of which all except one are Non-Executive Directors. In the last Annual General Meeting held on 25th September 2017, one of the Director retired by rotation.

There are three Key Managerial Personnel in the company comprising of the Managing Director, Chief Financial officer and Company Secretary.



During the year, Sri Vinod Kumar Pipersenia (DIN:07280306), IAS Chief Secretary Government of Assam, who completed two years in Board of Directors, retired by rotation in Annual General Meeting held on 25th September, 2017 and was not re-appointed.

Sri Krishnendu Banerjee (DIN: 05314275), Chief General Manager, Kolkata Zone, IDBI Bank was appointed as Nominee Director on the Board of NEDFi, with effect from 25th September, 2017.

Sri Ranjani Ranjan Rashmi (DIN : 02079727), IAS, Chief Secretary Manipur was appointed as additional Director on the Board of NEDFi with effect from 10th November, 2017.

The Independent Directors Dr. R.K.Garg (DIN 02164119), Dr. T.K.Mukhopadhyay (DIN:00239251) and Women Director Smt. Shruti Gonsalves (DIN: 07160748) were re-appointed as Independent Directors and Woman Director pursuant to section 149 of the Companies Act, 2013 for a consecutive period of two years with effect from 25th September, 2017.

Sri Ram Muviah (DIN: 01099134), IAS, Secretary, North Eastern Council was appointed as Additional Director on the Board of NEDFi with effect from 22nd June, 2018.

Dr. Jangala Suresh Babu (DIN: 07229195), Chief Secretary, Government of Manipur was appointed as Director with effect from 22nd June, 2018 on the Board of NEDFi in place of Shri Rajani Ranjan Rashmi (DIN:02079727), IAS on his relinquishment of Director of NEDFi with effect from 22nd June, 2018.

Sanctioning Committee

The sanction and approval of loan proposals having loan component above Rs. 2 Crore are placed before the Sanctioning Committee for approval. During the year under review, 7 (seven) Sanctioning Committee Meetings were held.

Corporate Credit Committee

The Corporate Credit Committee (I), Corporate Credit Committee (II) and Corporate Credit Committee (III) have been constituted for speedy disposal of proposals. Credit Proposals having loan component upto (i) Rs. 2 Crore (ii) Rs. 50 lakh and (iii) Rs. 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, 9 (Nine) Corporate Credit Committee (II) meetings were held during the year and 14 (Fourteen) Corporate Credit Committee (III) meetings were held during the year.

Declaration by Independent Directors

All the Independent directors duly appointed by the Company have given the declaration at the time of their appointment that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

Disclosure of Composition of Audit Committee

An Audit Committee comprising of Non-Executive/Independent Directors of the Company provides direction to the audit and risk management function of the Corporation. As per the provisions of section 177 of the Companies Act, 2013 the Audit Committee consists of the following 4 members:



| Name of the Director | Position held in the Committee | Category of the Director |
|-----------------------|--------------------------------|--|
| Dr. T.K. Mukhopadhyay | Member | Non Executive Independent Director |
| Dr. R.K. Garg | Member | Non Executive Independent Director |
| Sri P.V.S.L.N. Murty | Member | Non Executive Non Independent Director |
| Sri K.S. Nagnyal | Member | Non Executive Non Independent Director |

The responsibilities of the Audit Committee comprise, 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 audit and discussions with external auditors.

Corporate governance

The Corporation is committed to achieve the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set by the regulators/applicable laws. Accordingly, your Board functions as trustees of the shareholders and seeks to ensure that the long term economic value for its shareholders is achieved while at the same time balancing the interest of all the stakeholders. A separate statement on Corporate Governance is produced as a part of Annual Report.

Secretarial Standards of ICSI

Pursuant to the approval by the Central Government to the Secretarial Standards specified by the Institute of Company Secretaries of India (ICSI), and after amendment the Secretarial on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) come into effect from 1st October, 2017. The company is in compliance with the same.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review is presented in a separate annexure forming part of Annual Report.

Internal Financial Control Systems and their Adequacy

The Corporation had laid down set of standards, processes and structures which enables to implement internal financial control across the organisation and ensure that the same are adequate and operating effectively.

Maintenance of cost records as specified under section 148 (1) of Companies Act, 2013

The Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013, for any of the services rendered by the Corporation.

Shares

Buy Back

The Company has not bought back any of its securities during the year under review

Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.



Bonus shares

No Bonus Shares were issued during year under review.

ESOP

The Company has not provided any Stock Option Scheme to the Employees.

Annexures

Following statements/reports are set out as Annexure to the Board Report:

- Extract of Annual Return in Form MGT-9
- Secretarial Audit Report
- Statutory Audit Report

Further, the Board Report and annexures can also be viewed at www.nedfi.com.

Acknowledgement

The Board of Directors are grateful to the promoters of the Corporation viz., 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, Department of Economic Affairs, Ministry of Finance, Ministries of Commerce & Industry, Commerce, Ministry of MSME, and other departments of Central Government, the State Governments of the North Eastern region, Reserve Bank of India, commercial banks etc. for the magnanimous support it has received from all of them. NEDFi has considerably benefitted from their support, co-operation and guidance for its sustainable economic growth. Lastly, the Board also acknowledges the contribution of the staff & members of the Corporation for their untiring efforts towards the growth of the Corporation.

By order of the Board



(Chairman & Managing Director)

Place: Guwahati
Dated: 31 August, 2018



BOARD MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2017-2018

| Sl. No. | Name of Director | 109th board meeting held on 27/06/2017 | 110th board meeting held on 30/08/2017 | 111th board meeting held on 10/11/2017 | 112th board meeting held on 28/02/2018 |
|---------|---------------------------|--|--|--|--|
| 1 | Sri B. P. Muktieh | Present | Present | Present | Present |
| 2 | Sri V. K. Pipersenia ,IAS | Absent | Absent | Absent | ----- |
| 3 | Sri J. K. Sinha ,IAS | Absent | Absent | Absent | Absent |
| 4 | Sri K. S. Nagnyal | Present | Present | Present | Present |
| 5 | Sri P. V. S. L. N Murthy | Absent | Absent | Absent | Present |
| 6 | Sri K. Banerjee | Present | Present | Present | Present |
| 7 | Dr T. K. Mukhopadhyay | Present | Present | Present | Present |
| 8 | Dr R. K. Garg | Present | Present | Present | Present |
| 9 | Smt S. Gonsalves | Absent | Present | Present | Present |
| 10 | Sri R.R.Rashmi | ----- | ----- | ----- | Absent |

SANCTIONING COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2017-2018

| Sl. No. | Name of Director | 110th Sanctioning Committee Meeting Held on 28/06/2017 | 111th Sanctioning Committee Meeting Held on 25/09/2017 | 112th Sanctioning Committee Meeting Held on 10/11/2017 | 113th Sanctioning Committee Meeting Held on 18/12/2017 | 114th Sanctioning Committee Meeting Held on 02/02/2018 | 115th Sanctioning Committee Meeting Held on 27/02/2018 | 116th Sanctioning Committee Meeting Held on 26/03/2018 |
|---------|---------------------|--|--|--|--|--|--|--|
| 1 | Sri B.P.Muktieh | Present | Present | Present | Present | Present | Present | Present |
| 2 | Dr R.K.Garg | Present | Present | Present | Present | Present | Present | Present |
| 3 | Dr T.K.Mukhopadhyay | Present | Absent | Present | Present | Present | Present | Present |
| 4 | Sri K.S.Nagnyal | Absent | Absent | Present | Present | Absent | Present | Absent |



AUDIT COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2017-2018

| Sl. No. | Name of Director | 61st Audit Committee Meeting held on 27/06/2017 | 62nd Audit Committee Meeting held on 10/11/2017 | 63rd Audit Committee Meeting held on 18/12/2017 | 64th Audit Committee Meeting held on 28/02/2018 |
|---------|----------------------|---|---|---|---|
| 1 | Sri R.K.Garg | Present | Present | Present | Present |
| 2 | Dr.T.K.Mukhopadhyay | Present | Present | Present | Present |
| 3 | Sri P.V.S.L.N Murthy | Absent | Absent | Absent | Absent |
| 4 | Sri K.S.Nagnyal | Present | Present | Present | Present |

CORPORATE CREDIT COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2017-2018

| Sl. No. | Name of Director | 86th Corporate Credit Committee Meeting held on 28/06/2017 | 87th Corporate Credit Committee Meeting held on 25/09/2017 | 88th Corporate Credit Committee Meeting held on 10/11/2017 | 89th Corporate Credit Committee Meeting held on 18/12/2017 | 90th Corporate Credit Committee Meeting held on 02/02/2018 | 91st Corporate Credit Committee Meeting held on 26/03/2018 |
|---------|---------------------|--|--|--|--|--|--|
| 1 | Sri B.P.Muktieh | Absent | Present | Present | Present | Present | Present |
| 2 | Dr R.K.Garg | Present | Present | Present | Present | Present | Present |
| 3 | Dr T.K.Mukhopadhyay | Present | Absent | Present | Present | Present | Present |
| 4 | Sri K.S.Nagnyal | Absent | Absent | Present | Absent | Absent | Absent |



**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEETING ATTENDANCE
FOR THE FINANCIAL YEAR 2017-2018**

| Sl. No. | Name of Director | 10th Corporate Social Responsibility Committee Meeting held on 30/08/2017 | 11th Corporate Social Responsibility Committee Meeting held on 28/02/2018 |
|----------------|-------------------------|--|--|
| 1 | Sri B.P.Muktieh | Present | Present |
| 2 | Sri R.K.Garg | Present | Present |
| 3 | Dr T.K.Mukhopadhyay | Present | Present |
| 4 | Sri P.V.S.L.N Murthy | Absent | Absent |
| 5 | Sri K.S. Nagnyal | Present | Present |
| 6 | Sri S.Gonsalves | Present | Present |

**NOMINATION AND REMUNERATION COMMITTEE MEETING ATTENDANCE
FOR THE FINANCIAL YEAR 2017-2018**

| Sl. No. | Name of Director | 7th Nomination and Remuneration Committee Meeting held on 27/06/2017 |
|----------------|-------------------------|---|
| 1 | Sri J.K.Sinha | Present |
| 2 | Sri K.S. Nagnyal | Present |

**INDEPENDENT DIRECTORS' COMMITTEE MEETING ATTENDANCE
FOR THE FINANCIAL YEAR 2017-2018**

| Sl. No. | Name of Director | 2nd Independent Directors' Committee Meeting held on 30/08/2017 |
|----------------|-------------------------|--|
| 1 | Sri R.K.Garg | Present |
| 2 | Dr T.K.Mukhopadhyay | Present |
| | Sri S.Gonsalves | Present |



Corporate Governance deals with laws, practices and implicit rules that determine a Corporation's ability to take informed managerial decision vis-à-vis its Stakeholders – in particular, its shareholders, customers, government and employees. The management of the Corporation always try to act for the interest of all stakeholders and has adopted good Corporate Governance practices to benefit the greatest number of Stakeholders.

Philosophy on Code of Governance

- (i) To have adequate control system in operation and provide information to the Board on a timely basis in a transparent manner so as to enable the Board to monitor the performance and ensure accountability of the Management.
- (ii) To increase the efficiency of Business Enterprise for creation of wealth of the Enterprise and Country as a whole.
- (iii) To ensure that Employees and Board subscribe to the corporate values and apply them in their conduct.

1. Composition of Board and Particulars of Directors :

(i) Composition of Board:

The Board of Directors of the Corporation consists of 9 (Nine) Directors, including 1 (one) Whole-time Director, 3 (three) Directors from State Bank of India, LIC of India and IDBI Bank, Chief Secretary of North Eastern States including Sikkim on rotation for a period of 2 (two) years, Representative from the Ministry of DoNER, 2 (two) Independent Directors and 1 (one) Woman Director.

| Name | Executive/Non – Executive/ Independent | No. of Directorships held | | No. of other committee membership held | |
|-----------------------|---|---------------------------|---------|--|---------|
| | | Public | Private | Public | Private |
| Sri B.P. Muktieh | Chairman & Managing Director | 3 | Nil | Nil | Nil |
| Sri K.S .Nagnyal | Non Executive Non Independent Director | 2 | Nil | NA | NA |
| Sri J.K.Sinha, IAS | Non Executive Non Independent Director | 4 | Nil | NA | NA |
| Dr. T.K. Mukhopadhyay | Independent Director | 3 | 1 | NA | NA |
| Dr. R.K. Garg | Independent Director | 1 | 1 | NA | NA |
| Sri R.R.Rashmi | Non Executive Non Independent Director | 4 | Nil | NA | NA |
| Smt S. Gonsalves | Non Executive Independent Director | 2 | Nil | NA | NA |
| Sri K. Banerjee | Non Executive Non Independent Director | 3 | Nil | NA | NA |
| Sri P.V.S.L.N Murty | Non Executive Non Independent Director | 1 | Nil | NA | NA |

The Composition of the Board and the number of other Directorship and Committee positions held by the Directors during the year ended as on 31st March, 2018 is as under:

(ii) Non-Executive Director's Compensation & Disclosures:

The Non-Executive Directors of the Corporation has been paid sitting fees.

(iii) Board Meetings, Committee Meetings and Procedures:

- a. Minimum four Board meetings are held in each year. Apart from the four scheduled Board Meetings, additional Board Meeting can be convened by giving appropriate notice and in case of business exigencies or urgency of matters, resolution is passed by circulation.
- b. The Board of Directors is given a presentation on the operation of the Corporation.
- c. 4 (four) meetings of the Board of Directors of the Corporation were held during the year under review. The details of the Board meetings are as under:



Report on Corporate Governance

| Sl. No. | Board Meeting No. | Date | Board Strength | No. of Directors present |
|---------|---------------------|---------------------|----------------|--------------------------|
| 1 | 109th Board Meeting | 27th June, 2017 | 9 | 5 |
| 2 | 110th Board Meeting | 30th August, 2017 | 9 | 6 |
| 3 | 111st Board Meeting | 10th November, 2017 | 9 | 6 |
| 4 | 112th Board Meeting | 28th February, 2018 | 9 | 7 |

- d. The Board of Directors review from time to time compliance report on NEDFi's policies presented to the Board.

2. Code of Conduct:

The Corporation is committed to conduct its business in accordance with the highest standards of business ethics and in compliance with all applicable laws, rules and regulations. It is hereby confirmed that the Code of Business Conduct and Ethics for Directors and Core Management was circulated among all concerned and complied with during the year under report.

3. Risk Management Policy:

The Corporation has implemented the Risk Management Policy, as approved by the Board of Directors of the Corporation.

4. Training of Board Members :

The Board members are provided necessary documents / brochures, report and internal policies to enable them to familiarize with Corporation's procedure and practice.

5. Audit Committee:

The Audit Committee was constituted in the year 2001. The Audit Committee was reconstituted with the following members as on 16th March, 2015. The Audit Committee as on 31st March 2018 were as follows:

| Sl. No. | Name of the Director & Category | Chairman / Member |
|---------|--|-------------------|
| 1 | Sri K.S. Nagnyal Nominee Director of LIC of India | Member |
| 2 | Dr. T.K. Mukhopadhyay Independent Director | Member |
| 3 | Sri PVSLN Murty Nominee Director of State Bank of India | Member |
| 4 | Dr. R.K. Garg Independent Director | Member |

The Committee met 4 (Four) times during the year.

The Company Secretary acts as the Secretary to the Committee.

| Sl. No. | Audit Meeting No. | Date | Committee Strength | No. of Members present |
|---------|----------------------|---------------------|--------------------|------------------------|
| 1 | 61st Audit Committee | 28th February, 2017 | 4 | 3 |
| 2 | 62nd Audit Committee | 10th November, 2017 | 4 | 3 |
| 3 | 63th Audit Committee | 18th December, 2017 | 4 | 3 |
| 4 | 64th Audit Committee | 28th February, 2018 | 4 | 3 |

The Minutes of the Audit Committee were placed before the Board for information. The terms of reference of the Committee as under:



**TERMS AND CONDITIONS OF THE AUDIT COMMITTEE
(PURSUANT TO COMPANIES ACT, 2013)**

A. Composition

The Audit Committee shall consist of a minimum of three directors with independent directors forming a majority:

The Chairman of the Committee shall be Independent Director.

Majority of members of Audit Committee including its Chairperson shall be persons with ability to read and understand the financial statement.

The Company Secretary shall be the Convener of the Meeting of the Audit Committee.

The statutory Auditor, Head of Internal Audit and Director (Finance) shall also attend the meeting of the audit Committee, but shall not have the right to vote.

B. Meeting of the Committee

The Committee shall meet at least three times in a year, and once in six months.

One meeting of the Committee shall be held before the finalization of the Annual Accounts of the Company.

The quorum for the meetings of the Committee shall be of 2 (Two) members or 1/3rd (one-third) of the members of the Audit Committee, whichever is higher.

C. Power of the Committee

The Committee shall have the following powers:

- i) To investigate any activity / matter within its terms of reference
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

D. Terms of Reference of the Audit Committee

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the fixation of audit fee of the Statutory Auditors and also approval for payment for any other services.
- c) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - i) Any changes in accounting policies and practices.
 - ii) Major accounting entries based on exercise of judgment by management.
 - iii) Qualifications in draft audit report.
 - iv) Significant adjustments arising out of audit.
 - v) The going concern assumption.
 - vi) Compliance with the accounting standard.
 - vii) Compliance with stock exchange and legal requirements concerning financial statements.
 - viii) Any related party transactions i.e., transactions of the company of material nature, with the promoter or the management, or their subsidiaries or relatives, etc. that may have potential conflict with the interest of company at large.



- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f) Discussions with the internal auditors any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussions with external auditors before the audit commences, nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- i) Reviewing the company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors (if any), debenture holder, shareholders (in case of non-payment of declared dividend(s) and creditors.
- k) It should review the half-yearly and annual financial statements before submission to the Board.
- l) It should ensure compliance of internal control systems.

6. Nomination and Remuneration Committee:

The Remuneration Committee was re-constituted with the following members as on 16th March 2015. The Nomination and Remuneration Committee as on 31st March, 2018 were as follows:

| Name | Chairman/Member | Independent/Non-Executive |
|-----------------------|-----------------|---|
| Sri K.S. Nagnyal | Member | Non-Executive / Nominee Director of LICl |
| Sri J.K. Sinha, IAS | Member | Non-Executive / Nominee Director of Ministry of DoNER |
| Dr. T.K. Mukhopadhyay | Member | Independent Director |
| Dr. R.K. Garg | Member | Independent Director |

The Nomination and Remuneration Committee has been constituted in terms of Section 178 of the Companies Act, 2013. The terms of appointment of Independent Directors is available at www.nedfi.com.

7. Directors Remuneration

The remuneration paid to the Chairman and Managing Director, the only whole time Functional Director in the Corporation is approved by the Board of Directors subject to the approval of the shareholders in the General Meeting. Details of remuneration of Functional Director of the Corporation during the year 2017-18 are given below:

| Director | Designation | Salary (Rs.) | Perquisites (Rs.) | Total (Rs.) |
|------------------|------------------------------|--------------|-------------------|--------------|
| Sri B.P. Muktieh | Chairman & Managing Director | 37,39,000.00 | 3,51,176.00 | 40,90,176.00 |

Non-Executive /Independent Directors are paid only sitting fees as approved by the Board for attending the Board Meetings as well as Committee Meetings.

8. Disclosures:

There were no transactions of material nature with the directors or the Management etc., which have potential conflict with the interest of the Corporation at large. The Corporation has been particular in adhering to the provisions of the laws and guidelines of regulatory authorities. Further, evaluation of performance of the members of the Board of Directors has also been carried out in the Independent Directors' Meeting.



9. General Body Meeting:

The date, time and location where the last three Annual General Meeting were held are as under:

| Financial Year | Date | Time | Location |
|----------------|---------------------|-----------|----------------------|
| 2014-15 | 28th September,2015 | 3:00 P.M. | NEDFi House Guwahati |
| 2015-16 | 26th September,2016 | 3:00 P.M. | NEDFi House Guwahati |
| 2016-17 | 25th September,2017 | 3:00 P.M. | NEDFi House Guwahati |

10. Shareholders Information:

The pattern of distribution of shareholdings is given as under:

| Name of Shareholder | No. of equity share held | Percentage |
|--|--------------------------|------------|
| Industrial Development Bank of India | 250,00002 | 25% |
| Life Insurance Corporation of India | 150,00001 | 15% |
| State Bank of India | 150,00001 | 15% |
| Industrial Finance Corporation of India | 100,00001 | 10% |
| ICICI Ltd. | 100,00001 | 10% |
| Small Industries Development Bank of India | 100,00000 | 10% |
| Unit Trust of India | 100,00001 | 10% |
| General Insurance Corporation of India | 10,00000 | 1% |
| United India Insurance Co. Ltd. | 10,00000 | 1% |
| The New India Insurance Co. Ltd | 10,00000 | 1% |
| The Oriental Insurance Co. Ltd. | 10,00000 | 1% |
| National Insurance Co. Ltd. | 10,00000 | 1% |

For and on behalf of the Board of Directors



(B.P. Muktieh)

(Chairman & Managing Director)

DIN No: 00123561

Place: Guwahati
Dated: 31 August, 2018



Particulars of Corporate Social Responsibility

1. CSR Policy:

NEDFi undertakes various developmental and promotional activities in North Eastern Region (NER) since its inception to improve quality of life of the people of the Region.

Activities Identified under CSR:

- To take up initiatives for promotion of employment enhancing vocational skills, livelihood enhancement projects or women empowerment.
- To promote the traditional arts and handicraft sector including handloom of the N. E. Region, by providing necessary support to the artisans, weavers and craftsperson engaged in the sector through skill-up gradation, market linkage and/or infrastructural support, wherever necessary.
- To undertake projects and programmes for development of Rural and Backward Areas through promotion of entrepreneurship and income generating activities.

Headlights of CSR initiatives of the Corporation during the FY 2017-18

- Capacity Building Programme for 562 beneficiaries on skill up-gradation in crafts and other vocational trades
- Infrastructure support to 2294 artisans through common facility centers, marketing facilities.
- Mentoring assistance to 579 entrepreneurs of the region through the 8 Business Facilitation Center (BFC) of the Corporation

CSR Committee:

A. Composition of the Board Level CSR Committee as on 31st March 2018

- Shri B. P. Muktieh - Chairman and Managing Director
- Dr. T. K. Mukhopadhyay - Independent Director
- Dr. R. K. Garg - Independent Director
- Shri P.V.S.L.N Murty, SBI - Director
- Ms. S. Gonsalves - Independent Director
- Shri K. S. Nagnyal, LIC - Director

B. Nodal Officer: Sri Ashim Kr. Das, Deputy General Manager, CSR Division

Average net profit of last three financial years: (Rs. In Cr.)

| Year | Net Profit (PBT) |
|--------------------|------------------|
| 2014-15 | 98.31 |
| 2015-16 | 95.57 |
| 2016-17 | 70.67 |
| Total 3 Years | 264.55 |
| Average Net profit | 88.18 |

CSR Budget allocation for the FY 2017-18 : Rs. 1.80 Cr.

CSR Expenditure made during FY 2017-18 : Rs. 0.925 Cr.

Details of CSR spent during the FY 2017-18:

- Total minimum amount to be spent in the financial year: Rs.1.76 Cr. i.e 2% of average net profit of last three financial years as detailed in item 3 above.



ii. Manner in which the amount spent during the financial year is detailed below;

| Sl. No. | Head of expenditure | Expenditure (In Cr) |
|---------|--|---------------------|
| 1 | Capacity Building Training Programmes on crafts and other vocational skills | 0.2252 |
| 2 | Marketing Assistance Facilitating participation in various local, national and international exhibitions | 0.5017 |
| 3 | Initial Work for Craft Village | 0.1453 |
| 4 | Other Misc. activities/projects | 0.0528 |
| | Total | 0.9250 |

iii. Amount unspent: The unspent amount of Rs. 0.875 Cr been sanctioned towards the North East Craft Village project and carried forward to FY 2018-19.

CSR Projects:

| Sl. No. | CSR Projects Identified | Sector | State and District of Project Coverage | | Project wise outlay | Amount spent | | Cumulative Expense | Direct Or through agency |
|---------|--|------------------------|--|-----------------------|---------------------|--------------|-------------|--------------------|--------------------------|
| | | | State | District | | Direct Exp | Over head | | |
| 1 | Capacity Building, Product Development Initiative, Marketing Support & other miscellaneous activities & projects | Livelihood Enhancement | Assam | *Kamrup (Metro) | 23 | 20.88 | 2.32 | 23.20 | Direct |
| 2 | | | Assam | Majuli | 1 | 0.93 | 0.10 | 1.03 | |
| 3 | | | Assam | Lakhimpur | 2 | 1.86 | 0.20 | 2.06 | |
| 4 | | | Assam | Tinsukia | 1 | 0.93 | 0.10 | 1.03 | |
| 5 | | | Assam | Sivasagar | 5 | 4.20 | 0.47 | 4.67 | |
| 6 | | | Assam | Golaghat | 1 | 0.93 | 0.10 | 1.03 | |
| 7 | | | Assam | Dhubri | 1 | 0.93 | 0.10 | 1.03 | |
| 8 | | | Assam | Goalpara | 1 | 0.93 | 0.10 | 1.03 | |
| 9 | | | Assam | Dhemaji | 2 | 1.64 | 0.00 | 1.64 | |
| 10 | | | Arunachal Pradesh | Papum Pare | 1 | 0.73 | 0.00 | 0.73 | |
| 11 | | | Arunachal Pradesh | East Siang | 1 | 1.22 | 0.13 | 1.35 | |
| 12 | | | Manipur | Imphal East | 2 | 1.86 | 0.22 | 2.08 | |
| 13 | | | Meghalaya | East Khasi Hills | 2 | 1.86 | 0.22 | 2.08 | |
| 14 | | | Meghalaya | South West Garo Hills | 1 | 0.93 | 0.10 | 1.03 | |
| 15 | | | Meghalaya | East Khasi Hills | 1 | 0.93 | 0.10 | 1.03 | |
| 16 | | | Nagaland | Kohima | 0.5 | 0.40 | 0.00 | 0.40 | |
| 17 | | | Nagaland | Mokokchung | 1.5 | 1.51 | 0.17 | 1.68 | |
| 18 | | | Mizoram | Aizwal | 3 | 2.79 | 0.32 | 3.11 | |
| 19 | | | Sikkim | South Sikkim | 6 | 5.58 | 0.66 | 6.24 | |
| 20 | | | Sikkim | East Sikkim | 9 | 8.37 | 0.99 | 9.36 | |
| 21 | | | Tripura | North Tripura | 12 | 10.94 | 1.22 | 12.16 | |
| | | | Sub Total | | 78 | 70.21 | 7.76 | 77.97 | |
| 23 | N. E. Craft Village project | | Assam | Kamrup (Metro) | 102 | 14.53 | 0.00 | 14.53 | |
| | | | Grand Total (A+B) | | 180 | 84.74 | 7.76 | 92.50 | |

* The figures indicated against the district of Kamrup (Metro), Assam includes beneficiaries of all states of NER who participated in various capacity building and exhibitions, organised by NEDFi at its Head office, Guwahati, NEDFi R & D Centre at Khetri as well as programmes organized outside NER. Since the Corporation Head Office is situated in Kamrup (Metro) district, all such events are included under the same district, and therefore it includes project beneficiaries from various districts of NER.



Particulars of Corporate Social Responsibility

Reason for not spending the amount:

North East Craft Village Project :-

The Corporation under its CSR initiative has conceptualized the North East Craft Village project at Amerigog village, 9th Mile, Jorabat, Assam during the FY 2017-18. The project will adopt a comprehensive strategy for promotion of artisans and weavers associated with the handloom and handicraft sector of the region. It will have craft houses for capacity building, craft haat and showroom for providing marketing platform including online marketing, raw material and accessories bank to cater to the specific needs of artisans. Further, it will undertake activities on quality certification and brand promotion, establishment of knowledge repository on NER crafts and other associated activities for overall promotion of craft and culture of the region.

An amount of Rs 102.03 Lakh was sanctioned for the project, out of which Rs 14.53 Lakh was utilized towards undertaking initial activities like contour survey, preparation of master plan and architectural model for the crafts village, etc. In this regard, permission from local Gram Panchayat has been obtained while NOC from statutory bodies like Department of Environment & Forest and others, have been applied / in process. The civil work at site will be initiated after getting necessary permission / NOC from the respective statutory bodies. Therefore, the balance fund of Rs. 87.50 Lakh could not be utilized during the FY 2017-18 and is being carried forward against the project, under CSR budget of the Corporation, for the FY 2018-19.

Responsibility Statement:

It is ensured that, implementation and monitoring of CSR activity is in compliance with CSR objectives, policy of the company.



**Chairman and Managing Director
& Chairman of CSR Committee**



Macro-economic Environment

The Macro-Economic Framework Statement of the Union Budget 2018-19 states that the year 2017-18 was marked with strong macro-economic fundamentals. However, the growth of gross domestic product (GDP) moderated in 2017-18 vis-à-vis 2016-17. The year also witnessed an increase in global confidence in Indian economy as well as improvement in ease of doing business ranking. Various economic reforms were undertaken in the year which include: implementation of the goods and service tax, announcement of bank recapitalization, push to infrastructure development by giving infrastructure status to affordable housing, higher allocation of funds for highway construction and greater focus on coastal connectivity. Further initiatives include: lower income tax for companies with annual turnover up to Rs.50 crore; allowing carry-forward of MAT credit up to a period of 15 years instead of 10 years at present; further measures to improve the ease of doing business; and, major push to digital economy.

During the year, the economy of North East received low private investment and shows negative trend in the quantum of investment intentions in the region. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Govt. of India, in partnership with the World Bank Group, released the Business Reform Action Plan (BRAP) 2017. Assam has improved its ranking in "ease of doing business" from 24th to 17th and has been clubbed in the "fast movers". All other north-eastern states are clubbed in the "aspirers" category and remains at the bottom of the rankings.

Macro-economic Outlook for FY 19

The IMF's forecast in its flagship World Economic Outlook released in April 2018, states that India's economy is expected to grow 7.4% in FY 19 from 6.7% in FY18, lifted by strong private consumption as well as fading transitory effects of the currency exchange initiative and implementation of the national goods and service tax. Secondly, the Second Bi-monthly Monetary Policy Statement, 2018-19 Resolution of the Monetary Policy Committee (MPC) released on June 6, 2018, notes that domestic economic activity has exhibited sustained revival in recent quarters and the output gap has almost closed. Investment activity, in particular, is recovering well and could receive a further boost from swift resolution of distressed sectors of the economy under the Insolvency and Bankruptcy Code. Thirdly, since Indian banking is under severe stress with mounting bad loans and the stressed assets resolution is currently taking up a lot of time and effort, it is expected that further lending may be deferred and the NBFCs will quickly fill the space left by the banks.

As regards North East, the Union Govt. is pushing for greater investments in the region. Bolstering the economic development and investment potential of the region is thus a key aspect of India's Act East policy, which focuses on improved socio-economic, trade, and business engagement with East Asia and the ASEAN states. Secondly, the North East Industrial Development Scheme (NEIDS), announced on March 21, 2018, provides a host of incentives to micro, small and medium enterprises in the region along with special incentives to generate employment through the scheme. Thirdly, the Union Govt. constituted 'NITI Forum for North-East' in February 2018 to identify various constraints on the way of accelerated, inclusive and sustainable economic growth in the region and to recommend suitable interventions for addressing identified constraints. The NITI Forum for North East has outlined five development missions for promoting sectors like horticulture, tourism, food processing, bamboo-based handicrafts and medium scale industries with focus on 'Make in North-East'. Fourthly, the Ministry of DoNER took several initiatives in order to to



Management's Discussion & Analysis

accelerate the pace of socio-economic development of the Region. Some of the initiatives are (a) rejuvenation of the NorthEastern Council (NEC) to perform the effective role of an important resource-cum-research centre for the entire region; (b) organising North-East Business Summits/ festivals in various parts of the country to explore the scope for business opportunities in the region; (c) setting up of 'North East Venture Fund', a joint initiative of M-DoNER and NEDFi, with objective to promote entrepreneurship and startups in the region; (d) setting up of North East Tourism Development Council with objective to promote sustainable tourism in the region.

Against the backdrop, the Corporation's focus would continue to be on the Micro, Small & Medium Enterprises (MSME) and Micro Finance segment by extending financial assistance on concessional rate of interest, mentoring assistance, capacity building etc. to the units generating higher employment. The Corporation will also explore more funding from institutions to provide assistance to backward and disadvantaged groups at competitive rates. The Corporation will take prompt corrective action to prevent slippages in asset quality and strengthen credit monitoring & recovery processes to bring about substantial reduction of its gross NPA.

Safe harbour

This document contains certain forward-looking statements based on current expectations of NEDFi Management. Actual results may vary due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in the region and other parts of the country, volatility in interest rates and in the securities market; new regulations and government policies that may impact the businesses of NEDFi as well as its ability to implement the strategy. NEDFi does not undertake to update these statements.



**FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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

To,
The Members,
North Eastern Development Finance Corporation Limited,
NEDFi House, G S Road, Dispur,
Guwahati - 781006

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **North Eastern Development Finance Corporation Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31 March 2018** ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. **(Not applicable to the Company during the Audit Period);**
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **(Not applicable to the Company during the Audit Period);**
- vi. Other laws, including the laws relating to Non-Banking Financial Companies to the extent applicable to the Company.
- vii. I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board & General Meetings. We have checked the compliance management system of the Company to obtain reasonable



Form No. MR-3

Secretarial Audit Report

assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that:

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

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings as represented by the management were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there was no events/actions having a major bearing on the company's affairs.

For Narayan Sharma & Associates
Company Secretaries



Narayan Sharma
(Proprietor)

FCS No. 5117 CP No. 3844

Place: Guwahati
Date: 20th Aug, 2018

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



To,
The Members,
North Eastern Development Finance Corporation Limited,
NEDFi House, G. S. Road, Dispur,
Guwahati - 781006

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company..
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Narayan Sharma & Associates
Company Secretaries



Narayan Sharma
(Proprietor)

FCS No. 5117 CP No. 3844

Place: Guwahati
Date 20th Aug, 2018



Form No. MGT 9

Extract of Annual Return

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|-----|---|--|
| i | CIN | U65923AS1995GOI1004529 |
| ii | Registration Date | 9th August , 1995 |
| iii | Name of the Company | North Eastern Development Finance Corporation Limited |
| iv | Category/Sub-category of the Company | NBFC -LOAN COMPANY |
| v | "Address of the Registered office & contact details" | NEDFI House , G.S.Road , Dispur Guwahati-781006 Telephone No 0361-2222200 , Fax No 0361-2237733 |
| vi | Whether listed company | No |
| vii | Name , Address & contact details of the Registrar & Transfer Agent, if any. | NA |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| SL No | Name & Description of main products/services | "NIC Code of the Product /service" | "% to total turnover of the company" |
|-------|--|------------------------------------|--------------------------------------|
| 1 | Lending and Investment Activities | 8013 | 96% |

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

| SI No | Name & Address of the Company | CIN/GLN | "HOLDING/ SUBSIDIARY/ ASSOCIATE" | "% OF SHARES HELD" | APPLICABLE SECTION |
|-------|-------------------------------|-----------------------|----------------------------------|--------------------|--------------------|
| 1 | NEDFI TRUSTEE LIMITED | U65999AS2016GOI017525 | SUBSIDIARY | 98.80% | 2(87)(ii) |
| 2 | NEDFI VENTURE CAPITAL LIMITED | U65999AS2016GOI017522 | SUBSIDIARY | 98.80% | 2(87)(ii) |



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

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % change during the year |
|---|---|----------------|----------------|-------------------|---|----------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | | | - | | | | | | |
| b) Central Govt.or State Govt. | | | - | | | | | | |
| c) Bodies Corporates | | | - | | | | | | |
| d) Bank/Fl | 100,000,007.00 | | 100,000,007.00 | 100.00 | - | | 100,000,007.00 | 100.00 | |
| e) Any other | | | - | | | | | | |
| SUB TOTAL:(A) (1) | - | 100,000,007.00 | 100,000,007.00 | 100.00 | - | 100,000,007.00 | 100,000,007.00 | 100.00 | - |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | | | | | | | | | |
| b) Other Individuals | | | | | | | | | |
| c) Bodies Corp. | | | | | | | | | |
| d) Banks/Fl | | | | | | | | | |
| e) Any other... | | | | | | | | | |
| SUB TOTAL (A) (2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | - | 100,000,007.00 | 100,000,007.00 | 100.00 | - | 100,000,007.00 | 100,000,007.00 | 100.00 | - |



(ii) SHARE HOLDING OF PROMOTERS

| SI No. | Shareholders Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No of shares | % of total shares of the company | % of shares pledged encumbered to total shares | No of shares | % of total shares of the company | % of shares pledged encumbered to total shares | |
| 1 | IDBI BANK LTD | 25,000,002 | 25% | | 25,000,002 | 25% | | NIL |
| 2 | LIFE INSURANCE CORPORATION OF | 15,000,001 | 15% | | 15,000,001 | 15% | | |
| 3 | STATE BANK OF INDIA | 15,000,001 | 15% | | 15,000,001 | 15% | | |
| 4 | INDUSTRIAL FINANCE | 10,000,001 | 10% | | 10,000,001 | 10% | | |
| 5 | ICICI LTD | 10,000,001 | 10% | | 10,000,001 | 10% | | |
| 6 | SMALL INDUSTRIES DEVELOPMENT | 10,000,000 | 10% | | 10,000,000 | 10% | | |
| 7 | UNIT TRUST OF INDIA | 10,000,001 | 10% | | 10,000,001 | 10% | | |
| 8 | GENERAL INSURANCE | 1,000,000 | 1% | | 1,000,000 | 1% | | |
| 9 | UNITED INDIA INSURANCE CO. LTD | 1,000,000 | 1% | | 1,000,000 | 1% | | |
| 10 | THE NEW INDIA INSURANCE CO LTD | 1,000,000 | 1% | | 1,000,000 | 1% | | |
| 11 | THE ORIENTAL INSURANCE Co.LTD | 1,000,000 | 1% | | 1,000,000 | 1% | | |
| 12 | NATIONAL INSURANCE CO.LTD | 1,000,000 | 1% | | 1,000,000 | 1% | | |

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

| SI. No. | Share holding at the beginning of the Year | Cumulative Share holding during the year | |
|---------|--|--|----------------------------------|
| | | No. of Shares | % of total shares of the company |
| | | No of shares | % of total shares of the company |
| | At the beginning of the year | NIL | |
| | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | | |
| | At the end of the year | | |



(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

| Sl. No | Shareholding at the beginning of the year | | Shareholding pattern at the end of the year | |
|--------|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| | NAME OF SHARE HOLDER | | | |
| | NIL | | | |

(v) SHAREHOLDING OF DIRECTORS & KMP

| Sl. No | Shareholding at the end of the year | | Cumulative Shareholding during the year | |
|--------|--|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No of shares | % of total shares of the company |
| | For Each of the Directors & KMP | | | |
| | At the beginning of the year | | | |
| | Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) | | | |
| | At the end of the year | | | |
| | NIL | | | |



V INDEBTEDNESS

| Indebtedness of the Company including interest outstanding/accrued but not due for payment | | | | |
|---|---|----------------------------|-----------------|-------------------------------|
| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 3,333,330.00 | 7,371,266,717.00 | | 7,374,600,047.00 |
| ii) Interest due but not paid | - | | | - |
| iii) Interest accrued but not due # | - | 1,266,541.00 | | 1,266,541.00 |
| Total (i+ii+iii) | 3,333,330.00 | 7,372,533,258.00 | | 7,375,866,588.00 |
| | | | | - |
| Change in Indebtedness during the financial year | | | | - |
| Additions | - | 300,000,000.00 | | 300,000,000.00 |
| Reduction | 3,333,330.00 | 382,263,105.00 | | 385,596,435.00 |
| Net Change | (3,333,330.00) | (82,263,105.00) | | (85,596,435.00) |
| Indebtedness at the end of the financial year | | | | - |
| i) Principal Amount | - | 7,289,003,612.00 | | 7,289,003,612.00 |
| ii) Interest due but not paid | - | - | | - |
| iii) Interest accrued but not due # | - | 324,300.00 | | 324,300.00 |
| Total (i+ii+iii) | - | 7,289,327,912.00 | | 7,289,327,912.00 |

#Interest accrued but not due is shown separately in Balance Sheet

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

| Sl.No | Particulars of Remuneration | Name of the MD/WTD/Manager | Total Amount |
|--------------|--|-----------------------------------|---------------------|
| | | Shri B.P.Muktieh(CMD) | |
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961. | 3,739,000.00 | 3,739,000.00 |
| | (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 | 351,176.00 | 351,176.00 |
| | (c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - |
| 2 | Stock option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | - | - |
| | as % of profit | - | - |
| | others (specify) | - | - |
| 5 | Others, please specify | - | - |
| | Total (A) | 4,090,176.00 | 4,090,176.00 |
| | Ceiling as per the Act** | | |

** Remuneration of Director is governed by section 196-202 of Companies Act ,2013 and Rule 3-10 of Companies (Appointment and Remuneration of Managerial Personnel) Rules ,2014



B. Remuneration to other directors:

| Sl. No | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|--------|--|---------------------------|--------------------------|-----------------------------------|--------------|
| 1 | Independent Directors | Dr T.K.Mukhopdhyay | Shri. R.K. Garg | Smt Shruti Savio Gonsalves | |
| | (a) Fee for attending board committee meetings | 350,000.00 | 380,000.00 | 105,000.00 | 835,000.00 |
| | (b) Commission | | | | - |
| | (c) Others, (Sitting fees for Promotion Interview) | - | - | - | - |
| | Total (1) | 350,000.00 | 380,000.00 | 105,000.00 | 835,000.00 |
| 2 | Other Non Executive Directors | Shri K.S. Nagnyal | Shri PVSLN Murthy | Shri K Banerjee | |
| | (a) Fee for attending board committee meetings | 275,000.00 | 20,000.00 | 80,000.00 | 375,000.00 |
| | (b) Commission | | | | |
| | (c) Others, please specify. | - | - | - | - |
| | Total (2) | 275,000.00 | 20,000.00 | 80,000.00 | 375,000.00 |
| | Total (B)=(1+2) | 625,000.00 | 400,000.00 | 185,000.00 | 1,210,000.00 |
| | Total Managerial Remuneration | | | | |
| | Overall Ceiling as per the Act** | | | | |

** Remuneration of Director is governed by section 196-202 of Companies Act ,2013 and Rule 3-10 of Companies (Appointment and Remuneration of Manegerial Personnal) Rules ,2014

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|--|--------------------------|---------------------|---------------------|---------------------|
| 1 | Gross Salary | CEO | Company Secretary | CFO | Total |
| | (a) Salary as per provisions | | 2,654,911.00 | 2,550,035.00 | 5,204,946.00 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | 1,053,593.00 | 1,433,760.00 | 2,487,353.00 |
| | (c) Profits in lieu of salary under | | | | - |
| 2 | Stock Option | | | | - |
| 3 | Sweat Equity | | | | - |
| 4 | Commission as % of profit | | | | - |
| | others, specify | | | | - |
| 5 | Others, please specify | | | | - |
| | | | | | - |
| | Total | - | 3,708,504.00 | 3,983,795.00 | 7,692,299.00 |



VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment /Compounding fees imposed | Authority (RD/NCLT/Court) | Appeal made if any (give details) |
|-------------------------------------|------------------------------|-------------------|---|---------------------------|-----------------------------------|
| A. COMPANY | | | NIL | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | NIL | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | NIL | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |



Independent Auditors' Report

TO

THE MEMBERS OF

NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED

GUWAHATI

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system



over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

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

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2018;
- ii) In case of statement of Profit and Loss, of the profit for the year ended on that date and
- iii) 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

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

As required by the Companies Act, 2013 under section 143(5), we get in the Annexure- II a statement on the matters directed by C&AG.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law relating to preparation of standalone financial statements have been kept so far as it appears from our examination of those books.
- c) The standalone Balance Sheet, the standalone Statement of Profit and Loss and the standalone Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



Independent Auditors' Report

- e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in Annexure – III.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
- (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statement – Refer Note 25 to the standalone financial statements;
- (ii) The Company does not have any long-term contracts including derivatives contracts; hence no provision for the material foreseeable losses has been made by the Company.
- (iii) There has been no case of unclaimed dividend and hence there is no transfer of amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Date:10/07/2018
Place:Guwahati

For JHURIA AND COMPANY
Chartered Accountants



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E



As per Annexure-I referred to in our Independent Auditors' Report to the members of the Company on the standalone Financial Statements for the year ended 31 March 2018, we report that:

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

(b) As explained to us the fixed assets of the Company have been physically verified by the Management during the year which in our opinion is reasonable having regard to the size of the Company and nature of its assets according to the information and explanations given to us by the management, no material discrepancies were noticed on such physical verification.

(c) The Title Deeds of all Immovable Properties are held in the name of the Company
- (ii) The Company is a Non-Banking Finance Company. Accordingly, it does not hold any physical inventory. Thus, paragraph 3(ii) of the order is not applicable.
- (iii) (a) The Company has not granted or taken loans to /from companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. ("the Act")

(b) The company has given Loans to all other parties in the ordinary course of business of lending.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the Loans and Investments made.
- (v) The Company has not accepted any deposit from public and therefore, the paragraph 3(v) of the order is not applicable.
- (vi) As Informed to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations 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, service tax, central duty, excise duty, cess, GST 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 31.3.2018 for a period of more than 6 months from the date they become payable.

(b) According to the record of the company and as per the information and explanation given to us, no disputed amount is payable in respect of dues of Income Tax/ Sales Tax / Custom duty / Service Tax/ Excise duty/ cess and GST were outstanding as at 31.3.2018.

(c) According to the information and explanations given to us no amounts were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 2013, and rules there under.
- (viii) Based on our audit procedures and according to the information and explanation given to us the company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- (ix) The Company has raised interest free term loan from Central Government. The term loan has been applied for the purpose of which it was raised. Pending utilizations the funds were temporarily invested in short term investments and placed as fixed deposits with banks. The term loans outstanding at the beginning of the year and those raised during the year were applied for the purpose for which they were raised.



Annexure-I



to the Independent Auditors' Report

- (x) According to information and explanations given to us, no material fraud on or by the Company by its officers and employees has been noticed or reported during the course of our audit.→
- (xi) The Company has paid Managerial Remuneration during the year in accordance with the requisite approvals mandated by the provisions of Sec. 197 read with schedule-V of the Companies Act, 2013.
- (xii) In our Opinion and according to the information and explanations given to us, the Company is not a NIDHI company. Accordingly paragraph 3(xii) of the Order is not applicable.
- (xiii) According to information and explanations given to us and based on our examination of records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) In our Opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our Opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is already registered under section 45-IA of the Reserve Bank of India Act, 1934

For JHURIA AND COMPANY
Chartered Accountants

(K.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Date:10/07/2018

Place:Guwahati



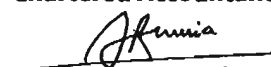
(Referred to in "Report on Other Legal and Regulatory requirements" of our Report of even date)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED, GUWAHATI, ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT 2013

| Sl.No. | DIRECTIONS | COMMENTS |
|--------|--|---|
| 1 | Whether the Company has clear title/ lease deeds for freehold and leasehold land respectively. If not please state the area of freehold land for which title/lease deed are not available. | The Company has clear title / lease deeds of freehold and leasehold land respectively. |
| 2 | Whether there are any cases of waiver/ writeoff of debts/loans/interest etc. If yes the reason there for and amount involved. | As informed by the management and based on the records examined, there are 5 cases of write off of loans advanced aggregating to Rs. 33.54 Crore. Further, as informed by the management and based on the records examined, there are 19 cases of waiver of interest aggregating Rs. 34.23 Crore in respect of OTS cases, wherein the settlement amount has been received. |
| 3 | Whether proper records maintained for inventories lying with third parties & assets received as gift/ grant(s) from the Govt or other authorities. | As informed to us, no case of inventories lying with third parties exists and no assets have been received as gift from Government or other authorities. |

**For JHURIA AND COMPANY
Chartered Accountants**



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Date:10/07/2018

Place:Guwahati



to the Independent Auditors' Report

(Referred to in "Report on Other Legal and Regulatory requirements" of our Report of even date)

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

We have audited the internal financial controls over financial reporting of NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED as on 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Control over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in



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

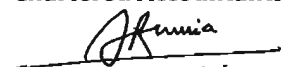
Inherent Limitations of Internal Financial Control over Financial Reporting

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

Opinion

In our opinion, the company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For JHURIA AND COMPANY
Chartered Accountants**



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Date:10/07/2018

Place:Guwahati



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED, GUWAHATI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 10 July 2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. 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.

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



(Subarna Deb)

Director General of Commercial Audit
& Ex-officio Member, Audit Board-I, Kolkata.

Place: Kolkata.

Date: 16/08/2018



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Balance Sheet as at 31st March, 2018

| | Particulars | Note No. | As at 31 March, 2018 | As at 31 March, 2017 |
|----------|--|----------|-----------------------|-----------------------|
| | | | ₹ | ₹ |
| A | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' funds | | | |
| | (a) Share capital | 1 | 1,000,000,070 | 1,000,000,070 |
| | (b) Reserves and surplus | 2 | 6,812,821,268 | 6,350,930,176 |
| | (c) Money received against share warrants | | | - |
| 2 | Share application money pending allotment | | | - |
| 3 | Non-current liabilities | | | |
| | (a) Long-term borrowings | 3 | 7,000,814,301 | 6,988,563,612 |
| | (b) Deferred tax liabilities (net) | 4 | 28,916,144 | 23,740,377 |
| | (c) Other long-term liabilities | | | - |
| | (d) Long-term provisions | 5 | 931,771,718 | 1,032,153,564 |
| 4 | Current liabilities | | | |
| | (a) Short-term borrowings | | | - |
| | (b) Trade payables | 6 | | - |
| | (c) Other current liabilities | 7 | 6,092,763,567 | 600,450,931 |
| | (d) Short-term provisions | 8 | 380,644,651 | 444,298,123 |
| | TOTAL | | 22,247,731,719 | 16,440,136,853 |
| B | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Fixed assets | | | |
| | (i) Tangible assets | 9 | 318,182,623 | 342,816,760 |
| | (ii) Intangible assets | | | - |
| | (iii) Capital work-in-progress | | - | 415,800 |
| | (iv) Intangible assets under development | 10 | 31,643,213 | 25,501,074 |
| | (v) Fixed assets held for sale | | | - |
| | (b) Non-current investments | 11 | 125,988,000 | 125,988,000 |
| | (c) Deferred tax assets (net) | | | - |
| | (d) Long-term loans and advances | 12 | 8,694,712,069 | 10,067,468,429 |
| | (e) Other non-current assets | | | - |
| 2 | Current assets | | | |
| | (a) Current investments | 13 | 2,803,649,147 | 1,795,189,103 |
| | (b) Inventories | | | - |
| | (c) Trade receivables | | | - |
| | (d) Cash and Cash equivalents | 14 | 6,664,885,722 | 783,613,103 |
| | (e) Short-term loans and advances | 15 | 3,077,159,716 | 2,773,130,442 |
| | (f) Other current assets | 16 | 531,511,229 | 526,014,142 |
| | TOTAL | | 22,247,731,719 | 16,440,136,853 |
| | Significant Accounting Policies and Notes on Financial Statements | 1 to 34 | | |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

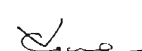


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



Statement of Profit and Loss

for the year ended 31st March, 2018



NEDFi

An ISO 9001:2008 Company

| | Note No. | For the year ended | For the year ended |
|--|----------|----------------------|----------------------|
| | | 31st March, 2018 | 31st March, 2017 |
| | | ₹ | ₹ |
| CONTINUING OPERATIONS | | | |
| Revenue from Operation | 17 | 1,187,495,983 | 1,173,828,807 |
| Other Income | 18 | 281,940,684 | 279,211,535 |
| Total Revenue | | 1,469,436,667 | 1,453,040,342 |
| Expenses | | | |
| (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 | 19 | 212,479,950 | 220,862,378 |
| (e) Finance costs | 21 | 12,324,489 | 24,612,003 |
| (f) Depreciation and amortisation expense | 9 | 26,812,913 | 32,086,844 |
| (g) Other expenses | 20 | 351,869,476 | 448,336,913 |
| (h) CSR Expenses | 22 | 9,252,415 | 20,396,212 |
| Total expenses | | 612,739,243 | 746,294,350 |
| Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4) | | 856,697,424 | 706,745,991 |
| Exceptional items | | - | - |
| Profit / (Loss) before extraordinary items and tax | | 856,697,424 | 706,745,991 |
| <u>Extraordinary items</u> | | | |
| Prior Period Expenses | | 17,630,464 | - |
| Profit / (Loss) before tax | | 839,066,960 | 706,745,991 |
| Tax expense: | | | |
| (a) Current tax expense for current year | | 265,000,000 | 330,000,000 |
| (b) (Less): MAT credit (where applicable) | | - | - |
| (c) (Less): Current tax expense relating to prior years | | (3,240,542) | 1,249,681 |
| (d) Net current tax expense | | 261,759,458 | 331,249,681 |
| (e) Deferred tax | | 5,175,767 | (79,136,882) |
| | | 266,935,225 | 252,112,799 |
| Profit / (Loss) from continuing operations before minority interest (A) | | 572,131,735 | 454,633,192 |
| | | 572,131,735 | 454,633,192 |
| DISCONTINUING OPERATIONS | | | |
| 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 | | - | - |
| | | - | - |
| Profit / (Loss) from discontinuing operations (B) | | - | - |
| Profit / (Loss) for the year (A+B) | | 572,131,735 | 454,633,192 |



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Statement of Profit and Loss for the year ended 31st March, 2018

| PARTICULARS | Note No. | For the year ended | For the year ended |
|---|----------|--------------------|--------------------|
| | | 31st March, 2018 | 31st March, 2017 |
| | | ₹ | ₹ |
| Earnings per share (of ₹ 10/- each): | 23 | | |
| Basic & Diluted | | | |
| (i) Continuing operations | | 5.72 | 4.55 |
| (ii) Total operations | | 5.72 | 4.55 |
| Earnings per share (excluding extraordinary items) (of ₹ 10/- each): | | | |
| Basic & Diluted | | | |
| (i) Continuing operations | | 5.72 | 4.55 |
| (ii) Total operations | | 5.72 | 4.55 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 34 | | |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

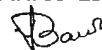
For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

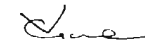


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584

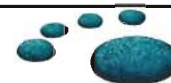


Cash Flow Statement

for the year ended 31.03.2018

(₹ in '000)

| | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|--|--|
| Cash flows from Operating activities | | |
| Net profit before income tax | 839,067 | 706,746 |
| Adjustment for: | | |
| Depreciation charge for the year | 26,813 | 32,087 |
| Loans Provisions & Write offs | 253,597 | 365,397 |
| Fixed Assets written off/Loss on sale | (25) | (19) |
| Dividend received | - | (200) |
| Provision for Gratuity, Leave Encashment and LTC / LTA | (16,990) | 17,763 |
| Operating profit before working capital changes | 1,102,462 | 1,121,773 |
| Adjustments for: | | |
| (Increase) / Decrease in Advances | 746,408 | (379,306) |
| (Increase) / Decrease in Other Current Assets & Advances | 1,760 | 36,904 |
| Increase / (Decrease) in Other liabilities and Provisions | 347,503 | 71,049 |
| Cash Flow from operations | 2,198,134 | 850,420 |
| Direct Taxes paid (net of refund received) | (333,363) | (316,445) |
| Net cash flow / (used in) from operating activities | 1,864,770 | 533,975 |
| Cash flows from Investing activities | | |
| (Increase) / Decrease in Capital Advances | - | - |
| (Increase) / Decrease in Investment in Subsidiaries | - | (988) |
| (Increase)/Decrease in Capital Work in Progress | (6,142) | (10,200) |
| Purchase of fixed assets (net of sales) | (2,419) | (9,295) |
| Dividend Received | - | 200 |
| Net cash flow / (used in) from Investing activities | (8,561) | (20,283) |
| Cash flows from Financing activities | | |
| Dividend and Dividend Tax paid | (96,286) | (96,286) |
| Increase / (Decrease) in Borrowings | (86,539) | 588,650 |
| Net cash flow / (used in) from financing activities | (182,825) | 492,364 |
| Net increase in cash and cash equivalents from Operating, Investing and Financing Activities | 1,673,384 | 1,006,056 |
| Cash flows from Nodal Agency and Implementing Agency Activities | | |
| Net Income / (Expenditure) of TEDF | (13,510) | 5,827 |
| (Increase)/Decrease in Investments | - | - |
| (Increase)/Decrease in Current Assets | (13,741) | (855) |
| Increase / (Decrease) in Growth Centre, Central Subsidy and other Central Funds | 5,243,599 | (28,021) |
| Net Increase in cash & cash equivalent from Nodal Agency activity | 5,216,348 | (23,048) |
| Net increase in cash and cash equivalents | 6,889,733 | 983,007 |



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Cash Flow Statement for the year ended 31.03.2018

| | | |
|---|-----------|-----------|
| Cash and cash equivalents at beginning of period | | |
| - Own funds | 2,164,562 | 1,267,913 |
| - Nodal Agency and Implementing Agency funds | 483,190 | 396,832 |
| Cash and cash equivalents at end of period | | |
| - Own funds | 9,120,591 | 2,164,562 |
| - Nodal Agency and Implementing Agency funds | 416,894 | 483,190 |

Note 1

Cash and cash equivalents consist of cash in hand and balances with banks, and investments in mutual funds but excludes Fixed Deposits which are marked lien.

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

| | | |
|-------------------------------|------------------|------------------|
| Units of mutual funds | 2,852,602 | 1,844,142 |
| <u>Cash and bank balances</u> | | |
| Cash in hand | 55 | 180 |
| Balance at Bank | | |
| -With Scheduled Bank | | |
| (i) In Current Account | 6,267,934 | 295,134 |
| (ii) In Fixed Deposits | - | 25,106 |
| Balance (TEDF) | | |
| (a) With Scheduled Bank | | |
| (i) In Current Account | 5,847 | 82,079 |
| (ii) In Fixed Deposits | 385,000 | 375,064 |
| (b) In units of mutual funds | 26,047 | 26,047 |
| Grand Total | 9,537,485 | 2,647,752 |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

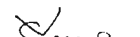


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



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%. A provision of 5.00% is made against restructured standard accounts as per extant RBI guidelines. Further, as per RBI Notification dated February 07, 2018 on the subject ' Relief for MSME borrowers registered under Goods and Service Tax(GST)', 5% provisioning has been made on eligible assets not downgraded due to relaxation of repayment upto 180 days instead of 90 days.

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 extra ordinary 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. In pursuant to Schedule – II of the Companies Act, 2013, the fixed assets of significant values are componentized with separate useful life. The cut off limit of component value to capitalize separately with different useful life is considered as ₹ 1 Crore.

Depreciation on Fixed Assets is provided on Written Down Value Method in the manner specified in Schedule II to the Companies Act, 2013. 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. The components of property, plant and equipment whose value is Rs. 1 Crore or more and whose life is assessed to be different has been recorded and depreciated separately. The indentified components are depreciated over their assessed useful life.

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.



Note 2: RESERVES & SURPLUS (contd.)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| (e) General Reserve | | |
| Opening balance | 3,758,743,366 | 3,621,260,881 |
| Add: Transferred from surplus in Statement of Profit and Loss | 260,000,000 | 140,000,000 |
| Less: Utilised / transferred during the year for: | | |
| Others : Transferred to Venture Capital Fund | 2,517,515 | 2,517,515 |
| Closing balance | 4,016,225,851 | 3,758,743,366 |
| (f) India Exposition Mart Stalls | | |
| Opening balance | 17,445,125 | 18,160,102 |
| Add: Additions / transfers during the year | - | - |
| Less: Utilisations / transfers during the year | 680,229 | 714,977 |
| Closing Balance | 16,764,896 | 17,445,125 |
| (g) Techno Economic Development Fund | | |
| Opening balance | 421,028,333 | 415,201,059 |
| Add: Additions / transfers during the year | 32,536,625 | 32,937,116 |
| Less: Utilisations / transfers during the year | 46,047,068 | 27,109,842 |
| Closing Balance | 407,517,890 | 421,028,333 |
| (h) CSR Reserve ** | | |
| Opening balance | 2,609,629 | 3,416,110 |
| Add: Additions / transfers during the year | - | - |
| Less: Utilisations / transfers during the year | - | 806,481 |
| | 2,609,629 | 2,609,629 |
| (ii) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening balance | 6,770,685 | 4,740,562 |
| Add: Profit / (Loss) for the year | 572,131,735 | 454,633,192 |
| Amounts transferred from: | | |
| General reserve | | |
| Other reserves (CSR Reserve) | - | 806,481 |
| Less: Interim dividend | - | - |
| Dividends proposed to be distributed to equity shareholders (Rs. per share) | 80,000,000 | 80,000,000 |
| Tax on dividend | 16,286,400 | 16,286,400 |
| Transferred to: | | |
| CSR Reserve | - | - |
| General reserve | 260,000,000 | 140,000,000 |
| Statutory Reserve under RBI Act, 1934 | 114,426,347 | 91,059,374 |
| Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961 | 105,410,603 | 126,063,776 |
| Closing Balance | 2,779,071 | 6,770,685 |
| Total(₹) | 6,812,821,268 | 6,350,930,176 |

* 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



Notes on Financial Statements

for the Year ended 31st March, 2018



NEDFI

An ISO 9001:2008 Company

NOTE 3: LONG TERM BORROWINGS

| BORROWED FROM | As at 31 March, 2018 | As at 31 March, 2017 | REMARK |
|---|----------------------|----------------------|--|
| | ₹ | ₹ | |
| Term Loan from Other Parties | | | |
| Unsecured | | | |
| Interest free loan from Govt. of India | 6,483,100,000 | 6,337,100,000 | 1. Repayable after 15 years as per instalment received. 2. Second instalment due in FY 2018-19. |
| Interest free loan from Govt. of India for Venture | 450,000,000 | 450,000,000 | 1. Repayable after 15 years. 2. Due in FY 2031-32. |
| Loan from National Scheduled Castes Finance & Development Corporation (NSCFDC)** (3rd Loan) | 2,000,000 | 8,560,000 | 1. Repayable in 10 quarterly instalments starting from September, 2016. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (3rd Loan) | - | 2,571,214 | 1. Repayable in 18 quarterly instalments starting from September, 2014. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (4th Loan) | 1,428,553 | 37,857,396 | 1. Repayable in 16 quarterly instalments starting from September, 2015. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (5th Loan) | 23,571,451 | 52,142,871 | 1. Repayable in 15 quarterly instalments starting from September, 2016. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (6th Loan) | 40,714,297 | 63,571,433 | 1. Repayable in 15 quarterly instalments starting from September, 2017. |
| Loan From Small Industries Development Bank of India (SIDBI)*** | - | 36,760,698 | 1. Repayable in 19 quarterly instalments starting from September, 2013. |
| Total | 7,000,814,301 | 6,988,563,612 | |

* Loan from NBCFDC was ₹ 63 Crore taken on various occasions, out of which ₹ 47.39 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 NSCFDC was ₹ 4.98 Crore taken on various occasions, out of which ₹ 4.12 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 was ₹ 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)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-----------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Deferred Tax Asset | | |
| Relating to Provisions | 321,207,220 | 281,191,293 |
| Total | 321,207,220 | 281,191,293 |
| Deferred Tax Liability | | |
| Relating to Fixed Assets | 6,871,420 | (1,839,772) |
| Relating to Special Reserve | 343,251,944 | 306,771,442 |
| Total | 350,123,364 | 304,931,670 |
| Net Deferred Tax Liability | 28,916,144 | 23,740,377 |



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Notes on Financial Statements for the Year ended 31st March, 2018

NOTE 5 : LONG TERM PROVISIONS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| A. Provision for employee benefits | | |
| Provision for Leave Encashment | 62,437,192 | 76,747,244 |
| Provision for Gratuity | 5,093,741 | 9,120,446 |
| | 67,530,933 | 85,867,690 |
| B. Others | | |
| Provision for Standard Assets | 76,194,111 | 82,279,521 |
| Floating Provision against Advances | 20,000,000 | 20,000,000 |
| Provision Against Sub Standard Assets | 58,048,430 | 181,651,477 |
| Provision Against Doubtful Assets | 686,526,236 | 652,227,106 |
| Provision Against Loss Assets | 20,343,008 | 6,998,770 |
| Provision for Diminution in Fair Value of Restructured Advance | 3,129,000 | 3,129,000 |
| | 864,240,785 | 946,285,874 |
| Total | 931,771,718 | 1,032,153,564 |

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 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Sundry creditors (for expenses) | 84,498,794 | 67,830,811 |
| Sundry creditors (for capital expenditure) | 969,200 | 1,288,676 |
| Current maturities of Long Term Loan (NBCFDC) | 90,428,613 | 114,999,988 |
| Current maturities of Long Term Loan (NSCFDC) | 7,000,000 | 8,440,000 |
| Current maturities of Long Term Loan (NSTFDC) | - | 3,333,330 |
| Current maturities of Long Term Loan (SIDBI) | 36,760,698 | 105,263,117 |
| Current maturities of Long Term Loan (GOI) | 154,000,000 | 154,000,000 |
| Other liabilities | 413,336,597 | 82,022,467 |
| MEFC- R & D Training Fund | 1,628,187 | 1,628,187 |
| Interest accrued and not due on Loans | 324,300 | 1,266,541 |
| Undisbursed Central Subsidies | 5,295,059,081 | 51,459,725 |
| Security Deposit | 8,714,329 | 8,874,320 |
| NE Trade Expo | 43,768 | 43,768 |
| Total | 6,092,763,567 | 600,450,931 |

NOTE 8: SHORT TERM PROVISIONS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| A. Provision for Employee Benefits | | |
| Provision for Leave Travel Concession / Allowance | 3,000,000 | 3,000,000 |
| Provision for Leave Encashment | 11,551,706 | 10,524,873 |
| Provision for Gratuity | 4,806,545 | 4,486,850 |
| | 19,358,251 | 18,011,723 |
| B. Others | | |
| Proposed Dividend | 80,000,000 | 80,000,000 |
| Additional Tax on Dividend | 16,286,400 | 16,286,400 |
| Provision for Income Tax | 265,000,000 | 330,000,000 |
| | 361,286,400 | 426,286,400 |
| Total | 380,644,651 | 444,298,123 |



Notes on Financial Statements

for the Year ended 31st March, 2018

Note 9: FIXED ASSETS

| Particulars | GROSS BLOCK | | | Depreciation / Amortisation | | | NET BLOCK | | |
|--------------------------------------|------------------------------|------------------|----------------|------------------------------|----------------------|--------------------------------|-----------------------------|------------------------------|------------------------------|
| | As at 31st Mar, 2017 ₹ | Additions ₹ | Disposals ₹ | As at 31st Mar, 2018 ₹ | For the Year ₹ | Eliminated on disposal ₹ | Upto 31st Mar, 2018 ₹ | As At 31st Mar, 2018 ₹ | As At 31st Mar, 2017 ₹ |
| | | | | | | | | | |
| Tangible Assets | | | | | | | | | |
| Freehold Land at Dispur | 16,969,592 | - | - | 16,969,592 | - | - | - | 16,969,592 | 16,969,592 |
| Freehold Land at Khanapara | 92,400,000 | - | - | 92,400,000 | - | - | - | 92,400,000 | 92,400,000 |
| Building * | 192,776,520 | - | - | 192,776,520 | 6,755,712 | - | 61,284,124 | 131,492,396 | 138,248,108 |
| Office at Agartala | 14,367,130 | - | - | 14,367,130 | 662,941 | - | 1,417,328 | 12,949,802 | 13,612,743 |
| RCC Bridge | 1,578,377 | - | - | 1,578,377 | 96,051 | - | 724,368 | 854,009 | 950,060 |
| Air Conditioning System | 44,706,006 | - | - | 44,706,006 | 3,008,367 | - | 30,721,422 | 13,984,584 | 16,992,951 |
| Electrical Installation | 26,412,736 | - | - | 26,412,736 | 1,520,488 | - | 23,149,459 | 3,263,277 | 4,783,765 |
| Fire Alarm System | 3,673,341 | - | - | 3,673,341 | 216,089 | - | 2,777,287 | 896,054 | 1,112,143 |
| Lift | 7,956,378 | - | - | 7,956,378 | 468,045 | - | 6,015,546 | 1,940,832 | 2,408,877 |
| Machineries | 8,262,139 | 113,804 | 81,100 | 8,294,843 | 233,972 | 59,981 | 6,956,124 | 1,338,719 | 1,480,006 |
| UPS System | 1,490,229 | - | - | 1,490,229 | 1,000 | - | 1,415,718 | 74,511 | 75,511 |
| Water Installation System | 1,588,014 | - | - | 1,588,014 | 93,417 | - | 1,200,642 | 387,372 | 480,789 |
| Furniture & Fixture | 11,787,828 | 704,533 | - | 12,492,361 | 482,174 | - | 10,162,484 | 2,329,878 | 2,107,519 |
| Interior Furnishing & Fittings | 110,684,439 | - | - | 110,684,439 | 9,408,194 | - | 77,402,841 | 33,281,598 | 42,689,792 |
| Vehicle | 1,462,224 | - | - | 1,462,224 | 53,391 | - | 1,376,395 | 85,829 | 139,220 |
| Office Equipments | 8,050,896 | 725,980 | - | 8,776,876 | 1,196,956 | - | 7,078,439 | 1,698,437 | 2,169,413 |
| Computers | 23,986,773 | 1,360,213 | 488,100 | 24,858,886 | 3,296,345 | 463,694 | 20,623,152 | 4,235,734 | 6,196,272 |
| Total: | 566,152,622 | 2,904,530 | 569,200 | 570,487,952 | 27,493,142 | 523,675 | 252,305,329 | 318,182,623 | 342,816,760 |
| Figures for the previous year | 559,105,971 | 9,323,726 | 277,075 | 568,152,622 | 32,801,821 | 267,518 | 225,335,862 | 342,816,760 | 366,304,412 |

* 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 :INTANGIBLE ASSETS UNDER DEVELOPMENT

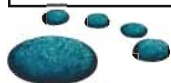
| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--------------|----------------------|----------------------|
| | ₹ | ₹ |
| Software | 31,643,213 | 25,501,074 |
| Total | 31,643,213 | 25,501,074 |

Note 11 :NON CURRENT INVESTMENTS

| Particulars | As at 31 March, 2018 ₹ | As at 31 March, 2017 ₹ |
|--|---------------------------|---------------------------|
| Other Investments | | |
| a) Investments in Equity Instruments | | |
| Quoted | | |
| Premier Cryogenics Ltd. Quoted at Cost (Fair value ₹27,618,000/- - Not traded - 2017-18) (2,00,000 shares of 10/- each) | 2,000,000 | 2,000,000 |
| Total (A) | 2,000,000 | 2,000,000 |
| Unquoted | | |
| Gauhati Neurological Research Centre Ltd. (Unquoted at cost 250,000 shares @ 10/- per share, fair value ₹9,205,000/-) | 2,500,000 | 2,500,000 |
| Konoklota Mahila Urban Co-Op Bank Ltd. (Unquoted at cost 5,000 shares @ 100/- per share, fair value ₹1,287,650/-) | 500,000 | 500,000 |
| RGVN (North East) Microfinance Ltd. (Unquoted at cost 3,000,000 Equity Shares @ 10/- per share, fair value ₹113,460,000/-) | 30,000,000 | 30,000,000 |
| Nightingale Finvest Pvt. Ltd. (Unquoted 665,000 Equity Shares of 10/- per share, fair value ₹8,412,250/-) | 5,000,000 | 5,000,000 |
| YVU Financial Services Pvt. Ltd. (Unquoted 50,000 Equity Shares of 100/- per share, fair value ₹6,895,500/-) | 5,000,000 | 5,000,000 |
| Grameen Development & Finance Pvt. Ltd. (Unquoted 500,000 Equity Shares of 10/- per share, fair value ₹5,825,000/-) | 5,000,000 | 5,000,000 |
| NEDFi Venture Capital Ltd. (Subsidiary Company) (Unquoted 49,400 Equity Shares of 10/- per share, fair value ₹8,146,449/-) | 494,000 | 494,000 |
| NEDFi Trustee Ltd. (Subsidiary Company) (Unquoted 49,400 Equity Shares of 10/- per share, fair value ₹761,007/-) | 494,000 | 494,000 |
| Total (a) | 48,988,000 | 48,988,000 |
| b) Other non current Investments | | |
| Investment in North East Venture Fund (750 units, Value as on 31.03.2018 ₹ 58,237,471/-) Rs.34,500,000/-) | 75,000,000 | 75,000,000 |
| Total (b) | 75,000,000 | 75,000,000 |
| Total B (a+b) | 123,988,000 | 123,988,000 |
| TOTAL (A+B) | 125,988,000 | 125,988,000 |

| | Amount (₹) | Market Value (₹) | Amount (₹) | Market Value (₹) |
|---|-------------|------------------|-------------|------------------|
| Aggregate amount of quoted investments and market value thereof | 2,000,000 | 27,618,000 | 2,000,000 | 12,158,000 |
| Aggregate amount of unquoted investments | 123,988,000 | NA | 123,988,000 | NA |

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.



Notes on Financial Statements

for the Year ended 31st March, 2018

NOTE 12: LONG TERM LOAN LOANS AND ADVANCES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-----------------------------|----------------------|-----------------------|
| | ₹ | ₹ |
| Capital Advances | | |
| Security Deposits | | |
| Secured (Considered Good) | - | - |
| Unsecured (Considered Good) | 2,023,149 | 2,023,149 |
| Doubtful | - | - |
| Loans to Staff | | |
| Secured (Considered Good) | 77,166,034 | 84,649,984 |
| Unsecured (Considered Good) | - | - |
| Doubtful | - | - |
| Trade Loans & Advances | | |
| Term Loans | | |
| Secured (Considered Good) | 5,585,110,464 | 6,277,678,741 |
| Unsecured (Considered Good) | 1,105,585,000 | 1,164,894,660 |
| Doubtful | 1,920,476,484 | 2,534,688,546 |
| Soft Loan under NEEDS | | |
| Secured (Considered Good) | 2,283,223 | 1,167,664 |
| Unsecured (Considered Good) | - | - |
| Doubtful | 2,067,715 | 2,365,685 |
| TOTAL (₹) | 8,694,712,069 | 10,067,468,429 |

NOTE 12.1: LOAN PORTFOLIO CLASSIFICATION AND PROVISIONING*

| Category | 2017-18 | | 2016-17 | |
|--------------|-----------------------|--------------------|-----------------------|--------------------|
| | Loan Outstanding | Provisioning | Loan Outstanding | Provisioning |
| | ₹ | ₹ | ₹ | ₹ |
| Standard | 9,447,252,560 | 76,194,111 | 9,686,219,263 | 82,279,521 |
| Sub Standard | 382,784,719 | 58,048,430 | 1,190,326,679 | 181,651,478 |
| Doubtful | 1,905,841,734 | 686,526,236 | 1,853,974,541 | 652,227,105 |
| Loss | 20,343,008 | 20,343,008 | 6,998,770 | 6,998,770 |
| Total | 11,756,222,021 | 841,111,785 | 12,737,519,253 | 923,156,874 |

* 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: CURRENT INVESTMENT

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Investment in Mutual Funds: | | |
| HDFC Mutual Fund - Short Term Opportunities Fund (467187.841 units, Value as on 31.03.2018 ₹ 9,027,658/-) | 9,000,000 | 9,000,000 |
| LIC Mutual Fund - Savings Plus Fund (1,05,43,460.873 units, Value as on 31.03.2018 ₹291,189,302/-) | 290,000,000 | 170,000,000 |
| UTI Mutual Fund - Floating Rate Fund (1,16,911.652 units, Value as on 31.03.2018 ₹340,329,141/-) | 340,000,000 | 390,000,000 |
| Principal Mutual Fund - Low Duration Fund (41627.781 units, Value as on 31.03.2017 ₹110,600,081/-) | - | 110,000,000 |
| SBI Mutual Fund - Premier Liquid Fund (133436.718 units, Value as on 31.03.2017 ₹340,572,870/-) | - | 340,000,000 |
| SBI Mutual Fund- Overnight Direct Growth Fund (48840.601 units, Value as on 31.03.2018 ₹ 142,082,075/-) | 141,311,160 | - |
| SBI Mutual Fund- Savings Fund Direct Growth Plan (9014693.951 units, Value as on 31.03.2018 ₹ 250,558,911/-) | 250,000,000 | - |
| Reliance Mutual Fund - Liquid Fund (98588.047 units, Value as on 31.03.2017 ₹391,134,047/-) | - | 390,000,000 |
| Reliance Mutual Fund- Direct Growth Plan Fund (20049717.944 units, Value as on 31.03.2018 ₹ 481,251,375/-) | 475,956,244 | - |
| Canara Robeco Mutual Fund - Savings Plus Fund (5858852.91 units, Value as on 31.03.2018 ₹160,649,747/-) | 160,000,000 | 100,000,000 |
| UTI Mutual Fund - Fixed Term Income Plan (TEDF) (2,000,000 units, Value as on 31.03.2018 ₹25,143,200/-) | 20,000,000 | 20,000,000 |
| HDFC Mutual Fund - Fixed Maturity Plan (43133482.257 units, Value as on 31.03.2018 ₹ 434,492,199/-) | 431,334,820 | 260,142,179 |
| UTI Mutual Fund - Money Market Mutual Fund (TEDF) (4087.728 units, Value as on 31.03.2018 ₹ 7,970,026/-) | 6,046,923 | 6,046,924 |
| Aditya Birls Sun Life Low Duration Fund-Growth Direct Plan (391774.848 units, Value as on 31.03.2018 ₹ 170,823,080/-) | 170,000,000 | - |
| ICICI Prudential Mutual Fund- Corporate Bond Fund (631185.853 units, Value as on 31.03.2018 ₹ 170,638,066/-) | 170,000,000 | - |
| DSP Blackrock Low Duration Fund (15,742,825.207 units, Value as on 31.03.2018 ₹ 200,724,170/-) | 200,000,000 | - |
| Kotak Mutual Fund -Savings Fund (4972827.052 units, Value as on 31.03.2018 ₹ 140,385,891/-) | 140,000,000 | - |
| Total | 2,803,649,147 | 1,795,189,103 |

| | As at 31 March, 2018 | | As at 31 March, 2017 | |
|---|----------------------|------------------|----------------------|------------------|
| | Amount (₹) | Market Value (₹) | Amount (₹) | Market Value (₹) |
| Aggregate amount of quoted investments and market value thereof | 2,803,649,147 | 2,825,264,840 | 1,795,189,103 | 1,805,135,243 |
| Aggregate amount of unquoted investments | - | NA | - | NA |
| Aggregate provision for diminution in value of investments | - | - | - | - |



Notes on Financial Statements

for the Year ended 31st March, 2018

NOTE 14 :CASH AND BANK BALANCES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Cash and Cash Equivalents | | |
| Balance at Bank | | |
| -With Scheduled Bank | | |
| (i) In Current Account | 6,267,933,601 | 295,134,123 |
| (ii) In Fixed Deposits | - | 1,738,145 |
| | 6,267,933,601 | 296,872,268 |
| Balance at Bank (TEDF) | | |
| -With Scheduled Bank | | |
| (i) In Current Account | 5,846,692 | 82,079,128 |
| (ii) In Fixed Deposits | 50,000,000 | 35,063,716 |
| | 55,846,692 | 117,142,844 |
| Cash in hand | 55,429 | 180,266 |
| Other Bank Balances | | |
| In Fixed Deposits pledged as Bank Guarantee against borrowing from NSTFDC | - | 23,367,725 |
| In Fixed Deposits pledged as Bank Guarantee against Consultancy assignments | 6,050,000 | 6,050,000 |
| In Fixed Deposits with maturity more than 3 months | - | - |
| In Fixed Deposits with maturity more than 3 months (TEDF) | 185,000,000 | 50,000,000 |
| In Fixed Deposits with maturity more than 12 months (TEDF) | 150,000,000 | 290,000,000 |
| | 341,050,000 | 369,417,725 |
| Total | 6,664,885,722 | 783,613,103 |

NOTE 15: SHORT TERM LOAN AND ADVANCES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-----------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Advance to Others | | |
| Secured (Considered Good) | | |
| Unsecured (Considered Good) | 774,823 | 839,843 |
| Doubtful | | |
| Advance to Staff | | |
| Secured (Considered Good) | | |
| Unsecured (Considered Good) | 1,545,698 | 1,968,172 |
| Doubtful | | |
| Loan to Staff | | |
| Secured (Considered Good) | 15,600,519 | 13,598,470 |
| Unsecured (Considered Good) | | |
| Doubtful | | |
| Trade Loans & Advances | | |
| Secured (Considered Good) | 2,670,745,699 | 2,242,478,198 |
| Unsecured (Considered Good) | | |
| Doubtful | 388,492,977 | 514,245,759 |
| Total | 3,077,159,716 | 2,773,130,442 |



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Notes on Financial Statements for the Year ended 31st March, 2018

NOTE 16: OTHER CURRENT ASSETS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| A. Interest | | |
| Interest Receivable on Loans & Advances | 81,476,158 | 100,532,763 |
| Interest Receivable on Fixed Deposits | 1,782,885 | 1,959,432 |
| Interest Receivable on Fixed Deposits (TEDF) | 43,132,603 | 29,391,916 |
| Interest Receivable on Staff Housing Loan | 19,770,377 | 17,095,624 |
| B. Others | | |
| Advance Income Tax | 315,000,000 | 308,000,000 |
| Tax Deducted at Source | 8,651,342 | 9,047,386 |
| Income Tax Refundable | 19,641,675 | 19,641,675 |
| Other Receivables | 42,056,189 | 40,345,346 |
| Total | 531,511,229 | 526,014,142 |

NOTE 17: REVENUE FROM OPERATIONS

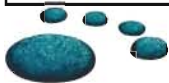
| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| A. INTEREST | | |
| Interest on loans | 1,133,470,004 | 1,103,698,476 |
| Interest on Fixed Deposits and Bonds | 5,848,651 | 16,998,380 |
| | 1,139,318,655 | 1,120,696,856 |
| B. OTHER FINANCIAL SERVICES | | |
| Consultancy Fees | 25,736,384 | 30,535,668 |
| Upfront Fees | 19,118,216 | 21,267,896 |
| Prepayment Charges | 3,322,728 | 1,328,387 |
| | 48,177,328 | 53,131,951 |
| Total | 1,187,495,983 | 1,173,828,807 |

NOTE 18: OTHER INCOME

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Net gain from sale of Investments (other than trade investments) | 178,093,461 | 170,431,824 |
| Dividend | - | 200,000 |
| <u>Other Non Operating Income</u> | | |
| Miscellaneous Receipts | 6,994,291 | 5,867,877 |
| Profit on sale / disposal of assets (net) | (24,524) | 19,444 |
| Rental Income | 27,087,734 | 24,545,960 |
| Maintenance Charges | 11,245,244 | 10,239,860 |
| Hall Charges | 3,986,490 | 3,817,063 |
| Bad Loans & Advances Recovered | 54,557,988 | 64,089,507 |
| Total | 281,940,684 | 279,211,535 |

NOTE 19: EMPLOYEES BENEFIT EXPENSES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Salaries (Director) | 3,464,800 | 3,832,253 |
| Salaries (Others) | 181,345,210 | 152,931,206 |
| Employer's Provident Fund | 11,696,538 | 11,019,542 |
| Medical Reimbursement | 4,879,439 | 5,231,543 |
| Recruitment / Relocation Expenses | 1,208,091 | 1,098,704 |
| Leave Travel Concession / Allowance | 8,942,694 | 10,364,404 |
| House Rent | 2,430,704 | 2,525,448 |
| Leave Encashment | (8,311,688) | 19,115,130 |
| Gratuity | (2,208,955) | 3,781,791 |
| Staff Welfare | 9,033,117 | 10,962,357 |
| Total | 212,479,950 | 220,862,378 |



Notes on Financial Statements

for the Year ended 31st March, 2018

Note 19.1: 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 (₹) |
| i. Change in the present value of the defined benefit obligation | | | | |
| Opening benefit obligation | 37,218,485 | 31,867,588 | 87,272,117 | 71,862,490 |
| Current Interest Cost | 2,754,168 | 2,517,539 | 6,458,137 | 5,677,137 |
| Past Service Cost | - | - | - | - |
| Current Service Cost | 3,528,175 | 4,326,691 | 5,070,833 | 8,608,723 |
| Benefit Paid | (1,000,000) | - | (1,155,637) | (3,705,503) |
| Actuarial (Gain) / Loss | (6,479,960) | (1,493,333) | (23,656,552) | 4,829,270 |
| Closing benefit obligation | 36,020,868 | 37,218,485 | 73,988,898 | 87,272,117 |
| ii. Change in Plan Assets | | | | |
| Opening Fair Value of Plan Assets | 23,611,190 | 20,613,601 | - | - |
| Expected Return on Plan Assets | 1,938,479 | 1,721,236 | - | - |
| Contribution | 575,788 | 1,219,009 | - | - |
| Benefit paid | - | - | - | - |
| Actuarial Gain / (Loss) | (4,874) | 57,344 | - | - |
| Closing Fair Value of Plan Assets | 26,120,583 | 23,611,190 | - | - |
| iii. Reconciliation of present value of obligation and fair value of plan assets | | | | |
| Closing present value of obligation | 36,020,868 | 37,218,485 | 73,988,898 | 87,272,117 |
| Closing fair value of plan assets | - | 23,611,190 | - | - |
| | 26,120,583 | | | |
| Deficit / (surplus) | (9,900,285) | (13,607,295) | (73,988,898) | (87,272,117) |
| Net Liability / (Asset) | 9,900,285 | 13,607,295 | 73,988,898 | 87,272,117 |
| Net Liability recognised in Balance Sheet | 9,900,285 | 13,607,295 | 73,988,898 | 87,272,117 |
| iv. Net Cost recognized in Profit & Loss Account | | | | |
| Current Service cost | 3,528,175 | 4,326,691 | 5,070,833 | 8,608,723 |
| Past Service cost | - | - | - | - |
| Interest Cost | 2,754,168 | 2,517,539 | 6,458,137 | 5,677,137 |
| Expected return on plan assets | (1,938,479) | (1,721,236) | - | - |
| Net Actuarial (Gain) / Loss recognized | (6,475,086) | (1,550,677) | (23,656,552) | 4,829,270 |
| Expenses recognized in Profit & Loss Account | (2,131,222) | 3,572,317 | (12,127,582) | 19,115,130 |
| v. Reconciliation of opening and closing net liability recognized in Balance Sheet | | | | |
| Opening Net Liability | 13,607,295 | 11,253,987 | 87,272,117 | 71,862,490 |
| Expenses recognized in Profit & Loss Account | (2,131,222) | 3,572,317 | (12,127,582) | 19,115,130 |
| Benefit paid by Corporation | (1,000,000) | - | (1,155,637) | (3,705,503) |
| Contribution paid | (575,788) | (1,219,009) | - | - |
| Closing Net Liability | 9,900,285 | 13,607,295 | 73,988,898 | 87,272,117 |

vi. Investments under Plan Assets of Gratuity and Leave Encashment as on 31st March, 2018 are as under:

| Category of Plan Assets | Gratuity % of Plan Assets | Leave Encashment % 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 | 7.70% | 7.40% | 7.70% | 7.40% |
| Rate of increase in compensation levels | 10.00% | 15.00% | 10.00% | 15.00% |
| Rate of return on Plan Assets | 7.50% | 8.21% | - | - |

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 estimates for increase in compensation levels of the employees of the Corporation was hitherto taken @ 15% p.a. However, on review the actuary observed that the average increase comes out @ 10% approx. Hence, the calculation for actuarial valuation has been done considering increase in compensation levels @ 10% for the current year.

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 ₹ 116.96 Lac (Previous Year ₹ 110.19 Lac) has been charged to Profit & Loss Account.

NOTE 20: OTHER EXPENSES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| A. Administrative & Other Expenses | | |
| Advertisement Expenses | 350,701 | 209,476 |
| Audit Expenses | 1,207,387 | 765,586 |
| Bank charges | 150,760 | 159,596 |
| BOD Meeting Expenses | 2,969,292 | 3,339,779 |
| Books & Periodicals | 310,913 | 275,629 |
| Business Facilitation Centre Expenses | 1,663,156 | 688,407 |
| Business Promotion | 2,358,926 | 2,347,788 |
| Car hire Expenses | 2,946,795 | 2,932,166 |
| Consultancy Expenses | 9,102,126 | 1,462,264 |
| Conveyance | 352,093 | 382,100 |
| Electricity Charges & Electrical Expenses | 6,511,322 | 5,554,268 |
| Honararium | 163,240 | 100,570 |
| India Exposition Mart Expenses | 518,585 | 540,757 |
| Insurance charges | 978,794 | 473,822 |
| Krishi Kalyan Cess | 31,186 | 91,961 |
| Legal & Professional Fees and Expenses | 8,172,788 | 11,309,638 |
| Licence & Registration Fees | 1,281,337 | 1,452,623 |
| Misc Expenses | 88,062 | 208,925 |
| Printing & Stationery | 2,574,222 | 3,052,803 |
| Rent | 3,901,376 | 3,871,980 |
| Repairs & Maintenance (Machine) | 4,341,621 | 3,287,361 |
| Repairs & Maintenance (Security Service Charges & Others) | 21,518,296 | 17,678,772 |
| Research & Developmental Expenses (net) | 9,862,117 | 9,680,461 |
| Seminar & Conference Expenses | 1,301,003 | 2,399,003 |
| Software Maintenance Expenses | 457,212 | 23,000 |
| Service Tax/GST Expenses | 4,937,004 | 531,785 |
| Swachh Bharat Cess | 31,186 | 99,932 |
| Telephone Charges & Postage | 3,132,732 | 3,155,328 |
| Training Expenses | 1,452,307 | 1,342,116 |
| Travelling Expenses (Director) | 536,136 | 296,256 |
| Travelling Expenses (Others) | 4,616,048 | 4,798,620 |
| Internal Audit Fees | 237,500 | 211,625 |
| Auditors' Remuneration: | | |
| Tax Audit Fees | 36,000 | 36,000 |
| Statutory Audit Fees | 180,000 | 180,000 |
| Total (A) | 98,272,222 | 82,940,397 |
| B. Provisions and Write Off | 253,597,254 | 365,396,516 |
| Total (B) | 253,597,254 | 365,396,516 |
| Total (A+B) | 351,869,476 | 448,336,913 |



Notes on Financial Statements

for the Year ended 31st March, 2018

NOTE 20.1: Provisions and Write Offs

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Provisions | | |
| Provision on Standard / Non Performing Assets | (81,808,659) | 365,396,516 |
| Provision on Diminution in Fair Value of Restructured Advance | - | - |
| Write Offs | | |
| Bad Loans & Advances | 335,405,913 | - |
| Total | 253,597,254 | 365,396,516 |

NOTE 21: FINANCE COST

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|------------------|----------------------|----------------------|
| | ₹ | ₹ |
| INTEREST | | |
| Interest on Loan | | |
| - NBCFDC | 2,302,426 | 3,298,921 |
| - NSCFDC | 140,082 | 213,033 |
| - NSTFDC | 37,534 | 191,873 |
| - SIDBI | 9,844,447 | 20,908,176 |
| Total | 12,324,489 | 24,612,003 |

NOTE 22: CSR EXPENSES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Skill & Market Development Expenses | 9,252,415 | 20,396,212 |
| Total | 9,252,415 | 20,396,212 |

NOTE 22.1

a. Gross amount required to be spent: ₹18,000,000/-. 2% of the average profit of last three financial years i.e. 2% of ₹ 88,13,08,825/- = ₹ 1,76,26,177/-. The Corporation has spent ₹ 92,52,415/- on CSR. The Corporation has earmarked an amount of ₹ 102.03 Lac towards North East Craft Village project, which is in process of execution, out of which an amount of ₹14.53 Lac has already been utilised. The balance amount of ₹ 87.50 Lac is being carried forward for utilisation towards the above project.

b. Amount Spent during the year on

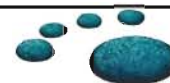
| | In Cash | Yet to be paid in Cash | Total |
|--|-----------|------------------------|-----------|
| i. Construction / acquisition of any asset | - | - | - |
| ii. On purposes other than i. above | 9,252,415 | - | 9,252,415 |

c. No related party transactions occurred in relation to CSR Expenses.

d. No provision has been made for CSR Expenses during the year. The income earned incidental to the CSR projects, if any, have been netted off from the CSR expenses.

NOTE 23: EARNINGS PER SHARE (EPS)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Net Profit after tax as per Statement of Profit and Loss attributable to Equity | 572,131,735 | 454,633,192 |
| No. of Equity shares used as denominator for calculating EPS | 100,000,007 | 100,000,007 |
| Basic and Diluted Earnings Per Share | 5.72 | 4.55 |
| 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 ₹ 40,90,176 (previous year: ₹ 44,36,456) was paid as remuneration.

Note 25: CONTINGENT LIABILITIES AND COMMITMENTS

- a. Claims against the Corporation not acknowledged as debt since the Corporation does not expect the outcome of the claims to have material adverse effect:

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.

- b. 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 ₹182.25 Crore, which shall be disbursed in due course, subject to compliance of requisite formalities.
- c. The service tax department has raised a demand of ₹1.97 Crore towards short payment of service tax (₹ 1.10 Crore), non-payment of service tax on pre-payment charges (₹ 0.12 Crore) and interest amount of ₹0.75 Crore. As per corporation's contention and estimation, the amount ought to be ₹1.75 Crore which has been already paid under protest to the Audit Commissionerate- CGST, Guwahati. The department has thus further issued a show cause notice for levying of differential interest (₹ 0.22 Crore) and penalty against which a written submission has already been made. Based on the submission, the Corporation is confident that the Audit Commissionerate will dispose off the case in favour of the corporation. Hence, no provision has been made in the books of accounts for the balance amount.
- d. The DIPP had raised a demand of ₹ 13.42 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 34%.

Note 30: The Corporation in association with the Ministry of Development of North Eastern Region (M-DoNER) has set up the first dedicated Venture Capital Fund for the NER, namely "North East Venture Fund (NEVF)". The fund is a unit scheme under North East Venture Trust (NEVT), an umbrella trust, wherein the Corporation is the settlor. The trust has been registered under the Indian Registration Act, 1908 on 13th October 2016. The corpus of the fund is ₹ 100 cr. NEVF has been registered with Securities and Exchange Board of India (SEBI). The first close of the fund has also been declared on 31st March, 2017. To operate and manage the fund, two wholly owned subsidiaries namely NEDFi Venture Capital Limited (NVCL) and NEDFi Trustee Limited (NTL) have been incorporated by the Corporation.



Notes on Financial Statements

for the Year ended 31st March, 2018

Note 31: SEGMENT REPORTING

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

(₹ in Crore)

| | | | |
|----|----------------------------------|------------------|------------------|
| 1. | Segment Revenue | 2017 – 18 | 2016 – 17 |
| | Lending and Financing Activities | 121.05 | 119.04 |
| | Management of Surplus Funds | 18.39 | 18.76 |
| | Others | 2.57 | 3.05 |
| | Total | 142.01 | 140.85 |
| 2. | Segments Results | | |
| | Lending and Financing Activities | 60.69 | 44.56 |
| | Management of Surplus Funds | 18.39 | 18.76 |
| | Others | 1.66 | 2.90 |
| | Total | 80.74 | 66.22 |
| | Unallocated Income | 4.93 | 4.45 |
| | Unallocated Expenses | 0.00 | 0.00 |
| 3. | Operating Profit | 85.67 | 70.67 |
| | Income Tax | 26.69 | 25.21 |
| 4. | Net Profit | 57.21 | 45.46 |
| 5. | Other Information | | |
| | Segment Assets | | |
| | Lending and Financing Activities | 1167.47 | 1283.81 |
| | Management of Surplus Funds | 919.74 | 222.37 |
| | Others | 3.46 | 3.29 |
| | Total | 2090.67 | 1509.47 |
| | Unallocated Assets | 134.10 | 134.54 |
| | Total | 2224.77 | 1644.01 |
| | Segment Liabilities | | |
| | Lending and Financing Activities | 899.23 | 890.25 |
| | Management of Surplus Funds | 0.00 | 0.00 |
| | Others | 0.00 | 0.00 |
| | Unallocated Liabilities | 605.15 | 80.70 |
| | Total | 1504.38 | 970.95 |
| | Net Capital Employed | 720.39 | 673.06 |

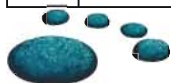
Note 32: Additional information is disclosed in terms of RBI guidelines vide DBS. FID No.c-18/01.02.2000-01 issued on 23.03.2001.

(₹ in Crore)

| | | |
|----------|--|--|
| A | Capital | |
| a) | CRAR CORE CRAR & Supplementary CRAR | 48.30 % |
| 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: ₹ 1507.41 Off the Balance Sheet: Nil |
| d) | The Shareholding pattern as on 31.03.2018 | Equity shares: No of Shares % FI's 55,000,004 55 Bank 15,000,001 15 Insurance Co. 20,000,001 20 Mutual Fund 10,000,001 10 Total 10,000,007 100 |
| B | Asset quality and credit concentration | |
| e) | Percentage of net NPA's to net loans & advances, (floating provisions of Rs.2 Crore has not been netted from Gross NPA to arrive at net NPA) | 14.05% |



| | | | |
|----|--|---|--|
| f) | Amount and percentage of net NPA's to net advances under the prescribed asset classification categories | Category Sub Standard Assets: ₹ 32.47 Doubtful debts : ₹ 121.93 Loss assets : ₹ Nil | % 3.43 12.90 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. | Standard Assets NPA Loans Soft loan Assistance Investments Income Tax | ₹ (-)0.61 ₹ (-)7.60 ₹ (-)0.02 ₹ Nil ₹ 26.50 |
| h) | i) Movement in NPAs (Gross) of loans including soft loans. | Opening Balance Deletions incl. upgradation Additions during the year Closing Balance | ₹ 305.13 ₹ 112.51 ₹ 38.28 ₹ 230.90 |
| | ii) Movement of Provisions for NPAs against loans including soft loan assistance. | Opening Balance Less: write off / waiver/Write back Additions during the year Closing Balance | ₹ 84.09 ₹ 35.26 ₹ 27.66 ₹ 76.49 |
| | ii) Movement of Provisions for Investments | Opening Balance Additions during the year Write Back Closing Balance | ₹ 0.00 ₹ 0.00 ₹ 0.00 ₹ 0.00 |
| i) | Restructured Accounts Total amount of standard assets which have been subjected to restructuring / rescheduling Total sub standard assets which have been subjected to restructuring / rescheduling Total doubtful / Loss assets which have been subjected to restructuring / rescheduling Total | | Nil Rs. 0.37 Crore Rs. 5.46 Crore Rs. 5.83 Crore |
| j) | Credit exposure as percentage to capital funds and as percentage to total assets, in respect of: The largest single borrower The largest borrower group The 10 largest single borrowers No.1 No.2 No.3 No.4 No.5 No.6 No.7 No.8 No.9 No.10 The 10 largest borrower groups No.1 No.2 No.3 No.4 No.5 No.6 No.7 No.8 No.9 No.10 | % to Capital Funds 4.03 5.98 4.03 3.75 3.67 3.09 3.06 2.80 2.78 2.78 2.77 5.98 4.03 3.67 3.38 3.25 3.09 3.26 2.80 2.78 2.78 | % to Total Assets 1.31 1.94 1.31 1.21 1.19 1.00 0.99 0.91 0.90 0.90 0.90 1.94 1.31 1.19 1.09 1.05 1.00 0.99 0.91 0.90 0.90 |
| k) | Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets | 1. Hotels 2. Micro Finance 3. Hospital 4. Iron & steel 5. Construction | : 15.05 : 12.74 : 8.73 : 7.41 : 5.04 |



Notes on Financial Statements

for the Year ended 31st March, 2018

(8) Exposure to Real Estate Sector

(₹ in Crore)

| Items | 31/03/2018 | 31/03/2017 |
|--|--------------|--------------|
| a) Direct Exposure | | |
| (i) Residential Mortgages [all individual housing loans] | 5.48 | 5.61 |
| (ii) Commercial Real Estate | 75.82 | 77.60 |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures: | | |
| a) Residential | Nil | Nil |
| b) Commercial | Nil | Nil |
| 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 |
| | Nil | Nil |
| Total Real Estate Exposure | 81.30 | 83.21 |

Note 34: Additional information as required in terms of Notification No. DNBR.019/CGM (CDS) - 2015 dated 10/04/2015

a. Capital

₹ in Crore

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| i. CRAR | 48.30 % | 44.93 % |
| ii. CRAR – Tier I Capital | 47.79 % | 44.38 % |
| iii. CRAR – Tier II Capital | 0.51 % | 0.54 % |
| iv. Amount of subordinated debt raised as Tier II Capital | - | - |
| v. Amount raised by issue of Perpetual Debt Instruments | - | - |

b. Investments

| Particulars | Current Year (₹ In Crore) | Previous Year (₹ In Crore) |
|--|------------------------------|-------------------------------|
| 1. Value of Investments | | |
| i. Gross value of Investments | | |
| a. In India | 280.36 | 187.02 |
| b. Outside India | - | - |
| ii. Provisions for Depreciation | | |
| a. In India | - | - |
| b. Outside India | - | - |
| iii. Net value of Investments | | |
| a. In India | 280.36 | 187.02 |
| b. Outside India | - | - |
| 2. Movement of provisions held towards depreciation on investments | | |
| I. Opening Balance | - | - |
| ii. Add: Provision made during year | - | - |
| iii. Less: Write off/ Write back | - | - |
| iv. Closing Balance | - | - |



c. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ in Crore)

| | Upto 30/31 days | Over 1 month upto 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|------------------------------|-----------------|----------------------------|-----------------------------|-----------------------------|---------------------------|--------------------------|---------------------------|--------------|---------|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 64.22 | 19.78 | 16.21 | 73.48 | 132.24 | 416.35 | 240.22 | 204.98 | 1167.48 |
| Investments | 277.76 | - | - | - | - | 0.60 | - | - | 278.36 |
| Borrowings | - | - | 3.59 | 3.55 | 21.68 | 85.08 | 120.00 | 495 | 728.90 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - |

d. Provisions and Contingencies

(Amount in ₹ Crore)

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit & Loss Account | Current Year | Previous Year |
|--|--------------|---------------|
| Provisions for depreciation on Investment | - | - |
| Provision towards NPA | (8.18) | 36.54 |
| Provision made towards Income Tax | 26.50 | 33.00 |
| Other Provision and Contingencies | | |
| Leave Encashment | (0.83) | 1.91 |
| Gratuity | (0.22) | 0.38 |
| LTC | - | - |
| Diminution in Fair Value of Restructured Advance | - | - |
| Provision for Standard Assets | (0.61) | 1.49 |

e. Concentration of Advances

| | Amount in ₹ Crore |
|--|-------------------|
| Total Advances to twenty largest borrowers | 398.17 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 34.10% |

f. Concentration of NPAs

| | Amount in ₹ Crore |
|---|-------------------|
| Total Exposure to top four NPA accounts | 66.29 |

g. Sector wise NPAs

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that Sector |
|---------|---------------------------------|---|
| 1 | Agriculture & allied activities | 73.73 % |
| 2 | Commercial Real Estate | 38.34 % |
| 3 | Construction | 0.56 % |
| 4 | Infrastructure | 15.71 % |
| 5 | Micro finance | 9.19 % |
| 6 | Medium & Large | 44.89 % |
| 7 | Micro, Small & Others | 13.47 % |



Notes on Financial Statements

for the Year ended 31st March, 2018

h. Movement of NPAs

| (Amount in ₹ Crore) | | |
|-------------------------------------|--------------|---------------|
| Particulars | Current Year | Previous Year |
| i. Net NPAs to Net Advances (%) | 14.05% | 18.42% |
| ii. Movement of NPAs (gross) | | |
| a. Opening balance | 305.13 | 216.82 |
| b. Additions during the year | 38.28 | 119.03 |
| c. Reductions during the year | 112.51 | 30.72 |
| d. Closing balance | 230.90 | 305.13 |
| iii. Movement of net NPAs | | |
| a. Opening balance | 221.04 | 167.72 |
| b. Additions during the year | 32.47 | 100.87 |
| c. Reductions during the year | 99.10 | 47.55 |
| d. Closing balance | 154.41 | 221.04 |
| iv. Movement of provisions for NPAs | | |
| a. Opening balance | 84.09 | 49.10 |
| b. Provisions made during the year | 27.66 | 34.99 |
| c. Write off / Write backs | 35.26 | 0.00 |
| d. Closing balance | 76.49 | 84.09 |

j. Customer Complaints

| | | |
|----|--|---|
| a. | No. of complaints pending at the beginning of the year | 0 |
| b. | No. of complaints received during the year | 0 |
| c. | No. of complaints redressed during the year | 0 |
| d. | No. of complaints pending at the end of the year | 0 |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561



(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



ANNUAL REPORT 2017 - 18

Information in respect of Subsidiaries, Associates & Joint Ventures

(Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

Part A - Subsidiaries

| Sl. No. | Particulars | 1 | 2 |
|---------|---|--------------------|----------------------------|
| 1 | Name of the Subsidiary | NEDFI Trustee Ltd. | NEDFI Venture Capital Ltd. |
| 2 | Reporting period for the Subsidiary concerned, if different from the holding Company's reporting period | NA | NA |
| 3 | Reporting Currency and Exchange Rate as on the last date of the relevant Financial Year in the case of foreign subsidiary | INR | INR |
| 4 | Share Capital | 500,000 | 500,000 |
| 5 | Reserves & Surplus | 270,251 | 7,745,395 |
| 6 | Total Assets | 933,851 | 11,455,430 |
| 7 | Total Liabilities | 163,600 | 3,210,035 |
| 8 | Investments | - | - |
| 9 | Turnover | 480,318 | 15,181,801 |
| 10 | Profit before Taxation / (Loss) | 414,971 | 10,941,608 |
| 11 | Provision for Taxation | 150,000 | 3,202,354 |
| 12 | Profit after Taxation / (Loss) | 264,971 | 7,739,254 |
| 13 | Proposed Dividend | - | - |
| 14 | % of shareholding | 98.80% | 98.80% |

Part B - Associates and Joint Ventures - Nil

Note:

- 1 None of the subsidiaries have been liquidated or sold during the year.

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

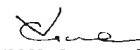


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



Independent Auditors' Report

**TO
THE MEMBERS OF
NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED
GUWAHATI**

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED ("the holding Company") and its subsidiaries (the holding company and its subsidiaries together referred to as " the group"), which comprise the consolidated Balance Sheet as at 31 March 2018, the consolidated Statement of Profit and Loss and the consolidated 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

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated Cash Flows of the group in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's directors, as well as evaluating the overall presentation of the consolidated financial statements.



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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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:

- i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2018;
- ii) In case of consolidated statement of Profit and Loss, of the consolidated profit for the year ended on that date and
- iii) In the case of consolidated Cash Flow statement, of the consolidated Cash Flows for the year ended on that date.

Other Matter

We have not audited the financial statements of the 2 subsidiaries whose figures are consolidated by the management as follows:

- (i) NEDFI Venture Capital Limited whose Net Worth is Rs. 8,245,395/- as on 31.03.2018 and
- (ii) NEDFI Trustee Limited whose Net Worth is Rs. 770,251/- as on 31.03.2018.

The financial statements of the above said two subsidiaries are being subjected to audit by other auditors duly appointed by CAG of India. Our opinion is not qualified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

As required by the Companies Act, 2013 under section 143(5), we get in the Annexure- II a statement on the matters directed by C&AG.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the



Independent Auditors' Report

Board of Directors of the Holding company and the reports of the statutory auditors of its subsidiaries, none of the directors of the group are disqualified as on March 31, 2018, from being appointed as director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding company and the operating effectiveness of such controls, refer to our separate report in Annexure – III.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the group in its financial statement – Refer Note 25 to the consolidated financial statements;
 - (ii) The group does not have any long-term contracts including derivatives contracts; hence no provision for the material foreseeable losses has been made by the Holding Company.
 - (iii) There has been no case of unclaimed dividend and hence there is no transfer of amounts, required to be transferred, to the Investor Education and Protection Fund by the group.

**For JHURIA AND COMPANY
Chartered Accountants**



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Date:10/07/2018

Place:Guwahati



As per Annexure-I referred to in our Independent Auditors' Report to the members of the Holding Company on the Consolidated Financial Statements for the year ended 31 March 2018, we report that:

- (I) (a) The group has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
(b) As explained to us the fixed assets of the group have been physically verified by the Management during the year which in our opinion is reasonable having regard to the size of the group and nature of its assets according to the information and explanations given to us by the management, no material discrepancies were noticed on such physical verification.
(c) The Title Deeds of all Immovable Properties are held in the name of the Holding Company
- (ii) The Holding Company is a Non-Banking Finance Company. Accordingly, it does not hold any physical inventory. Thus, paragraph 3(ii) of the order is not applicable.
- (iii) (a) The Holding Company has not granted or taken loans to /from companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. ("the Act")
(b) The Holding company has given Loans to all other parties in the ordinary course of business of lending.
- (iv) In our opinion and according to the information and explanations given to us, the group has complied with the provisions of Section 185 and 186 of the Act, with respect to the Loans and Investments made.
- (v) The group has not accepted any deposit from public and therefore, the paragraph 3(v) of the order is not applicable.
- (vi) As Informed to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, for any of the services rendered by the group.
- (vii) (a) According to the information and explanations given to us by the management and according to the records of the holding company undisputed statutory dues including provident fund, investors education and protection fund, employees insurance, Income tax, sales tax, service tax, central duty, excise duty, cess, GST 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 31.3.2018 for a period of more than 6 months from the date they become payable.

(b) According to the record of the Holding company and the reports of the statutory auditors of its subsidiaries and as per the information and explanation given to us, no disputed amount is payable in respect of dues of Income Tax/ Sales Tax / Custom duty / Service Tax/ Excise duty/ cess and GST were outstanding as at 31.3.2018.

(c) According to the information and explanations given to us no amounts were required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provision of the Companies Act, 2013, and rules there under.
- (viii) Based on our audit procedures and according to the information and explanation given to us the group did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- (ix) The Holding Company has raised interest free term loan from Central Government. The term loan has been applied for the purpose of which it was raised. Pending utilizations the funds were temporarily invested in short term investments and placed as fixed deposits with banks. The term loans outstanding at the beginning of the year and those raised during the year were applied for the purpose for which they were raised.



Annexure-I

to the Independent Auditors' Report



An ISO 9001:2008 Company

- (x) According to information and explanations given to us, no material fraud on or by the group by its officers and employees has been noticed or reported during the course of our audit. →
- (xi) The Holding Company has paid Managerial Remuneration during the year in accordance with the requisite approvals mandated by the provisions of Sec. 197 read with schedule-V of the Companies Act, 2013.
- (xii) In our Opinion and according to the information and explanations given to us, the Holding Company is not a NIDHI company. Accordingly paragraph 3(xii) of the Order is not applicable.
- (xiii) According to information and explanations given to us and based on our examination of records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) In our Opinion and according to the information and explanations given to us, the group has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) In our Opinion and according to the information and explanations given to us, the group has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Holding Company is already registered under section 45-IA of the Reserve Bank of India Act, 1934

For JHURIA AND COMPANY
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'R.A. Jhuria', is written over a horizontal line.

(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Date:10/07/2018

Place:Guwahati



(Referred to in "Report on Other Legal and Regulatory requirements" of our Report of even date)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED, GUWAHATI, ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018

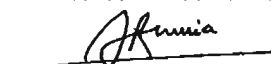
REPORT ON THE DIRECTIONS UNDER SECTION 143(5) OF THE COMPANIES ACT 2013

According to the information and explanation given to us by the management and on the basis of our examination of books and records of the holding company and reports of the other auditors and information furnished by the management of subsidiaries, we report that:

| Sl.No. | DIRECTIONS | COMMENTS |
|--------|--|---|
| 1 | Whether the company and its subsidiaries have clear title/ lease deeds for freehold and leasehold land respectively. If not please state the area of freehold land for which title/lease deed are not available? | The Company including its subsidiaries have clear title / lease deeds of freehold and leasehold land respectively. |
| 2 | Whether there are any cases of waiver/ writeoff of debts/loans/interest etc. If yes the reason there for and amount involved. | As informed by the management and based on the records examined, there are 5 cases of write off of loans advanced aggregating to Rs. 33.54 Crore. Further, as informed by the management and based on the records examined, there are 19 cases of waiver of interest aggregating Rs. 34.23 Crore in respect of OTS cases, wherein the settlement amount has been received. |
| 3 | Whether proper records maintained for inventories lying with third parties & assets received as gift/ grant(s) from the Govt or other authorities. | As informed to us, no case of inventories lying with third parties exists and no assets have been received as gift from Government or other authorities. |

Our reports under Section 143 (5) of the Act on the consolidated financial statements of North Eastern Development Finance Corporation Limited, in so far as it relates to its subsidiaries, is based on the corresponding reports of the auditors of such subsidiaries (hereinabove mentioned as the "other auditors") and information furnished by the management of such subsidiaries. The Company has 2 subsidiaries.

**For JHURIA AND COMPANY
Chartered Accountants**



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Date:10/07/2018

Place:Guwahati



to the Independent Auditors' Report

(Referred to in "Report on Other Legal and Regulatory requirements" of our Report of even date)

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of

Section 143 of the Companies Act, 2013

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED (hereinafter referred to as "the company") and its subsidiaries, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial control system over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in



to the Independent Auditors' Report

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

Inherent Limitations of Internal Financial Control over Financial Reporting

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


Opinion

In our opinion, the company and its subsidiaries, which are companies incorporated in India, have, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

Other Matters

Our aforesaid reports under section 143 (3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

**For JHURIA AND COMPANY
Chartered Accountants**



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

**Date:10/07/2018
Place:Guwahati**



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED, GUWAHATI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of consolidated financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act, based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 10.07.2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of North Eastern Development Finance Corporation Limited, Guwahati for the year ended 31 March 2018. We conducted supplementary audit of the financial statements of North Eastern Development Finance Corporation Limited, Guwahati and its subsidiaries viz., NEDFi Trustee Limited and NEDFi Venture Capital Limited. 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.

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



(Suparna Deb)

Director General of Commercial Audit
& Ex-officio Member, Audit Board-I, Kolkata.

Place: Kolkata.

Date: 16/08/2018



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Consolidated Balance Sheet

as at 31st March, 2018

| Particulars | Note No. | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------|-----------------------|-----------------------|
| | | ₹ | ₹ |
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 1 | 1,000,000,070 | 1,000,000,070 |
| (b) Reserves and surplus | 2 | 6,820,740,699 | 6,350,943,793 |
| (c) Money received against share warrants | | | - |
| (d) Minority Interest | | 108,216 | 12,165 |
| 2 Share application money pending allotment | | | - |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 7,000,814,301 | 6,988,563,612 |
| (b) Deferred tax liabilities (net) | 4 | 28,916,144 | 23,740,377 |
| (c) Other long-term liabilities | | | - |
| (d) Long-term provisions | 5 | 931,771,718 | 1,032,153,564 |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | | | - |
| (b) Trade payables | 6 | | - |
| (c) Other current liabilities | 7 | 6,092,787,202 | 600,472,431 |
| (d) Short-term provisions | 8 | 383,994,651 | 444,298,123 |
| TOTAL | | 22,259,133,000 | 16,440,184,134 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 9 | 318,182,623 | 342,816,760 |
| (ii) Intangible assets | | | - |
| (iii) Capital work-in-progress | | | 415,800 |
| (iv) Intangible assets under development | 10 | 31,643,213 | 25,501,074 |
| (v) Fixed assets held for sale | | | - |
| (b) Non-current investments | 11 | 125,000,000 | 125,000,000 |
| (c) Deferred tax assets (net) | | | - |
| (d) Long-term loans and advances | 12 | 8,694,712,069 | 10,067,468,429 |
| (e) Other non-current assets | | | - |
| 2 Current assets | | | |
| (a) Current investments | 13 | 2,803,649,147 | 1,795,189,103 |
| (b) Inventories | | | - |
| (c) Trade receivables | | | - |
| (d) Cash and Cash equivalents | 14 | 6,672,584,791 | 784,613,103 |
| (e) Short-term loans and advances | 15 | 3,080,159,716 | 2,773,130,442 |
| (f) Other current assets | 16 | 533,201,441 | 526,049,424 |
| TOTAL | | 22,259,133,000 | 16,440,184,134 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 34 | | |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

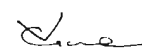


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



Consolidated Statement of Profit and Loss

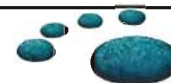


NEDFi

An ISO 9001:2008 Company

for the year ended 31st March, 2018

| | Note No. | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|--|----------|-------------------------------------|-------------------------------------|
| | | ₹ | ₹ |
| CONTINUING OPERATIONS | | | |
| Revenue from Operation | 17 | 1,187,734,373 | 1,173,864,089 |
| Other Income | 18 | 297,364,413 | 279,211,535 |
| Total Revenue | | 1,485,098,786 | 1,453,075,624 |
| Expenses | | | |
| (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 | 19 | 212,479,950 | 220,862,378 |
| (e) Finance costs | 21 | 12,324,489 | 24,612,003 |
| (f) Depreciation and amortisation expense | 9 | 26,812,913 | 32,086,844 |
| (g) Other expenses | 20 | 356,175,016 | 448,358,413 |
| (h) CSR Expenses | 22 | 9,252,415 | 20,396,212 |
| Total expenses | | 617,044,783 | 746,315,850 |
| Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4) | | 868,054,003 | 706,759,773 |
| Exceptional items | | - | - |
| Profit / (Loss) before extraordinary items and tax | | 868,054,003 | 706,759,773 |
| Extraordinary items | | | |
| Prior Period Expenses | | 17,630,464 | - |
| Profit / (Loss) before tax | | 850,423,539 | 706,759,773 |
| Tax expense: | | | |
| (a) Current tax expense for current year | | 268,350,000 | 330,000,000 |
| (b) (Less): MAT credit (where applicable) | | - | - |
| (c) (Less): Current tax expense relating to prior years | | (3,235,827) | 1,249,681 |
| (d) Net current tax expense | | 265,114,173 | 331,249,681 |
| (e) Deferred tax | | 5,175,767 | (79,136,882) |
| | | 270,289,940 | 252,112,799 |
| Profit / (Loss) from continuing operations before minority interest (A) | | 580,133,599 | 454,646,974 |
| Less : Minority Interest | | 96,051 | 165 |
| | | 580,037,549 | 454,646,809 |
| DISCONTINUING OPERATIONS | | | |
| 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 | | - | - |
| | | - | - |
| Profit / (Loss) from discontinuing operations (B) | | - | - |
| Profit / (Loss) for the year (A+B) | | 580,037,549 | 454,646,974 |



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Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

| PARTICULARS | Note No. | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|----------|-------------------------------------|-------------------------------------|
| | | ₹ | ₹ |
| Earnings per share (of ` 10/- each): | 23 | | |
| Basic & Diluted | | | |
| (i) Continuing operations | | 5.80 | 4.55 |
| (ii) Total operations | | 5.80 | 4.55 |
| Earnings per share (excluding extraordinary items) (of ₹ 10/- each): | | | |
| Basic & Diluted | | | |
| (i) Continuing operations | 5.80 | 4.55 | |
| (ii) Total operations | 5.80 | 4.55 | |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 34 | | |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

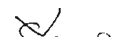


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



Consolidated Cash Flow Statement

for the year ended 31.03.2018

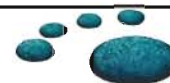


NEDFI

An ISO 9001:2008 Company

(₹ in '000)

| | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|--|--|
| Cash flows from Operating activities | | |
| Net profit before income tax | 850,424 | 706,760 |
| Adjustment for: | | |
| Depreciation charge for the year | 26,813 | 32,087 |
| Loans Provisions & Write offs | 253,597 | 365,397 |
| Fixed Assets written off/Loss on sale | (25) | (19) |
| Dividend received | - | (200) |
| Provision for Gratuity, Leave Encashment and LTC / LTA | (16,990) | 17,763 |
| Operating profit before working capital changes | 1,113,819 | 1,121,787 |
| Adjustments for: | | |
| (Increase) / Decrease in Advances | 746,408 | (379,306) |
| (Increase) / Decrease in Other Current Assets & Advances | (2,896) | 36,871 |
| Increase / (Decrease) in Other liabilities and Provisions | 350,854 | 71,071 |
| Cash Flow from operations | 2,208,185 | 850,423 |
| Direct Taxes paid (net of refund received) | (336,716) | (316,447) |
| Net cash flow / (used in) from operating activities | 1,871,469 | 533,975 |
| Cash flows from Investing activities | | |
| Increase / (Decrease) in Share Capital | - | 12 |
| (Increase) / Decrease in Capital Advances | - | - |
| (Increase) / Decrease in Investment in Subsidiaries | - | - |
| (Increase)/Decrease in Capital Work in Progress | (6,142) | (10,200) |
| Purchase of fixed assets (net of sales) | (2,419) | (9,295) |
| Dividend Received | - | 200 |
| Net cash flow / (used in) from Investing activities | (8,561) | (19,283) |
| Cash flows from Financing activities | | |
| Dividend and Dividend Tax paid | (96,286) | (96,286) |
| Increase / (Decrease) in Borrowings | (86,539) | 588,650 |
| Net cash flow / (used in) from financing activities | (182,825) | 492,364 |
| Net increase in cash and cash equivalents from Operating, Investing and Financing Activities | 1,680,084 | 1,007,056 |
| Cash flows from Nodal Agency and Implementing Agency Activities | | |
| Net Income / (Expenditure) of TEDF | (13,510) | 5,827 |
| (Increase)/Decrease in Investments | - | - |
| (Increase)/Decrease in Current Assets | (13,741) | (855) |
| Increase / (Decrease) in Growth Centre, Central Subsidy and other Central Funds | 5,243,599 | (28,021) |
| Net Increase in cash & cash equivalent from Nodal Agency activity | 5,216,348 | (23,048) |
| Net increase in cash and cash equivalents | 6,896,432 | 984,007 |



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Consolidated Cash Flow Statement for the year ended 31.03.2018

| | | |
|---|-----------|-----------|
| Cash and cash equivalents at beginning of period | | |
| - Own funds | 2,165,562 | 1,267,913 |
| - Nodal Agency and Implementing Agency funds | 483,190 | 396,832 |
| Cash and cash equivalents at end of period | | |
| - Own funds | 9,128,290 | 2,165,562 |
| - Nodal Agency and Implementing Agency funds | 416,894 | 483,190 |

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 | 2,852,602 | 1,844,142 |
| Cash and bank balances | | |
| Cash in hand | 55 | 180 |
| Balance at Bank | | |
| -With Scheduled Bank | | |
| (i) In Current Account | 6,275,633 | 295,154 |
| (ii) In Fixed Deposits | - | 26,086 |
| Balance (TEDF) | | |
| (a) With Scheduled Bank | | |
| (i) In Current Account | 5,847 | 82,079 |
| (ii) In Fixed Deposits | 385,000 | 375,064 |
| (b) In units of mutual funds | 26,047 | 26,047 |
| | 9,545,184 | 2,648,752 |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561




(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



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. Basis of Consolidation

Consolidated financial statements of the Group (comprising of 2 subsidiaries) have been prepared on the basis of:

- i) Audited financial statements of North Eastern Development Finance Corporation Ltd. (Parent).
- ii) Line by line aggregation of each item of asset/liability/income/expense of unaudited accounts of the subsidiaries with the respective item of the parent, and after eliminating all material intra group balances/transactions, unrealized profit/loss, and making necessary adjustments wherever required for non-uniform accounting policies as per AS 21 issued by the ICAI.

C. 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) Management Fees are accounted on the basis of capital commitments received by funds as defined under the agreements entered into with respective funds.
- iii) Interest income is accounted for on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Upfront Fees, Loan Syndication Charges, Appraisal Fees, Dividend, and other miscellaneous receipts are accounted for on cash basis.
- v) 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.
- vi) 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.

D. 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%. A provision of 5.00% is made against restructured standard accounts as per extant RBI



guidelines. Further, as per RBI Notification dated February 07, 2018 on the subject ' Relief for MSME borrowers registered under Goods and Service Tax(GST)', 5% provisioning has been made on eligible assets not downgraded due to relaxation of repayment upto 180 days instead of 90 days.

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 extra ordinary 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.

E. Prior Period Adjustments:

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

F. 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. In pursuant to Schedule – II of the Companies Act, 2013, the fixed assets of significant values are componentized with separate useful life. The cut off limit of component value to capitalize separately with different useful life is considered as ₹ 1 Crore.

Depreciation on Fixed Assets is provided on Written Down Value Method in the manner specified in Schedule II to the Companies Act, 2013. 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.

G. 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.

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

M. 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.

N. 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.

O. Distribution and scheme expenses

New fund offer expenses: Expenses related to new fund offer are charged to the Statement of Profit & Loss in the year in which they are incurred.

P. Fund received in the capacity of custodian

The amount of contribution received in the capacity of custodian is considered as liabilities in the books of accounts till the time the same is disbursed to respective fund.

Interest/dividend income received from temporary investment of contribution will be considered as a part of initial contribution received by the Company and will be distributed to respective contributors along with income received from Fund as per their instruction.

Q. Operating Lease

Lease, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset during the lease term, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit & Loss on a straight line basis over the lease term.



Notes on Financial Statements

for the Year ended 31st March, 2018



NEDFi

An ISO 9001:2008 Company

Note 1 :SHARE CAPITAL

| PARTICULARS | As at 31 March, 2018 | | As at 31 March, 2017 | |
|--|----------------------|----------------------|----------------------|----------------------|
| | Number of shares | ₹ | Number of shares | ₹ |
| (a) Authorised Equity shares of ₹ 10/- each | 500,000,000 | 5,000,000,000 | 500,000,000 | 5,000,000,000 |
| (b) Issued, Subscribed, Called up & Paid up Capital Equity shares of ₹ 10/- each | 100,000,007 | 1,000,000,070 | 100,000,007 | 1,000,000,070 |
| TOTAL (₹) | 100,000,007 | 1,000,000,070 | 100,000,007 | 1,000,000,070 |

1.1 The Company has issued only one class of Equity Shares having at par value of Rs.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 March, 2018 | | As at 31 March, 2017 | |
|---|----------------------|--------|----------------------|--------|
| | Number of shares | % held | Number of shares | % held |
| IDBI Bank Limited | 25,000,002 | 25% | 25,000,002 | 25% |
| Life Insurance Corporation of India | 15,000,001 | 15% | 15,000,001 | 15% |
| State Bank of India | 15,000,001 | 15% | 15,000,001 | 15% |
| Industrial Finance Corporation of India | 10,000,001 | 10% | 10,000,001 | 10% |
| ICICI Ltd. | 10,000,001 | 10% | 10,000,001 | 10% |
| Small Industries Development Bank of India | 10,000,000 | 10% | 10,000,000 | 10% |
| Administrator of Specified Undertaking of Unit Trust of India | 10,000,001 | 10% | 10,000,001 | 10% |

Note 2: RESERVES & SURPLUS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| (i) Other Reserves | | |
| (a) North East Equity Fund | | |
| Fund balance | 79,870,500 | 79,870,500 |
| Less : Bad Loans written Off | 16,766,565 | 16,766,565 |
| Less : Provision against Soft Loans under NEEDS | 2,070,049 | 2,306,478 |
| Closing balance | 61,033,886 | 60,797,457 |
| (b) Statutory Reserve under RBI Act,1934 | | |
| Opening Balance | 1,078,672,857 | 987,613,483 |
| Add: Transferred from P/L Account | 114,426,347 | 91,059,374 |
| Closing balance | 1,193,099,204 | 1,078,672,857 |
| (c) Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961 | | |
| Opening Balance | 886,417,715 | 760,353,939 |
| Add: Transferred from P/L Account | 105,410,603 | 126,063,776 |
| Closing balance | 991,828,318 | 886,417,715 |
| (d) Venture Capital Fund: * | | |
| Fund Balance | 118,445,009 | 70,000,000 |
| Add: Transferred from General Reserve | 2,517,515 | 48,445,009 |
| Closing balance | 120,962,524 | 118,445,009 |



Note 2: RESERVES & SURPLUS (contd.)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| (e) General Reserve | | |
| Opening balance | 3,758,743,366 | 3,621,260,881 |
| Add: Transferred from surplus in Statement of Profit and Loss | 260,000,000 | 140,000,000 |
| Less: Utilised / transferred during the year for: | | |
| Others : Transferred to Venture Capital Fund | 2,517,515 | 2,517,515 |
| Closing balance | 4,016,225,851 | 3,758,743,366 |
| (f) India Exposition Mart Stalls | | |
| Opening balance | 17,445,125 | 18,160,102 |
| Add: Additions / transfers during the year | - | - |
| Less: Utilisations / transfers during the year | 680,229 | 714,977 |
| Closing Balance | 16,764,896 | 17,445,125 |
| (g) Techno Economic Development Fund | | |
| Opening balance | 421,028,333 | 415,201,059 |
| Add: Additions / transfers during the year | 32,536,625 | 32,937,116 |
| Less: Utilisations / transfers during the year | 46,047,068 | 27,109,842 |
| Closing Balance | 407,517,890 | 421,028,333 |
| (h) CSR Reserve ** | | |
| Opening balance | 2,609,629 | 3,416,110 |
| Add: Additions / transfers during the year | - | - |
| Less: Utilisations / transfers during the year | - | 806,481 |
| | 2,609,629 | 2,609,629 |
| (I) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening balance | 6,784,302 | 4,740,562 |
| Add: Profit / (Loss) for the year | 580,037,549 | 454,646,809 |
| Amounts transferred from: | | |
| General reserve | | |
| Other reserves (CSR Reserve) | - | 806,481 |
| Less: Interim dividend | - | - |
| Dividends proposed to be distributed to equity shareholders (Rs. per share) | 80,000,000 | 80,000,000 |
| Tax on dividend | 16,286,400 | 16,286,400 |
| Transferred to: | | |
| CSR Reserve | - | - |
| General reserve | 260,000,000 | 140,000,000 |
| Statutory Reserve under RBI Act, 1934 | 114,426,347 | 91,059,374 |
| Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961 | 105,410,603 | 126,063,776 |
| Closing Balance | 10,698,501 | 6,784,302 |
| Total(₹) | 6,820,740,699 | 6,350,943,793 |

* 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



Notes on Financial Statements

for the Year ended 31st March, 2018



NEDFI

An ISO 9001:2008 Company

NOTE 3: LONG TERM BORROWINGS

| BORROWED FROM | As at 31 March, 2018 | As at 31 March, 2017 | REMARK |
|---|----------------------|----------------------|--|
| | ₹ | ₹ | |
| Term Loan from Other Parties Unsecured | | | |
| Interest free loan from Govt. of India | 6,483,100,000 | 6,337,100,000 | 1. Repayable after 15 years as per instalment received. 2. Second instalment due in FY 2018-19. |
| Interest free loan from Govt. of India for Venture | 450,000,000 | 450,000,000 | 1. Repayable after 15 years. 2. Due in FY 2031-32. |
| Loan from National Scheduled Castes Finance & Development Corporation (NSCFDC)** (3rd Loan) | 2,000,000 | 8,560,000 | 1. Repayable in 10 quarterly instalments starting from September, 2016. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (3rd Loan) | - | 2,571,214 | 1. Repayable in 18 quarterly instalments starting from September, 2014. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (4th Loan) | 1,428,553 | 37,857,396 | 1. Repayable in 16 quarterly instalments starting from September, 2015. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (5th Loan) | 23,571,451 | 52,142,871 | 1. Repayable in 15 quarterly instalments starting from September, 2016. |
| Loan from National Backward Classes Finance & Development Corporation (NBCFDC)* (6th Loan) | 40,714,297 | 63,571,433 | 1. Repayable in 15 quarterly instalments starting from September, 2017. |
| Loan From Small Industries Development Bank of India (SIDBI)*** | - | 36,760,698 | 1. Repayable in 19 quarterly instalments starting from September, 2013. |
| Total | 7,000,814,301 | 6,988,563,612 | |

* Loan from NBCFDC was ₹ 63 Crore taken on various occasions, out of which ₹ 47.39 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 NSCFDC was ₹ 4.98 Crore taken on various occasions, out of which ₹ 4.12 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 was ₹ 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)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-----------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Deferred Tax Asset | | |
| Relating to Provisions | 321,207,220 | 281,191,293 |
| Total | 321,207,220 | 281,191,293 |
| Deferred Tax Liability | | |
| Relating to Fixed Assets | 6,871,420 | (1,839,772) |
| Relating to Special Reserve | 343,251,944 | 306,771,442 |
| Total | 350,123,364 | 304,931,670 |
| Net Deferred Tax Liability | 28,916,144 | 23,740,377 |



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Notes on Financial Statements for the Year ended 31st March, 2018

NOTE 5 : LONG TERM PROVISIONS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| A. Provision for employee benefits | | |
| Provision for Leave Encashment | 62,437,192 | 76,747,244 |
| Provision for Gratuity | 5,093,741 | 9,120,446 |
| | 67,530,933 | 85,867,690 |
| B. Others | | |
| Provision for Standard Assets | 76,194,111 | 82,279,521 |
| Floating Provision against Advances | 20,000,000 | 20,000,000 |
| Provision Against Sub Standard Assets | 58,048,430 | 181,651,477 |
| Provision Against Doubtful Assets | 686,526,236 | 652,227,106 |
| Provision Against Loss Assets | 20,343,008 | 6,998,770 |
| Provision for Diminution in Fair Value of Restructured Advance | 3,129,000 | 3,129,000 |
| | 864,240,785 | 946,285,874 |
| Total | 931,771,718 | 1,032,153,564 |

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 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Sundry creditors (for expenses) | 84,522,429 | 67,852,311 |
| Sundry creditors (for capital expenditure) | 969,200 | 1,288,676 |
| Current maturities of Long Term Loan (NBCFDC) | 90,428,613 | 114,999,988 |
| Current maturities of Long Term Loan (NSCFDC) | 7,000,000 | 8,440,000 |
| Current maturities of Long Term Loan (NSTFDC) | - | 3,333,330 |
| Current maturities of Long Term Loan (SIDBI) | 36,760,698 | 105,263,117 |
| Current maturities of Long Term Loan (GOI) | 154,000,000 | 154,000,000 |
| Other liabilities | 413,336,597 | 82,022,467 |
| MEFC- R & D Training Fund | 1,628,187 | 1,628,187 |
| Interest accrued and not due on Loans | 324,300 | 1,266,541 |
| Undisbursed Central Subsidies | 5,295,059,081 | 51,459,725 |
| Security Deposit | 8,714,329 | 8,874,320 |
| NE Trade Expo | 43,768 | 43,768 |
| Total | 6,092,787,202 | 600,472,431 |

NOTE 8: SHORT TERM PROVISIONS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| A. Provision for Employee Benefits | | |
| Provision for Leave Travel Concession / Allowance | 3,000,000 | 3,000,000 |
| Provision for Leave Encashment | 11,551,706 | 10,524,873 |
| Provision for Gratuity | 4,806,545 | 4,486,850 |
| | 19,358,251 | 18,011,723 |
| B. Others | | |
| Proposed Dividend | 80,000,000 | 80,000,000 |
| Additional Tax on Dividend | 16,286,400 | 16,286,400 |
| Provision for Income Tax | 268,350,000 | 330,000,000 |
| | 364,636,400 | 426,286,400 |
| Total | 383,994,651 | 444,298,123 |



Notes on Financial Statements

for the Year ended 31st March, 2018

Note 9: FIXED ASSETS

| Particulars | GROSS BLOCK | | | Depreciation / Amortisation | | | NET BLOCK | | |
|--------------------------------|------------------------------|------------------|----------------|------------------------------|----------------------|--------------------------------|-----------------------------|------------------------------|------------------------------|
| | As at 31st Mar, 2017 ₹ | Additions ₹ | Disposals ₹ | As at 31st Mar, 2018 ₹ | For the Year ₹ | Eliminated on disposal ₹ | Upto 31st Mar, 2018 ₹ | As At 31st Mar, 2018 ₹ | As At 31st Mar, 2017 ₹ |
| Tangible Assets | | | | | | | | | |
| Freehold Land at Dispur | 16,969,592 | - | - | 16,969,592 | - | - | - | 16,969,592 | 16,969,592 |
| Freehold Land at Khanapara | 92,400,000 | - | - | 92,400,000 | - | - | - | 92,400,000 | 92,400,000 |
| Building * | 192,776,520 | - | - | 192,776,520 | 6,755,712 | - | 61,284,124 | 131,492,396 | 138,248,108 |
| Office at Agartala | 14,367,130 | - | - | 14,367,130 | 662,941 | - | 1,417,328 | 12,949,802 | 13,612,743 |
| RCC Bridge | 1,578,377 | - | - | 1,578,377 | 96,051 | - | 724,368 | 854,009 | 950,060 |
| Air Conditioning System | 44,706,006 | - | - | 44,706,006 | 3,008,367 | - | 30,721,422 | 13,984,584 | 16,992,951 |
| Electrical Installation | 26,412,736 | - | - | 26,412,736 | 1,520,488 | - | 23,149,459 | 3,263,277 | 4,783,765 |
| Fire Alarm System | 3,673,341 | - | - | 3,673,341 | 216,089 | - | 2,777,287 | 896,054 | 1,112,143 |
| Lift | 7,956,378 | - | - | 7,956,378 | 468,045 | - | 6,015,546 | 1,940,832 | 2,408,877 |
| Machineries | 8,262,139 | 113,804 | 81,100 | 8,294,843 | 233,972 | 59,981 | 6,956,124 | 1,338,719 | 1,480,006 |
| UPS System | 1,490,229 | - | - | 1,490,229 | 1,000 | - | 1,415,718 | 74,511 | 75,511 |
| Water Installation System | 1,588,014 | - | - | 1,588,014 | 93,417 | - | 1,200,642 | 387,372 | 480,789 |
| Furniture & Fixture | 11,787,828 | 704,533 | - | 12,492,361 | 482,174 | - | 10,162,484 | 2,329,878 | 2,107,519 |
| Interior Furnishing & Fittings | 110,684,439 | - | - | 110,684,439 | 9,408,194 | - | 77,402,841 | 33,281,598 | 42,689,792 |
| Vehicle | 1,462,224 | - | - | 1,462,224 | 53,391 | - | 1,376,395 | 85,829 | 139,220 |
| Office Equipments | 8,050,896 | 725,980 | - | 8,776,876 | 1,196,956 | - | 7,078,439 | 1,698,437 | 2,169,413 |
| Computers | 23,986,773 | 1,360,213 | 488,100 | 24,858,886 | 3,296,345 | 463,694 | 20,623,152 | 4,235,734 | 6,196,272 |
| Total: | 568,152,622 | 2,904,530 | 569,200 | 570,487,952 | 27,493,142 | 523,675 | 252,305,329 | 318,182,623 | 342,816,760 |
| Figures for the previous year | 559,105,971 | 9,323,726 | 277,075 | 568,152,622 | 32,801,821 | 267,518 | 225,335,862 | 342,816,760 | 366,304,412 |

* 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 : INTANGIBLE ASSETS UNDER DEVELOPMENT

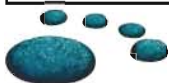
| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--------------|----------------------|----------------------|
| | ₹ | ₹ |
| Software | 31,643,213 | 25,501,074 |
| Total | 31,643,213 | 25,501,074 |

Note 11 : NON CURRENT INVESTMENTS

| Particulars | As at 31 March, 2018 ₹ | As at 31 March, 2017 ₹ |
|---|---------------------------|---------------------------|
| Other Investments | | |
| a) Investments in Equity Instruments | | |
| Quoted | | |
| Premier Cryogenics Ltd. Quoted at Cost (Fair value ₹27,618,000/- - Not traded - 2017-18) (2,00,000 shares of 10/- each) | 2,000,000 | 2,000,000 |
| Total (A) | 2,000,000 | 2,000,000 |
| Unquoted | | |
| Gauhati Neurological Research Centre Ltd. (Unquoted at cost 250,000 shares @ 10/- per share, fair value ₹9,205,000/-) | 2,500,000 | 2,500,000 |
| Konoklota Mahila Urban Co-Op Bank Ltd. (Unquoted at cost 5,000 shares @ 100/- per share, fair value ₹1,287,650/-) | 500,000 | 500,000 |
| RGVN (North East) Microfinance Ltd. (Unquoted at cost 3,000,000 Equity Shares @ 10/- per share, fair value ₹113,460,000/-) | 30,000,000 | 30,000,000 |
| Nightingale Finvest Pvt. Ltd. (Unquoted 665,000 Equity Shares of 10/- per share, fair value ₹8,412,250/-) | 5,000,000 | 5,000,000 |
| YVU Financial Services Pvt. Ltd. (Unquoted 50,000 Equity Shares of 100/- per share, fair value ₹6,895,500/-) | 5,000,000 | 5,000,000 |
| Grameen Development & Finance Pvt. Ltd. (Unquoted 500,000 Equity Shares of 10/- per share, fair value ₹5,825,000/-) | 5,000,000 | 5,000,000 |
| Total (a) | 48,000,000 | 48,000,000 |
| b) Other non current Investments | | |
| Investment in North East Venture Fund (750 units, Value as on 31.03.2018 ₹ 58,237,471/-) Rs.34,500,000/-) | 75,000,000 | 75,000,000 |
| Total (b) | 75,000,000 | 75,000,000 |
| Total B (a+b) | 123,000,000 | 123,000,000 |
| TOTAL (A+B) | 125,000,000 | 125,000,000 |

| | Amount (₹) | Market Value (₹) | Amount (₹) | Market Value (₹) |
|---|-------------|------------------|-------------|------------------|
| Aggregate amount of quoted investments and market value thereof | 2,000,000 | 27,618,000 | 2,000,000 | 12,158,000 |
| Aggregate amount of unquoted investments | 123,988,000 | NA | 123,000,000 | NA |

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.



Notes on Financial Statements

for the Year ended 31st March, 2018

NOTE 12: LONG TERM LOAN LOANS AND ADVANCES

| Particulars | | As at 31 March, 2018 ₹ | As at 31 March, 2017 ₹ |
|------------------------|-----------------------------|---------------------------|---------------------------|
| Capital Advances | | | |
| Security Deposits | | | |
| | Secured (Considered Good) | | - |
| | Unsecured (Considered Good) | 2,023,149 | 2,023,149 |
| | Doubtful | | - |
| Loans to Staff | | | |
| | Secured (Considered Good) | 77,166,034 | 84,649,984 |
| | Unsecured (Considered Good) | | - |
| | Doubtful | | - |
| Trade Loans & Advances | | | |
| Term Loans | | | |
| | Secured (Considered Good) | 5,585,110,464 | 6,277,678,741 |
| | Unsecured (Considered Good) | 1,105,585,000 | 1,164,894,660 |
| | Doubtful | 1,920,476,484 | 2,534,688,546 |
| Soft Loan under NEEDS | | | |
| | Secured (Considered Good) | 2,283,223 | 1,167,664 |
| | Unsecured (Considered Good) | | - |
| | Doubtful | 2,067,715 | 2,365,685 |
| TOTAL(₹) | | 8,694,712,069 | 10,067,468,429 |

NOTE 12.1: LOAN PORTFOLIO CLASSIFICATION AND PROVISIONING*

| Category | 2017-18 | | 2016-17 | |
|--------------|-----------------------|--------------------|-----------------------|--------------------|
| | Loan Outstanding | Provisioning | Loan Outstanding | Provisioning |
| | ₹ | ₹ | ₹ | ₹ |
| Standard | 9,447,252,560 | 76,194,111 | 9,686,219,263 | 82,279,521 |
| Sub Standard | 382,784,719 | 58,048,430 | 1,190,326,679 | 181,651,478 |
| Doubtful | 1,905,841,734 | 686,526,236 | 1,853,974,541 | 652,227,105 |
| Loss | 20,343,008 | 20,343,008 | 6,998,770 | 6,998,770 |
| Total | 11,756,222,021 | 841,111,785 | 12,737,519,253 | 923,156,874 |

* 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: CURRENT INVESTMENT

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Investment in Mutual Funds: | | |
| HDFC Mutual Fund - Short Term Opportunities Fund (467187.841 units, Value as on 31.03.2018 ₹ 9,027,658/-) | 9,000,000 | 9,000,000 |
| LIC Mutual Fund - Savings Plus Fund (1,05,43,460.873 units, Value as on 31.03.2018 ₹291,189,302/-) | 290,000,000 | 170,000,000 |
| UTI Mutual Fund - Floating Rate Fund (1,16,911.652 units, Value as on 31.03.2018 ₹340,329,141/-) | 340,000,000 | 390,000,000 |
| Principal Mutual Fund - Low Duration Fund (41627.781 units, Value as on 31.03.2017 ₹110,600,081/-) | - | 110,000,000 |
| SBI Mutual Fund - Premier Liquid Fund (133436.718 units, Value as on 31.03.2017 ₹340,572,870/-) | - | 340,000,000 |
| SBI Mutual Fund- Overnight Direct Growth Fund (48840.601 units, Value as on 31.03.2018 ₹ 142,082,075/-) | 141,311,160 | - |
| SBI Mutual Fund- Savings Fund Direct Growth Plan (9014693.951 units, Value as on 31.03.2018 ₹ 250,558,911/-) | 250,000,000 | - |
| Reliance Mutual Fund - Liquid Fund (98588.047 units, Value as on 31.03.2017 ₹391,134,047/-) | - | 390,000,000 |
| Reliance Mutual Fund- Direct Growth Plan Fund (20049717.944 units, Value as on 31.03.2018 ₹ 481,251,375/-) | 475,956,244 | - |
| Canara Robeco Mutual Fund - Savings Plus Fund (5858852.91 units, Value as on 31.03.2018 ₹160,649,747/-) | 160,000,000 | 100,000,000 |
| UTI Mutual Fund - Fixed Term Income Plan (TEDF) (2,000,000 units, Value as on 31.03.2018 ₹25,143,200/-) | 20,000,000 | 20,000,000 |
| HDFC Mutual Fund - Fixed Maturity Plan (43133482.257 units, Value as on 31.03.2018 ₹ 434,492,199/-) | 431,334,820 | 260,142,179 |
| UTI Mutual Fund - Money Market Mutual Fund (TEDF) (4087.728 units, Value as on 31.03.2018 ₹ 7,970,026/-) | 6,046,923 | 6,046,924 |
| Aditya Birls Sun Life Low Duration Fund-Growth Direct Plan (391774.848 units, Value as on 31.03.2018 ₹ 170,823,080/-) | 170,000,000 | - |
| ICICI Prudential Mutual Fund- Corporate Bond Fund (631185.853 units, Value as on 31.03.2018 ₹ 170,638,066/-) | 170,000,000 | - |
| DSP Blackrock Low Duration Fund (15,742,825.207 units, Value as on 31.03.2018 ₹ 200,724,170/-) | 200,000,000 | - |
| Kotak Mutual Fund -Savings Fund (4972827.052 units, Value as on 31.03.2018 ₹ 140,385,891/-) | 140,000,000 | - |
| Total | 2,803,649,147 | 1,795,189,103 |

| | As at 31 March, 2018 | | As at 31 March, 2017 | |
|---|----------------------|------------------|----------------------|------------------|
| | Amount (₹) | Market Value (₹) | Amount (₹) | Market Value (₹) |
| Aggregate amount of quoted investments and market value thereof | 2,803,649,147 | 2,825,264,840 | 1,795,189,103 | 1,805,135,243 |
| Aggregate amount of unquoted investments | - | NA | - | NA |
| Aggregate provision for diminution in value of investments | - | - | - | - |



Notes on Financial Statements

for the Year ended 31st March, 2018



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NOTE 14 : CASH AND BANK BALANCES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Cash and Cash Equivalents | | |
| Balance at Bank | | |
| -With Scheduled Bank | | |
| (i) In Current Account | 6,275,632,670 | 295,154,123 |
| (ii) In Fixed Deposits | | 2,718,145 |
| | 6,275,632,670 | 297,872,268 |
| Balance at Bank (TEDF) | | |
| -With Scheduled Bank | | |
| (i) In Current Account | 5,846,692 | 82,079,128 |
| (ii) In Fixed Deposits | 50,000,000 | 35,063,716 |
| | 55,846,692 | 117,142,844 |
| Cash in hand | 55,429 | 180,266 |
| Other Bank Balances | | |
| In Fixed Deposits pledged as Bank Guarantee against borrowing from NSTFDC | - | 23,367,725 |
| In Fixed Deposits pledged as Bank Guarantee against Consultancy assignments | 6,050,000 | 6,050,000 |
| In Fixed Deposits with maturity more than 3 months | - | - |
| In Fixed Deposits with maturity more than 3 months (TEDF) | 185,000,000 | 50,000,000 |
| In Fixed Deposits with maturity more than 12 months (TEDF) | 150,000,000 | 290,000,000 |
| | 341,050,000 | 369,417,725 |
| Total | 6,672,584,791 | 784,613,103 |

NOTE 15: SHORT TERM LOAN AND ADVANCES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-----------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Advance to Others | | |
| Secured (Considered Good) | | |
| Unsecured (Considered Good) | 3,774,823 | 839,843 |
| Doubtful | | |
| Advance to Staff | | |
| Secured (Considered Good) | | |
| Unsecured (Considered Good) | 1,545,698 | 1,968,172 |
| Doubtful | | |
| Loan to Staff | | |
| Secured (Considered Good) | 15,600,519 | 13,598,470 |
| Unsecured (Considered Good) | | |
| Doubtful | | |
| Trade Loans & Advances | | |
| Secured (Considered Good) | 2,670,745,699 | 2,242,478,198 |
| Unsecured (Considered Good) | | |
| Doubtful | 388,492,977 | 514,245,759 |
| Total | 3,080,159,716 | 2,773,130,442 |



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Notes on Financial Statements for the Year ended 31st March, 2018

NOTE 16: OTHER CURRENT ASSETS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| A. Interest | | |
| Interest Receivable on Loans & Advances | 81,476,158 | 100,532,763 |
| Interest Receivable on Fixed Deposits | 1,782,885 | 1,991,186 |
| Interest Receivable on Fixed Deposits (TEDF) | 43,132,603 | 29,391,916 |
| Interest Receivable on Staff Housing Loan | 19,770,377 | 17,095,624 |
| B. Others | | |
| Advance Income Tax | 315,124,000 | 308,000,000 |
| Tax Deducted at Source | 10,217,554 | 9,050,914 |
| Income Tax Refundable | 19,641,675 | 19,641,675 |
| Other Receivables | 42,056,189 | 40,345,346 |
| Total | 533,201,441 | 526,049,424 |

NOTE 17: REVENUE FROM OPERATIONS

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| A. INTEREST | | |
| Interest on loans | 1,133,470,004 | 1,103,698,476 |
| Interest on Fixed Deposits and Bonds | 6,087,041 | 17,033,662 |
| | 1,139,557,045 | 1,120,732,138 |
| B. OTHER FINANCIAL SERVICES | | |
| Consultancy Fees | 25,736,384 | 30,535,668 |
| Upfront Fees | 19,118,216 | 21,267,896 |
| Prepayment Charges | 3,322,728 | 1,328,387 |
| | 48,177,328 | 53,131,951 |
| Total | 1,187,734,373 | 1,173,864,089 |

NOTE 18: OTHER INCOME

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| Net gain from sale of Investments (other than trade investments) | 178,093,461 | 170,431,824 |
| Dividend | - | 200,000 |
| Trusteeship Fees | 423,729 | - |
| Management Fees | 15,000,000 | - |
| Other Non Operating Income | | |
| Miscellaneous Receipts | 6,994,291 | 5,867,877 |
| Profit on sale / disposal of assets (net) | (24,524) | 19,444 |
| Rental Income | 27,087,734 | 24,545,960 |
| Maintenance Charges | 11,245,244 | 10,239,860 |
| Hall Charges | 3,986,490 | 3,817,063 |
| Bad Loans & Advances Recovered | 54,557,988 | 64,089,507 |
| Total | 297,364,413 | 279,211,535 |

NOTE 19: EMPLOYEES BENEFIT EXPENSES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Salaries (Director) | 3,464,800 | 3,832,253 |
| Salaries (Others) | 181,345,210 | 152,931,206 |
| Employer's Provident Fund | 11,696,538 | 11,019,542 |
| Medical Reimbursement | 4,879,439 | 5,231,543 |
| Recruitment / Relocation Expenses | 1,208,091 | 1,098,704 |
| Leave Travel Concession / Allowance | 8,942,694 | 10,364,404 |
| House Rent | 2,430,704 | 2,525,448 |
| Leave Encashment | (8,311,688) | 19,115,130 |
| Gratuity | (2,208,955) | 3,781,791 |
| Staff Welfare | 9,033,117 | 10,962,357 |
| Total | 212,479,950 | 220,862,378 |



Notes on Financial Statements

for the Year ended 31st March, 2018



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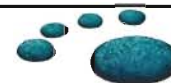
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Note 19.1: The following table sets out the status of the defined benefit Gratuity and Leave Encashment Plan as per AS - 15:

| Particulars | Gratuity | | Leave Encashment | |
|---|------------------|-------------------|------------------|-------------------|
| | Current Year (₹) | Previous Year (₹) | Current Year (₹) | Previous Year (₹) |
| i. Change in the present value of the defined benefit obligation | | | | |
| Opening benefit obligation | 37,218,485 | 31,867,588 | 87,272,117 | 71,862,490 |
| Current Interest Cost | 2,754,168 | 2,517,539 | 6,458,137 | 5,677,137 |
| Past Service Cost | - | - | - | - |
| Current Service Cost | 3,528,175 | 4,326,691 | 5,070,833 | 8,608,723 |
| Benefit Paid | (1,000,000) | - | (1,155,637) | (3,705,503) |
| Actuarial (Gain) / Loss | (6,479,960) | (1,493,333) | (23,656,552) | 4,829,270 |
| Closing benefit obligation | 36,020,868 | 37,218,485 | 73,988,898 | 87,272,117 |
| ii. Change in Plan Assets | | | | |
| Opening Fair Value of Plan Assets | 23,611,190 | 20,613,601 | - | - |
| Expected Return on Plan Assets | - | 1,721,236 | - | - |
| Contribution | 1,938,479 | - | - | - |
| Benefit paid | 575,788 | 1,219,009 | - | - |
| Actuarial Gain / (Loss) | - | - | - | - |
| Actuarial Gain / (Loss) | (4,874) | 57,344 | - | - |
| Closing Fair Value of Plan Assets | 26,120,583 | 23,611,190 | - | - |
| iii. Reconciliation of present value of obligation and fair value of plan assets | | | | |
| Closing present value of obligation | 36,020,868 | 37,218,485 | 73,988,898 | 87,272,117 |
| Closing fair value of plan assets | - | 23,611,190 | - | - |
| Deficit / (surplus) | 26,120,583 | (13,607,295) | (73,988,898) | (87,272,117) |
| Net Liability / (Asset) | (9,900,285) | 13,607,295 | 73,988,898 | 87,272,117 |
| Net Liability recognised in Balance Sheet | 9,900,285 | 13,607,295 | 73,988,898 | 87,272,117 |
| iv. Net Cost recognized in Profit & Loss Account | | | | |
| Current Service cost | 3,528,175 | 4,326,691 | 5,070,833 | 8,608,723 |
| Past Service cost | - | - | - | - |
| Interest Cost | 2,754,168 | 2,517,539 | 6,458,137 | 5,677,137 |
| Expected return on plan assets | (1,938,479) | (1,721,236) | - | - |
| Net Actuarial (Gain) / Loss recognized | (6,475,086) | (1,550,677) | (23,656,552) | 4,829,270 |
| Expenses recognized in Profit & Loss Account | (2,131,222) | 3,572,317 | (12,127,582) | 19,115,130 |
| v. Reconciliation of opening and closing net liability recognized in Balance Sheet | | | | |
| Opening Net Liability | 13,607,295 | 11,253,987 | 87,272,117 | 71,862,490 |
| Expenses recognized in Profit & Loss Account | (2,131,222) | 3,572,317 | (12,127,582) | 19,115,130 |
| Benefit paid by Corporation | (1,000,000) | - | (1,155,637) | (3,705,503) |
| Contribution paid | (575,788) | (1,219,009) | - | - |
| Closing Net Liability | 9,900,285 | 13,607,295 | 73,988,898 | 87,272,117 |

vi. Investments under Plan Assets of Gratuity and Leave Encashment as on 31st March, 2018 are as under:

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



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Notes on Financial Statements for the Year ended 31st March, 2018

vii. Principal Actuarial Assumptions

| Particulars | Gratuity | | Leave Encashment | |
|---|------------------|-------------------|------------------|-------------------|
| | Current Year (₹) | Previous Year (₹) | Current Year (₹) | Previous Year (₹) |
| Discount Rate | 7.70% | 7.40% | 7.70% | 7.40% |
| Rate of increase in compensation levels | 10.00% | 15.00% | 10.00% | 15.00% |
| Rate of return on Plan Assets | 7.50% | 8.21% | - | - |

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 estimates for increase in compensation levels of the employees of the Corporation was hitherto taken @ 15% p.a. However, on review the actuary observed that the average increase comes out @ 10% approx. Hence, the calculation for actuarial valuation has been done considering increase in compensation levels @ 10% for the current year.

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 ₹ 116.96 Lac (Previous Year ₹ 110.19 Lac) has been charged to Profit & Loss Account.

NOTE 20: OTHER EXPENSES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| A. Administrative & Other Expenses | | |
| Advertisement Expenses | 350,701 | 209,476 |
| Audit Expenses | 1,207,387 | 765,586 |
| Bank charges | 151,366 | 159,596 |
| BOD Meeting Expenses | 2,969,292 | 3,339,779 |
| Books & Periodicals | 310,913 | 275,629 |
| Business Facilitation Centre Expenses | 1,663,156 | 688,407 |
| Business Promotion | 2,358,926 | 2,347,788 |
| Car hire Expenses | 2,946,795 | 2,932,166 |
| Consultancy Expenses | 9,102,126 | 1,462,264 |
| Conveyance | 352,093 | 382,100 |
| Electricity Charges & Electrical Expenses | 6,511,322 | 5,554,268 |
| Honarium | 163,240 | 100,570 |
| India Exposition Mart Expenses | 518,585 | 540,757 |
| Insurance charges | 978,794 | 473,822 |
| Krishi Kalyan Cess | 31,186 | 91,961 |
| Legal & Professional Fees and Expenses | 12,427,216 | 11,309,638 |
| Licence & Registration Fees | 1,291,112 | 1,452,623 |
| Misc Expenses | 101,553 | 208,925 |
| Printing & Stationery | 2,574,222 | 3,052,803 |
| Rent | 3,901,376 | 3,871,980 |
| Repairs & Maintenance (Machine) | 4,341,621 | 3,287,361 |
| Repairs & Maintenance (Security Service Charges & Others) | 21,518,296 | 17,678,772 |
| Research & Developmental Expenses (net) | 9,862,117 | 9,680,461 |
| Seminar & Conference Expenses | 1,301,003 | 2,399,003 |
| Software Maintenance Expenses | 457,212 | 23,000 |
| Service Tax/GST Expenses | 4,937,004 | 531,785 |
| Swachh Bharat Cess | 31,186 | 99,932 |
| Telephone Charges & Postage | 3,132,732 | 3,155,328 |
| Training Expenses | 1,452,307 | 1,342,116 |
| Travelling Expenses (Director) | 536,136 | 296,256 |
| Travelling Expenses (Others) | 4,623,288 | 4,798,620 |
| Internal Audit Fees | 237,500 | 211,625 |
| Auditors' Remuneration: | | |
| Tax Audit Fees | 36,000 | 36,000 |
| Statutory Audit Fees | 200,000 | 201,500 |
| Total (A) | 102,577,762 | 82,961,897 |
| B. Provisions and Write Off | 253,597,254 | 365,396,516 |
| Total (B) | 253,597,254 | 365,396,516 |
| Total (A+B) | 356,175,016 | 448,358,413 |



Notes on Financial Statements

for the Year ended 31st March, 2018

NOTE 20.1: Provisions and Write Offs

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Provisions | | |
| Provision on Standard / Non Performing Assets | (81,808,659) | 365,396,516 |
| Provision on Diminution in Fair Value of Restructured Advance | - | - |
| Write Offs | | |
| Bad Loans & Advances | 335,405,913 | - |
| Total | 253,597,254 | 365,396,516 |

NOTE 21: FINANCE COST

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|------------------|----------------------|----------------------|
| | ₹ | ₹ |
| INTEREST | | |
| Interest on Loan | | |
| - NBCFDC | 2,302,426 | 3,298,921 |
| - NSCFDC | 140,082 | 213,033 |
| - NSTFDC | 37,534 | 191,873 |
| - SIDBI | 9,844,447 | 20,908,176 |
| Total | 12,324,489 | 24,612,003 |

NOTE 22: CSR EXPENSES

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|-------------------------------------|----------------------|----------------------|
| | ₹ | ₹ |
| Skill & Market Development Expenses | 9,252,415 | 20,396,212 |
| Total | 9,252,415 | 20,396,212 |

NOTE 22.1

a. Gross amount required to be spent: ₹18,000,000/- . 2% of the average profit of last three financial years i.e. 2% of ₹88,13,08,825/- = ₹ 1,76,26,177/- . The Corporation has spent ₹ 92,52,415/- on CSR. The Corporation has earmarked an amount of Rs.102.03 Lac towards North East Craft Village project, which is in process of execution, out of which an amount of ₹14.53 Lac has already been utilised. The balance amount of ₹ 87.50 Lac is being carried forward for utilisation towards the above project.

b. Amount Spent during the year on

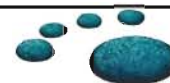
| | In Cash | Yet to be paid in Cash | Total |
|--|-----------|------------------------|-----------|
| i. Construction / acquisition of any asset | - | - | - |
| ii. On purposes other than i. above | 9,252,415 | - | 9,252,415 |

c. No related party transactions occurred in relation to CSR Expenses.

d. No provision has been made for CSR Expenses during the year. The income earned incidental to the CSR projects, if any, have been netted off from the CSR expenses.

NOTE 23: EARNINGS PER SHARE (EPS)

| Particulars | As at 31 March, 2018 | As at 31 March, 2017 |
|---|----------------------|----------------------|
| | ₹ | ₹ |
| Net Profit after tax as per Statement of Profit and Loss attributable to Equity | 580,037,549 | 454,646,974 |
| No. of Equity shares used as denominator for calculating EPS | 100,000,007 | 100,000,007 |
| Basic and Diluted Earnings Per Share | 5.80 | 4.55 |
| 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 ₹ 40,90,176/- (previous year: ₹ 44,36,456/-) was paid as remuneration.

Note 25: CONTINGENT LIABILITIES AND COMMITMENTS

- a. 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.
- b. 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 ₹ 182.25 Crore, which shall be disbursed in due course, subject to compliance of requisite formalities.
- c. The service tax department has raised a demand of ₹ 1.97 Crore towards short payment of service tax (₹ 1.10 Crore), non-payment of service tax on pre-payment charges (₹ 0.12 Crore) and interest amount of ₹ 0.75 Crore. As per corporation's contention and estimation, the amount ought to be ₹ 1.75 Crore which has been already paid under protest to the Audit Commissionerate- CGST, Guwahati. The department has thus further issued a show cause notice for levying of differential interest (₹ 0.22 Crore) and penalty against which a written submission has already been made. Based on the submission, the Corporation is confident that the Audit Commissionerate will dispose off the case in favour of the corporation. Hence, no provision has been made in the books of accounts for the balance amount.
- d. The DIPP had raised a demand of ₹ 13.42 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 34%.

Note 30: The Corporation in association with the Ministry of Development of North Eastern Region (M-DoNER) has set up the first dedicated Venture Capital Fund for the NER, namely "North East Venture Fund (NEVF)". The fund is a unit scheme under North East Venture Trust (NEVT), an umbrella trust, wherein the Corporation is the settlor. The trust has been registered under the Indian Registration Act, 1908 on 13th October 2016. The corpus of the fund is ₹ 100 cr. NEVF has been registered with Securities and Exchange Board of India (SEBI). The first close of the fund has also been declared on 31st March, 2017. To operate and manage the fund, two wholly owned subsidiaries namely NEDFi Venture Capital Limited (NVCL) and NEDFi Trustee Limited (NTL) have been incorporated by the Corporation.



Notes on Financial Statements

for the Year ended 31st March, 2018

Note 31 : SEGMENT REPORTING

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

(₹ in Crore)

| | | | |
|----|----------------------------------|------------------|------------------|
| 1. | Segment Revenue | 2017 – 18 | 2016 – 17 |
| | Lending and Financing Activities | 121.05 | 119.04 |
| | Management of Surplus Funds | 18.42 | 18.76 |
| | Others | 2.57 | 3.05 |
| | Total | 142.04 | 140.85 |
| 2. | Segments Results | | |
| | Lending and Financing Activities | 60.69 | 44.56 |
| | Management of Surplus Funds | 18.42 | 18.76 |
| | Others | 1.66 | 2.90 |
| | Total | 80.74 | 66.22 |
| | Unallocated Income | 6.47 | 4.45 |
| | Unallocated Expenses | 0.00 | 0.00 |
| 3. | Operating Profit | 85.05 | 70.67 |
| | Income Tax | 27.02 | 25.21 |
| 4. | Net Profit | 58.00 | 45.46 |
| 5. | Other Information | | |
| | Segment Assets | | |
| | Lending and Financing Activities | 1167.47 | 1283.81 |
| | Management of Surplus Funds | 920.51 | 222.37 |
| | Others | 3.46 | 3.29 |
| | Total | 2091.44 | 1509.47 |
| | Unallocated Assets | 134.47 | 134.54 |
| | Total | 2225.91 | 1644.01 |
| | Segment Liabilities | | |
| | Lending and Financing Activities | 899.23 | 890.25 |
| | Management of Surplus Funds | 0.00 | 0.00 |
| | Others | 0.00 | 0.00 |
| | Unallocated Liabilities | 605.49 | 80.70 |
| | Total | 1504.72 | 970.95 |
| | Net Capital Employed | 721.19 | 673.06 |

**Note 32: 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)

| | | |
|----------|--|---|
| A | Capital | |
| a) | CRAR CORE CRAR & Supplementary CRAR | 48.30 % |
| 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: ₹ 1507.41 Off the Balance Sheet: Nil |
| d) | The Shareholding pattern as on 31.03.2018 | Equity shares: No of Shares % FI's 55,000,004 55 Bank 15,000,001 15 Insurance Co. 20,000,001 20 Mutual Fund 10,000,001 10 Total 10,000,007 100 |
| B | Asset quality and credit concentration | |
| e) | Percentage of net NPA's to net loans & advances, (floating provisions of Rs.2 Crore has not been netted from Gross NPA to arrive at net NPA) | 14.05% |



| f) | Amount and percentage of net NPA's to net advances under the prescribed asset classification categories | <table border="0"> <tr> <td>Category</td> <td></td> <td>%</td> </tr> <tr> <td>Sub Standard Assets:</td> <td>₹ 32.47</td> <td>3.43</td> </tr> <tr> <td>Doubtful debts</td> <td>: ₹ 121.93</td> <td>12.90</td> </tr> <tr> <td>Loss assets</td> <td>:</td> <td>₹ Nil</td> </tr> </table> | Category | | % | Sub Standard Assets: | ₹ 32.47 | 3.43 | Doubtful debts | : ₹ 121.93 | 12.90 | Loss assets | : | ₹ Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------|---|---|-----------------|--------------------|-------------------------------------|-----------------------------|---------------------------|-----------|----------------------------|------------|-----------------|---------------------------------|---|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|------|------|--------------------------------|--|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|-------|------|------|
| Category | | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sub Standard Assets: | ₹ 32.47 | 3.43 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Doubtful debts | : ₹ 121.93 | 12.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 border="0"> <tr> <td>Standard Assets</td> <td>₹ (-)0.61</td> </tr> <tr> <td>NPA Loans</td> <td>₹ (-)7.60</td> </tr> <tr> <td>Soft loan Assistance</td> <td>₹ (-)0.02</td> </tr> <tr> <td>Investments</td> <td>₹ Nil</td> </tr> <tr> <td>Income Tax</td> <td>₹ 26.50</td> </tr> </table> | Standard Assets | ₹ (-)0.61 | NPA Loans | ₹ (-)7.60 | Soft loan Assistance | ₹ (-)0.02 | Investments | ₹ Nil | Income Tax | ₹ 26.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Standard Assets | ₹ (-)0.61 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NPA Loans | ₹ (-)7.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Soft loan Assistance | ₹ (-)0.02 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investments | ₹ Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income Tax | ₹ 26.50 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| h) | i) Movement in NPAs (Gross) of loans including soft loans. | <table border="0"> <tr> <td>Opening Balance</td> <td>₹ 305.13</td> </tr> <tr> <td>Deletions incl. upgradation</td> <td>₹ 112.51</td> </tr> <tr> <td>Additions during the year</td> <td>₹ 38.28</td> </tr> <tr> <td>Closing Balance</td> <td>₹ 230.90</td> </tr> </table> | Opening Balance | ₹ 305.13 | Deletions incl. upgradation | ₹ 112.51 | Additions during the year | ₹ 38.28 | Closing Balance | ₹ 230.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | ₹ 305.13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Deletions incl. upgradation | ₹ 112.51 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions during the year | ₹ 38.28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Balance | ₹ 230.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ii) Movement of Provisions for NPAs against loans including soft loan assistance. | <table border="0"> <tr> <td>Opening Balance</td> <td>₹ 84.09</td> </tr> <tr> <td>Less: write off / waiver/Write back</td> <td>₹ 35.26</td> </tr> <tr> <td>Additions during the year</td> <td>₹ 27.66</td> </tr> <tr> <td>Closing Balance</td> <td>₹ 76.49</td> </tr> </table> | Opening Balance | ₹ 84.09 | Less: write off / waiver/Write back | ₹ 35.26 | Additions during the year | ₹ 27.66 | Closing Balance | ₹ 76.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | ₹ 84.09 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Less: write off / waiver/Write back | ₹ 35.26 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions during the year | ₹ 27.66 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Balance | ₹ 76.49 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | ii) Movement of Provisions for Investments | <table border="0"> <tr> <td>Opening Balance</td> <td>₹ 0.00</td> </tr> <tr> <td>Additions during the year</td> <td>₹ 0.00</td> </tr> <tr> <td>Write Back</td> <td>₹ 0.00</td> </tr> <tr> <td>Closing Balance</td> <td>₹ 0.00</td> </tr> </table> | Opening Balance | ₹ 0.00 | Additions during the year | ₹ 0.00 | Write Back | ₹ 0.00 | Closing Balance | ₹ 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | ₹ 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additions during the year | ₹ 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Write Back | ₹ 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Closing Balance | ₹ 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| i) | <p>Restructured Accounts</p> <p>Total amount of standard assets which have been subjected to restructuring / rescheduling</p> <p>Total sub standard assets which have been subjected to restructuring / rescheduling</p> <p>Total doubtful / Loss assets which have been subjected to restructuring / rescheduling</p> <p>Total</p> | <p>Nil</p> <p>Rs. 0.37 Crore</p> <p>Rs. 5.46 Crore</p> <p>Rs. 5.83 Crore</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| j) | Credit exposure as percentage to capital funds and as percentage to total assets, in respect of: | <table border="0"> <thead> <tr> <th></th> <th>% to Capital Funds</th> <th>% to Total Assets</th> </tr> </thead> <tbody> <tr> <td>The largest single borrower</td> <td>4.03</td> <td>1.31</td> </tr> <tr> <td>The largest borrower group</td> <td>5.97</td> <td>1.93</td> </tr> <tr> <td>The 10 largest single borrowers</td> <td></td> <td></td> </tr> <tr> <td>No.1</td> <td>4.03</td> <td>1.31</td> </tr> <tr> <td>No.2</td> <td>3.74</td> <td>1.21</td> </tr> <tr> <td>No.3</td> <td>3.67</td> <td>1.19</td> </tr> <tr> <td>No.4</td> <td>3.08</td> <td>1.00</td> </tr> <tr> <td>No.5</td> <td>3.05</td> <td>0.99</td> </tr> <tr> <td>No.6</td> <td>2.80</td> <td>0.91</td> </tr> <tr> <td>No.7</td> <td>2.77</td> <td>0.90</td> </tr> <tr> <td>No.8</td> <td>2.77</td> <td>0.90</td> </tr> <tr> <td>No.9</td> <td>2.77</td> <td>0.90</td> </tr> <tr> <td>No.10</td> <td>2.77</td> <td>0.90</td> </tr> <tr> <td>The 10 largest borrower groups</td> <td></td> <td></td> </tr> <tr> <td>No.1</td> <td>5.97</td> <td>1.93</td> </tr> <tr> <td>No.2</td> <td>4.03</td> <td>1.31</td> </tr> <tr> <td>No.3</td> <td>3.67</td> <td>1.19</td> </tr> <tr> <td>No.4</td> <td>3.38</td> <td>1.09</td> </tr> <tr> <td>No.5</td> <td>3.25</td> <td>1.05</td> </tr> <tr> <td>No.6</td> <td>3.08</td> <td>1.00</td> </tr> <tr> <td>No.7</td> <td>3.05</td> <td>0.99</td> </tr> <tr> <td>No.8</td> <td>2.80</td> <td>0.91</td> </tr> <tr> <td>No.9</td> <td>2.77</td> <td>0.90</td> </tr> <tr> <td>No.10</td> <td>2.77</td> <td>0.90</td> </tr> </tbody> </table> | | % to Capital Funds | % to Total Assets | The largest single borrower | 4.03 | 1.31 | The largest borrower group | 5.97 | 1.93 | The 10 largest single borrowers | | | No.1 | 4.03 | 1.31 | No.2 | 3.74 | 1.21 | No.3 | 3.67 | 1.19 | No.4 | 3.08 | 1.00 | No.5 | 3.05 | 0.99 | No.6 | 2.80 | 0.91 | No.7 | 2.77 | 0.90 | No.8 | 2.77 | 0.90 | No.9 | 2.77 | 0.90 | No.10 | 2.77 | 0.90 | The 10 largest borrower groups | | | No.1 | 5.97 | 1.93 | No.2 | 4.03 | 1.31 | No.3 | 3.67 | 1.19 | No.4 | 3.38 | 1.09 | No.5 | 3.25 | 1.05 | No.6 | 3.08 | 1.00 | No.7 | 3.05 | 0.99 | No.8 | 2.80 | 0.91 | No.9 | 2.77 | 0.90 | No.10 | 2.77 | 0.90 |
| | % to Capital Funds | % to Total Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The largest single borrower | 4.03 | 1.31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The largest borrower group | 5.97 | 1.93 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The 10 largest single borrowers | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.1 | 4.03 | 1.31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.2 | 3.74 | 1.21 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.3 | 3.67 | 1.19 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.4 | 3.08 | 1.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.5 | 3.05 | 0.99 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.6 | 2.80 | 0.91 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.7 | 2.77 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.8 | 2.77 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.9 | 2.77 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.10 | 2.77 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The 10 largest borrower groups | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.1 | 5.97 | 1.93 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.2 | 4.03 | 1.31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.3 | 3.67 | 1.19 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.4 | 3.38 | 1.09 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.5 | 3.25 | 1.05 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.6 | 3.08 | 1.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.7 | 3.05 | 0.99 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.8 | 2.80 | 0.91 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.9 | 2.77 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No.10 | 2.77 | 0.90 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| k) | Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets | <table border="0"> <tr> <td>1. Hotels</td> <td>: 15.05</td> </tr> <tr> <td>2. Micro Finance</td> <td>: 12.74</td> </tr> <tr> <td>3. Hospital</td> <td>: 8.73</td> </tr> <tr> <td>4. Iron & steel</td> <td>: 7.41</td> </tr> <tr> <td>5. Construction</td> <td>: 5.04</td> </tr> </table> | 1. Hotels | : 15.05 | 2. Micro Finance | : 12.74 | 3. Hospital | : 8.73 | 4. Iron & steel | : 7.41 | 5. Construction | : 5.04 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. Hotels | : 15.05 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Micro Finance | : 12.74 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Hospital | : 8.73 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Iron & steel | : 7.41 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. Construction | : 5.04 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



Notes on Financial Statements

for the Year ended 31st March, 2018



NEDFI

An ISO 9001:2008 Company

| C Liquidity | | | | | |
|----------------------------|---|------------------------------|--------------------------------|---------------------------------|---------------------------------|
| l) | Maturity pattern of Rupee assets & liabilities w.r.t. investments incl. Fixed Deposits (₹ in Crore) | | | | |
| | Items | Less than or equal to 1 year | More than 1 year up to 3 years | More than 3 years up to 5 years | More than 5 years up to 7 years |
| | Rupees Asset | 278.36 | 0.60 | Nil | Nil |
| | Total Assets | 278.36 | 0.60 | Nil | Nil |
| | Total Liabilities | 28.82 | 85.08 | 120 | 120.00 |
| m) | Maturity pattern of foreign currency assets & liabilities | | | | Nil |
| D Operating results | | | | | |
| n) | Interest income as percentage to average working funds | | | | 7.86 |
| o) | Non-interest income as a percentage to average working funds | | | | 2.00 |
| p) | Operating profit as a percentage to average working funds | | | | 5.87 |
| q) | Return on average assets (%) | | | | 3.75 |
| r) | Net profit per employee (₹ in Crore) | | | | 0.48 |

Note 33: 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: | | Amount outstanding | Amount overdue |
| | (a) Debentures : Secured : Unsecured (other than falling within the meaning of public deposit*) | | NIL | NIL |
| | (b) Deferred Credits | | | |
| | (c) Term Loans | | 2019 | NIL |
| | (d) Inter-corporate loans and borrowing | | NIL | NIL |
| | (e) Commercial Paper | | | |
| | (f) Other Loans (specify nature) – GOI Loan | | 66371 | NIL |
| * Please see Note 1 below | | | | |
| <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 | | | 105691 |
| | (b) Unsecured | | | 11056 |
| (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 | | | |
| | b) Repossessed Assets | | | |
| (iii) | Other loans counting towards AFC activities | | | |
| | a) Loans where assets have been repossessed | | | |
| | b) Loans other than (a) above | | | NIL |



Notes on Financial Statements

for the Year ended 31st March, 2018

(8) Exposure to Real Estate Sector

(₹ in Crore)

| Items | 31/03/2018 | 31/03/2017 |
|--|------------|------------|
| a) Direct Exposure | | |
| (i) Residential Mortgages [all individual housing loans] | 5.48 | 5.61 |
| (ii) Commercial Real Estate | 75.82 | 77.60 |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures: | | |
| a) Residential | Nil | Nil |
| b) Commercial | Nil | Nil |
| 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 |
| Total Real Estate Exposure | 81.30 | 83.21 |

Note 34: Additional information as required in terms of Notification No. DNBR.019/CGM (CDS)-2015 dated 10/04/2015

a. Capital

₹ in Crore

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| i. CRAR | 48.30% | 44.93% |
| ii. CRAR – Tier I Capital | 47.79% | 44.38% |
| iii. CRAR – Tier II Capital | 0.51% | 0.54% |
| iv. Amount of subordinated debt raised as Tier II Capital | - | - |
| v. Amount raised by issue of Perpetual Debt Instruments | - | - |

b. Investments

| Particulars | Current Year (₹ In Crore) | Previous Year (₹ In Crore) |
|--|------------------------------|-------------------------------|
| 1. Value of Investments | | |
| i. Gross value of Investments | | |
| a. In India | 280.36 | 187.02 |
| b. Outside India | - | - |
| ii. Provisions for Depreciation | | |
| a. In India | - | - |
| b. Outside India | - | - |
| iii. Net value of Investments | | |
| a. In India | 280.36 | 187.02 |
| b. Outside India | - | - |
| 2. Movement of provisions held towards depreciation on investments | | |
| I. Opening Balance | - | - |
| ii. Add: Provision made during year | - | - |
| iii. Less: Write off/ Write back | - | - |
| iv. Closing Balance | - | - |



c. Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ in Crore)

| | Upto 30/31 days | Over 1 month upto 2 months | Over 2 months upto 3 months | Over 3 months upto 6 months | Over 6 months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|------------------------------|-----------------|----------------------------|-----------------------------|-----------------------------|---------------------------|--------------------------|---------------------------|--------------|---------|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 64.22 | 19.78 | 16.21 | 73.48 | 132.24 | 416.35 | 240.22 | 204.98 | 1167.48 |
| Investments | 278.36 | - | - | - | - | 0.60 | - | - | 278.96 |
| Borrowings | - | - | 3.59 | 3.55 | 21.68 | 85.08 | 120.00 | 495 | 728.90 |
| Foreign Currency Assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - |

d. Provisions and Contingencies

| (Amount in ₹ Crore) | | |
|--|--------------|---------------|
| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit & Loss Account | Current Year | Previous Year |
| Provisions for depreciation on Investment | - | - |
| Provision towards NPA | (8.18) | 36.54 |
| Provision made towards Income Tax | 26.84 | 33.00 |
| Other Provision and Contingencies | | |
| Leave Encashment | (0.83) | 1.91 |
| Gratuity | (0.22) | 0.38 |
| LTC | - | - |
| Diminution in Fair Value of Restructured Advance | - | - |
| Provision for Standard Assets | (0.61) | 1.49 |

e. Concentration of Advances

| | Amount in ₹ Crore |
|--|-------------------|
| Total Advances to twenty largest borrowers | 398.17 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 34.10% |

f. Concentration of NPAs

| | Amount in ₹ Crore |
|---|-------------------|
| Total Exposure to top four NPA accounts | 66.29 |

g. Sector wise NPAs

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that Sector |
|---------|---------------------------------|---|
| 1 | Agriculture & allied activities | 73.73% |
| 2 | Commercial Real Estate | 38.34% |
| 3 | Construction | 0.56% |
| 4 | Infrastructure | 15.71% |
| 5 | Micro finance | 9.19% |
| 6 | Medium & Large | 44.89% |
| 7 | Micro, Small & Others | 13.47% |



Notes on Financial Statements

for the Year ended 31st March, 2018

h. Movement of NPAs

| Particulars | (Amount in ₹ Crore) | |
|-------------------------------------|---------------------|---------------|
| | Current Year | Previous Year |
| i. Net NPAs to Net Advances (%) | 14.05% | 18.42% |
| ii. Movement of NPAs (gross) | | |
| a. Opening balance | 305.13 | 216.82 |
| b. Additions during the year | 38.28 | 119.03 |
| c. Reductions during the year | 112.51 | 30.72 |
| d. Closing balance | 230.90 | 305.13 |
| iii. Movement of net NPAs | | |
| a. Opening balance | 221.04 | 167.72 |
| b. Additions during the year | 32.47 | 100.87 |
| c. Reductions during the year | 99.10 | 47.55 |
| d. Closing balance | 154.41 | 221.04 |
| iv. Movement of provisions for NPAs | | |
| a. Opening balance | 84.09 | 49.10 |
| b. Provisions made during the year | 27.66 | 34.99 |
| c. Write off / Write backs | 35.26 | 0.00 |
| d. Closing balance | 76.49 | 84.09 |

j. Customer Complaints

| | | |
|----|--|---|
| a. | No. of complaints pending at the beginning of the year | 0 |
| b. | No. of complaints received during the year | 0 |
| c. | No. of complaints redressed during the year | 0 |
| d. | No. of complaints pending at the end of the year | 0 |

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

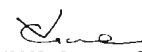


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584



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Additional Information to Consolidated Financial Statements for the Year ended 31.03.2018

| Name of the Entity in the Group | Net Assets i.e. Total Assets minus Total Liabilities | | Share in Profit or Loss | |
|--|---|----------------------|---|--------------------|
| | As a % of Consolidated Net Assets | Amount (₹) | As a % of Consolidated Profit or Loss | Amount (₹) |
| Parent | 99.8847% | 7,811,833,338 | 98.6207% | 572,131,735 |
| Subsidiaries | | | | |
| Indian | | | | |
| NEDFi Trustee Ltd. | 0.0097% | 761,008 | 0.0447% | 259,459 |
| NEDFi Venture Capital Ltd. | 0.1042% | 8,146,450 | 1.3180% | 7,646,383 |
| Foreign | | - | | - |
| Minority Interest in all subsidiaries Associates (Investment as per equity method) | | | | |
| Indian | | | | |
| NEDFi Trustee Ltd. | 0.0001% | 9,243 | 0.0005% | 3,151 |
| NEDFi Venture Capital Ltd. | 0.0013% | 98,945 | 0.0160% | 92,871 |
| Foreign | | - | | - |
| Joint Ventures (as per proportionate consolidation / investment as per equity method) | | | | |
| Indian | | - | | - |
| Foreign | | - | | - |
| Total | | 7,820,848,984 | | 580,133,599 |

Disclosure of interests in Subsidiaries and Joint Ventures

| Name of Subsidiary / Joint Venture Company | Nature of Relationship | Proportion of Shareholding | Country of Incorporation |
|--|------------------------|----------------------------|--------------------------|
| NEDFi Trustee Ltd. | Subsidiary | 98.80% | India |
| NEDFi Venture Capital Ltd. | Subsidiary | 98.80% | India |

Note: The accounting year of all the aforesaid companies is the financial year.

In terms of our report of even date annexed

For JHURIA AND COMPANY

Chartered Accountants



(CA R. A. Jhuria)

Proprietor

M. No. 050192

FRN 311081E

Place: Guwahati

Date: 10th July, 2018

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

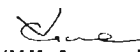


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 22nd June, 2018



(V.K. Agarwal)

Company Secretary

M. No. A39584





Branch Offices

Agartala

4th floor, Aitorma Sentrum
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Phone: 0381-2380848

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Tuibuong, Opposite oil pump
Near KBC Church,
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Manipur
Phone: +91 9862000469

Ukhrul

Vulunteer for Village Development
Khaivaran, Tang, Hungpung, Dist-Ukhrul
Manipur-795142
M-918729819645



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