



Helping write entrepreneurial success stories

# ANNUAL REPORT 2018-19



An ISO 9001:2015 Company

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.

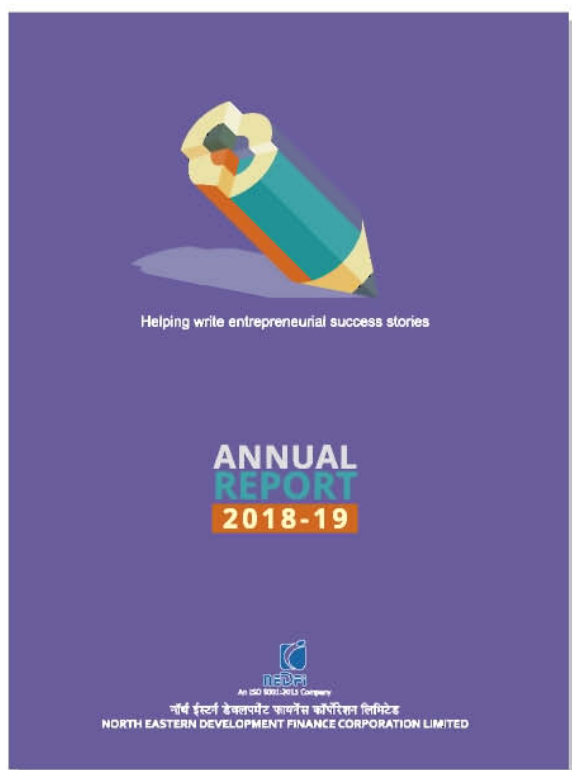
### Motto

“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”.

# Annual Report 2018-19



The cover of this year's Annual Report carries the visual of a colourful pencil in action. To drive home the significance of that visual, there is a line, "Helping write entrepreneurial success stories".

The concept is based on the fact that NEDFi has been instrumental in the emergence of many successful entrepreneurial ventures through funding and knowledge based resources. These are success stories NEDFi is proud to be a part of as a helping hand to the talented, passionate and hard working entrepreneurs.

'Writing success stories' is proverbial which is quite aptly been visually depicted by the pencil. The use of pencil signifies the trial and error which is part of any success story. The myriad colours of the pencil is symbolic of the industries of various sectors and sizes.

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# From the desk of the **CHAIRMAN AND MANAGING DIRECTOR**



Dear Shareholders,

On behalf of the Board of Directors and the Management team of NEDFi, I place before you the highlights of your Corporation's performance during the financial year 2018-19 (FY 19).

## **Performance Highlights**

### **Business**

During the year under review, the Corporation witnessed turnaround in business in later part of the year. Total sanctions increased year-on-year by 24% to Rs. 359.55 crore and disbursements by 14% to Rs. 286.77 crore. Financial assistance during the year was extended to 693 projects as against 553 in the previous year. As on March 31, 2019, the Corporation extended financial assistance to 6153 projects with cumulative sanctions & disbursements of Rs. 5047.19 crore & Rs. 3903.22 crore respectively.

### **Income and Earnings**

During FY 19, the gross income of the Corporation increased year-on-year by 7% to Rs. 185.31 crore while net profit after tax increased by 4% to Rs. 61.06 crore. Net worth increased by 7% to Rs. 775.61 crore.

The Board of Directors of the Corporation has recommended dividend of 8% for FY 19. The pay-out ratio is 13% of the net profit and total outgo on account of dividend and tax thereon is Rs. 9.63 crore.

### **Asset Quality**

During FY 19, the gross non-performing assets (NPA) of the Corporation decreased to Rs. 203.51 crore from Rs. 230.90 crore in the previous year, while the net NPA decreased to Rs. 137.28 crore from Rs. 154.41 crore in the previous year.



### North East Venture Fund

The Corporation jointly with the Ministry of Development of North Eastern Region (M-DoNER) and SIDBI had set up the North East Venture Fund (NEVF), a dedicated Venture Fund for the North Eastern Region. The size of the Fund is Rs. 100 crore.

Investment under NEVF typically targets start-ups, early stage and growth stage Companies with new products and technologies or innovative business models. As on March 31, 2019, the Fund had already committed an amount of Rs. 29.93 crore to 13 start-up Companies.

### 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. The Craft Incubation Centre at Khetri has carried out product development based on natural fibres such as banana fibre, cardamom stem etc. During the year, a total of 516 beneficiaries were covered in 20 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, the Corporation set up "NEDFi Haat" at Rupnagar, Guwahati and a Craft Gallery at NEDFi House, Guwahati, to promote

marketing of products of artisans, grassroots producers & first generation entrepreneurs of the region. During the year, a total of 1467 artisans were benefitted from the marketing support initiatives.

### Way Forward

Going forward, the Corporation will continue to focus predominantly on five areas: micro & small enterprises and microfinance segments, hand-holding services to first generation entrepreneurs, improvement in asset quality, capacity building of employees and sustainable livelihood programmes for the artisans.

The Corporation's focus would continue to be on the micro & small enterprises and microfinance segments by extending financial assistance on concessional rate of interest, mentoring assistance, capacity building etc. New products & services will be introduced to cater to the customised needs of the entrepreneurs. Funding from institutions will be explored to provide assistance to backward and disadvantaged groups at competitive rates. Existing Branches will be strengthened and new areas will be identified for opening Branches/ Representative Offices to increase its geographical reach.

In order to prevent slippages in asset quality and strengthen credit monitoring & recovery processes, prompt corrective actions will be taken to bring about further reduction in NPA.

The Corporation will continue to take steps to increase productivity of employees by organising



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appropriate training programmes for all round development of skill sets required by the Corporation.

With major stress on skill development, the Corporation will take up programmes for promotion of employment enhancing vocational skills, livelihood enhancement projects, women empowerment, promotion of traditional arts and handloom & handicraft sectors.

## Acknowledgment

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 M-DoNER, the State Governments of the region, banks & financial institutions and other organisations in the North East. I also place on record our appreciation for

the wholehearted support and trust, in the Corporation, of all our shareholders- IDBI Bank, SBI, LIC, SIDBI, ICICI Bank, IFCI, SUUTI and GIC & Subsidiaries.

I am confident that driven by dedication and commitment of a young, enthusiastic and professionally qualified employees, your Corporation will live up to the expectations of the stakeholders 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 शेयरधारकों,

नेड्फी के निदेशक मंडल एवं प्रबंधन टीम की ओर से मैं वित्त वर्ष 2018-19 के दौरान आपके निगम के प्रदर्शन के कुछ शीर्ष बिंदुओं का ब्यौरा आप सभी के सामने रख रहा हूँ।

## प्रदर्शन के मुख्य बिंदु

### व्यापार

समीक्षाधीन वर्ष के दौरान, निगम ने वर्ष के अंत में कारोबार में बदलाव देखा। वित्तीय वर्ष 2018-19 में संस्वीकृत ऋण राशि पिछले वर्ष की तुलना में 24% की बढ़त के साथ 359.55 करोड़ रुपए हो गई है, जबकि संवितरित ऋण राशि 14% की बढ़त के साथ 286.77 करोड़ रुपए हो गई है। वर्ष के दौरान वित्तीय सहायता पिछले वर्ष की 553 परियोजनाओं से बढ़कर इस वर्ष 693 परियोजनाओं तक पहुँच गई है। 31

मार्च 2019 तक निगम ने 6153 परियोजनाओं को ऋण सहायता प्रदान की है जिसमें कुल संचयी संस्वीकृत ऋण राशि 5047.19 करोड़ रुपए व कुल संचयी संवितरित ऋण राशि 3903.22 करोड़ रुपए है।

### आय और लाभ

वित्त वर्ष 2016-17 के दौरान निगम की सकल आय गत वर्ष की तुलना में 7% बढ़कर 185.31 करोड़ हो गई है, जबकि कर के बाद शुद्ध लाभ 4% बढ़कर 61.06 करोड़ रुपए हो गया है। नेटवर्थ 7% बढ़कर 775.61 करोड़ हो गया है।

निगम के निदेशक मंडल ने वित्त वर्ष 2018-19 के लिए 8 प्रतिशत लाभांश की अनुशंसा की है। लाभांश में दी जानेवाली राशि शुद्ध लाभ का 13% है, जो कि कर सहित 9.63 करोड़ रुपए है।



### परिसंपत्ति गुणवत्ता ( एसेट क्वालिटी )

वित्त वर्ष की समाप्ति पर निगम की सकल गैर-निष्पादित परिसंपत्ति ( एनपीए ) पिछले वर्ष के 230.90 करोड़ रुपए की तुलना में इस वर्ष घटकर 203.51 करोड़ रुपए हो गई है, जबकि नेट एनपीए पिछले वर्ष की तुलना में 154.41 करोड़ रुपए से घटकर 137.28 करोड़ रुपए हो गया है।

### नॉर्थ ईस्ट वेंचर फंड

आपका निगम संयुक्त रूप से उत्तर पूर्वी क्षेत्र विकास मंत्रालय ( डोनर मंत्रालय ) और सिडबी के साथ मिलकर नॉर्थ ईस्ट वेंचर फंड की स्थापना की थी, जो नॉर्थ ईस्ट रीजन के लिए एक समर्पित वेंचर फंड है। फंड का आकार 100 करोड़ रुपए है। एनईवीएफ के तहत निवेश आम तौर पर नए उत्पादों और प्रौद्योगिकियों या अभिनव व्यापार मॉडल के साथ स्टार्ट-अप, प्रारंभिक चरण और विकास चरण वाली कंपनियों को लक्षित करता है। 31 मार्च 2019 तक, फंड ने पहले ही 13 स्टार्ट-अप कंपनियों को 29.93 करोड़ रुपए की राशि दे दी थी।

### निगम की सामाजिक जिम्मेदारी ( सीएसआर )

निगम की कॉरपोरेट सामाजिक जिम्मेदारी ( सीएसआर ) पहल महिला सशक्तिकरण, आजीविका संवर्द्धन परियोजनाओं, रोजगार बढ़ाने वाले व्यावसायिक कौशल, शिल्प क्षेत्र के विकास और उद्यमशीलता को बढ़ावा देने के माध्यम से ग्रामीण और पिछड़े क्षेत्रों पर केंद्रित है। खेत्री में क्रॉफ्ट इन्क्यूबेशन सेंटर ने प्राकृतिक रेशों जैसे केले के रेशे,

इलायची के तने आदि पर आधारित उत्पादों का विकास किया है। इस वर्ष के दौरान, विभिन्न ट्रेडों में 20 प्रशिक्षण कार्यक्रमों में कुल 516 लाभार्थियों को शामिल किया गया।

निगम अपने विभिन्न शोरूमों से प्रदर्शनियों, व्यापार मेलों और बिक्री में भागीदारी के माध्यम से क्षेत्र के कारीगरों को विपणन सहायता प्रदान कर रहा है। वर्ष के दौरान, निगम ने रूपनगर, गुवाहाटी में “नेड्फी हाट” और गुवाहाटी के कारीगरों, जमीनी स्तर के उत्पादकों और पहली पीढ़ी के उद्यमियों के उत्पादों के विपणन को बढ़ावा देने के लिए गुवाहाटी के नेड्फी हाऊस में एक क्रॉफ्ट गैलरी की स्थापना की। वर्ष के दौरान, विपणन सहायता पहल से कुल 1467 कारीगर लाभान्वित हुए।

### आगे का रास्ता

आगे बढ़ते हुए, निगम मुख्य रूप से पांच क्षेत्रों पर ध्यान केंद्रित करना जारी रखेगा, सूक्ष्म और लघु उद्यम और माइक्रोफाइनेंस सेगमेंट, पहली पीढ़ी के उद्यमियों को सब प्रकार से सहारा देने वाली सेवाएं, संपत्ति की गुणवत्ता में सुधार, कर्मचारियों की क्षमता निर्माण और कारीगरों के लिए स्थायी आजीविका कार्यक्रम।

निगम का ध्यान सूक्ष्म और लघु उद्यमों ( एमएसई ) और माइक्रोफाइनेंस खंडों पर ब्याज की रियायती दर पर वित्तीय सहायता, सलाह सहायता, क्षमता निर्माण इत्यादि को बढ़ाने पर रहेगा। नए उत्पादों और सेवाओं को उद्यमियों की अनुकूलित आवश्यकताओं की पूर्ति के लिए पेश किया जाएगा। प्रतिस्पर्धी दरों पर पिछड़े और वंचित समूहों को





सहायता प्रदान करने के लिए संस्थानों से धन की खोज की जाएगी। मौजूदा शाखाओं को मजबूत किया जाएगा और इसकी भौगोलिक पहुंच बढ़ाने के लिए शाखाएँ/प्रतिनिधि कार्यालय खोलने के लिए नए क्षेत्रों की पहचान की जाएगी।

परिसंपत्ति की गुणवत्ता में कमी को रोकने और ऋण निगरानी और वसूली प्रक्रियाओं को मजबूत करने के लिए, एनपीए में और कमी लाने के लिए त्वरित सुधारात्मक कार्रवाई की जाएगी। निगम, आवश्यक कौशल सेट के सर्वांगीण विकास के लिए उचित प्रशिक्षण कार्यक्रमों के द्वारा निगम के कर्मचारियों की उत्पादकता को बढ़ाने के लिए कदम उठाता रहेगा।

कौशल विकास पर प्रमुखतया जोर देने के साथ, निगम, रोजगार को बढ़ावा देने के लिए व्यावसायिक कौशल, आजीविका वृद्धि परियोजनाओं, महिला सशक्तीकरण, पारंपरिक कला को बढ़ावा देने और हथकरघा और हस्तशिल्प क्षेत्रों के लिए कार्यक्रम चलाएगा।

## आभार

मैं इस अवसर पर बोर्ड के सभी सदस्यों के द्वारा दिए गए मार्गदर्शन, समर्थन और सलाह के लिए उनका आभारी हूँ। मैं कृतज्ञता के साथ पूर्वोत्तर क्षेत्र विकास मंत्रालय, सभी पूर्वोत्तर राज्यों की सरकारों, पूर्वोत्तर क्षेत्र के विभिन्न वित्तीय संस्थानों व अन्य संगठनों की ओर से दिए गए पूर्ण व अबाधित समर्थन के प्रति आभार प्रकट करता हूँ। मैं अपने सभी शेयर धारकों आईडीबीआई, एसबीआई, एलआईसीआई, सिडबी, आई.सी.आई.सी.आई.,

आई.एफ.सी.आई. एस.यू.यू.टी.आई., जी.आई.सी. और इसके अन्य सहयोगी संस्थानों द्वारा प्रदान किए गए बहुमूल्य समर्थन और सहयोग के लिए कृतज्ञता ज्ञापित करता हूँ।

मुझे विश्वास है कि एक युवा, उत्साही और पेशेवर रूप से योग्य कर्मचारियों के समर्पण और प्रतिबद्धता से प्रेरित, आपका यह निगम क्षेत्र के आर्थिक विकास में उत्प्रेरक की भूमिका को पूरा करने के लिए उत्तर पूर्वी क्षेत्र के हितधारकों की उम्मीदों पर खरा उतरेगा।

मैं इस यात्रा में आपके निरंतर समर्थन की आशा करता हूँ।

शुभकामनाओं सहित,



**बी. पॉल मुक्ति**



(Rs. Crore)

Working Results	2017-18	2018-19	% Change
Loan outstanding	1175.62	1072.50	(8.77)
Total Income	172.51	185.31	7.42
Income from lending & Financial Activities	115.86	95.18	(17.85)
Total Expenditure	86.58	103.88	19.98
Profit before Tax	85.94	81.43	(5.25)
Profit after Tax	58.67	61.06	4.07
Net Worth	724.44	775.61	7.06
Total/Assets	2201.91	1833.02	(16.75)

Operating Results		2017-18	2018-19
Interest income as percentage to average working funds	(%)	7.87	6.41
Non-Interest income as percentage to average working funds	(%)	1.90	2.78
Operating profit as a percentage to average working funds	(%)	5.79	5.51
Return on average assets	(%)	3.70	3.71
Earnings per Share	(₹)	5.87	6.11
Net profit per employee	(₹ crore)	0.49	0.53
Capital to Risk (Weighted) Assets Ratio (CRAR)	(%)	48.30	52.42



# PERFORMANCE HIGHLIGHTS



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## SANCTIONS

(Rs. 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
2018-2019	1,549.50	18,882.45	4,900.62	4,945.07	780.30	716.00	1,443.50	2,737.80	35,955.24
<b>Total</b>	<b>37,232.43</b>	<b>3,03,864.09</b>	<b>32,063.12</b>	<b>73,412.29</b>	<b>9,401.36</b>	<b>10,420.33</b>	<b>15,090.82</b>	<b>23,234.82</b>	<b>5,04,719.20</b>

## DISBURSEMENTS

(Rs. 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
2018-2019	803.70	15,518.35	4,372.30	3,506.77	794.75	753.50	1,244.50	1,683.15	28,677.02
<b>Total</b>	<b>27,811.78</b>	<b>2,34,370.69</b>	<b>28,357.83</b>	<b>57,178.46</b>	<b>7,733.11</b>	<b>8,317.31</b>	<b>12,533.80</b>	<b>14,018.76</b>	<b>3,90,321.74</b>

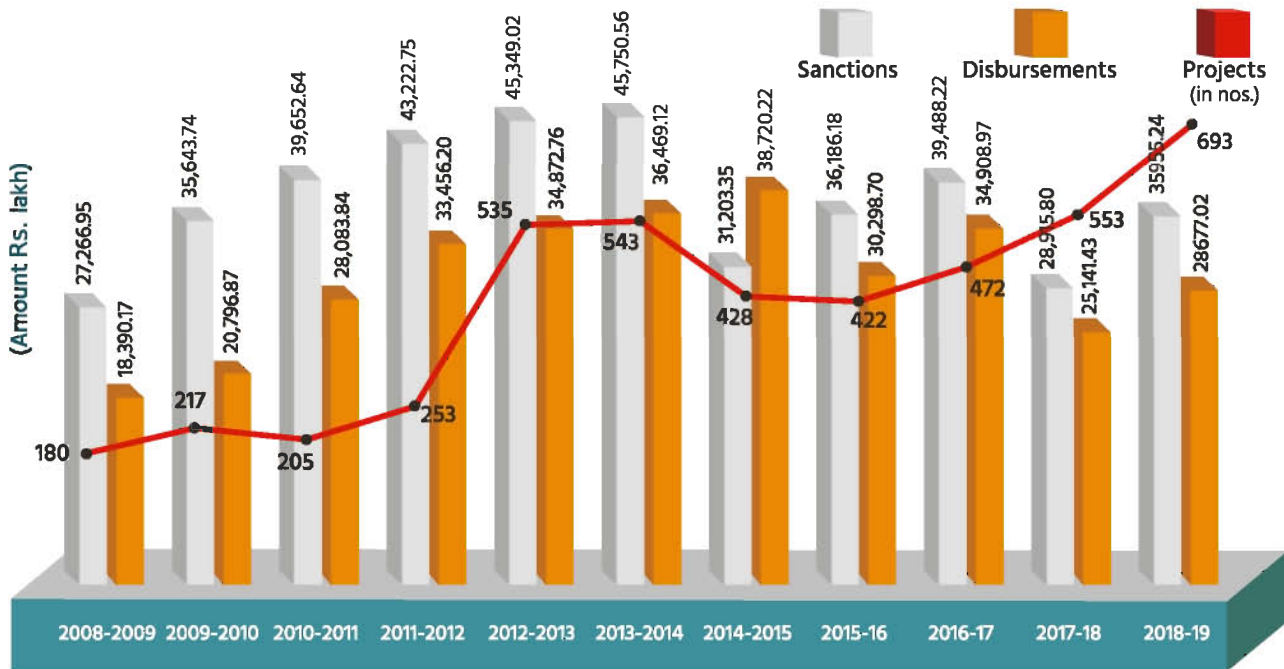
## PROJECTS

(No.)

Financial Year	Arunachal Pradesh	Assam	Manipur	Meghalaya	Mizoram	Nagaland	Sikkim	Tripura	Total
Cumulative 1996-2008	161	719	121	121	148	118	121	143	1,652
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
2018-2019	32	123	102	22	41	75	152	146	693
<b>Total</b>	<b>507</b>	<b>1,733</b>	<b>728</b>	<b>336</b>	<b>501</b>	<b>615</b>	<b>912</b>	<b>821</b>	<b>6,153</b>



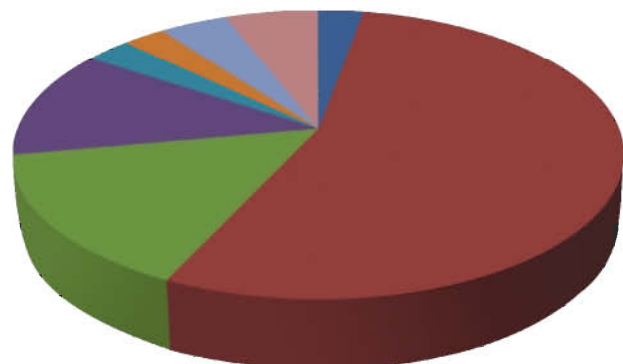
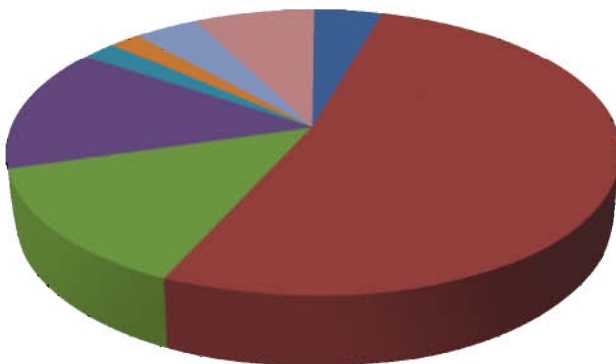
**SANCTIONS, DISBURSEMENTS AND PROJECTS**



**STATEWISE CUMULATIVE (AS ON MARCH 31, 2019)**

**SANCTIONS**

**DISBURSEMENTS**



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



# SUCCESS STORIES

## of Projects sanctioned by NEDFi



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NEDFi has in place various Schemes that are tailor-made for Micro, Small & Medium Enterprises (MSME) segment in the North Eastern Region. These Schemes operate on the principle of nurturing the entrepreneurs who have a business idea and want to take them forward. In essence, NEDFi helps these entrepreneurs write their success stories. Presented below are a few success stories that NEDFi has played a role in crafting – some of them big, while some of them small; some start-ups while others are expansion of existing units; some creating wealth & employment in a small way while some making appreciable impact; but all of them standing testimony to how the entrepreneurial spirit is provided with the wind beneath its wings.

### Kiranshree Grand

Kiranshree Grand is a 5 star hotel cum resort located at Dharapur, Near LGBI Airport, Guwahati. NEDFi sanctioned Rs. 2100.00 lakh under Rupee Term Loan (RTL) Scheme for setting up the hotel cum resort.



### Kamrup Ice and Cold Storage Company

Kamrup Ice and Cold Storage Company is located at R.G. Baruah Road, Guwahati. NEDFi sanctioned Rs. 2000.00 lakh under Rupee Term Loan (RTL) Scheme for setting up a multi-retail mall, GUWAHATI CENTRAL, a prominent store of Future Group.



### Delhi Public School (DPS)

Delhi Public School (DPS) located at Baridua Jorpul, Ri-Bhoi District, Meghalaya. NEDFi sanctioned Rs. 1200.00 lakh under Rupee Term Loan (RTL) Scheme for setting up the school.



### UNACCO School

UNACCO school is located at Meitram, near Imphal Airport, Imphal West, Manipur. NEDFi sanctioned Rs. 843.22 lakh under Rupee Term Loan (RTL) Scheme for setting up the school.



**KL Beverages**

KL Beverages is a Frooti & Appy Fizz manufacturing unit for PARLE, located at Guwahati. NEDFi sanctioned Rs.750.00 lakh under Rupee Term Loan (RTL) Scheme for setting up the unit.



**The Guwahati Address by Centre Point**

The Guwahati Address, a 4 star hotel in Guwahati, is promoted by Centre Point group, Shillong. NEDFi sanctioned Rs. 413.67 lakh under Rupee Term Loan (RTL) Scheme for setting up the hotel.



**Nabam Lite Bricks Udyog LLP**

Nabam Lite Bricks Udyog LLP, an AAC block making unit, is located at Hollongi, Papum Pare District, Arunachal Pradesh. NEDFi sanctioned Rs. 355.00 lakh under Rupee Term Loan (RTL) Scheme for setting up the unit.



**Home Mission School International**

Home Mission School International is located at Zemabawk, Aizawl. NEDFi Sanctioned Rs. 100.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE) for expansion of school.



# SUCCESS STORIES

## of Projects sanctioned by NEDFi

### R. S. TVS

R. S. TVS, an authorised dealer of TVS, is located at Arengapara Chariali, Golaghat, Assam. NEDFi sanctioned Rs. 100.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE) for setting up the unit.



### Comfort Hotel

Comfort Hotel is located at Rotary Road, Dibrugarh, Assam. NEDFi sanctioned Rs. 99.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE) for setting up the hotel.



### Trateng Residency

Trateng Residency is a resort at Kabi, North Sikkim. NEDFi sanctioned an amount of Rs. 90.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE) for setting up the resort.



### Oasis Food Industry

Oasis Food Industry, a packaged drinking water plant, is located at Ailawng, Mamit District, Mizoram. NEDFi sanctioned Rs. 90.00 lakh under Rupee Term Loan (RTL) Scheme for setting up the plant.



**Renu Beverage**

Renu Beverage, a packaged drinking water plant, is located at Nirjuli, Papum Pare District, Arunachal Pradesh. NEDFi sanctioned Rs. 75.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



**Meira Foods**

Meira Foods, a food processing unit, is located at Industrial Estate, Kuraopokpi, Kakching District, Manipur. NEDFi sanctioned Rs. 54.02 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



**Little Bites**

Little Bites, a bakery and confectionery unit, is located at Nagaon, Assam. NEDFi sanctioned Rs. 37.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).



**Lynx Fitness**

Lynx Fitness, a fitness gym centre, is located at Temple Road, Sivasagar, Assam. NEDFi sanctioned Rs. 35.00 lakh under NEDFi Opportunity Scheme for Small Enterprises (NOSSE).





# SUCCESS STORIES

## of Projects sanctioned by NEDFi



### Healthy Living Food and Beverage

Healthy Living Food and Beverage is located at Sihhmui, Mizoram. NEDFi sanctioned Rs. 25.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for setting up the brown eggs production farm.



### Chekka Working Women Hostel

Chekka Working Women Hostel is located at Khermahal, Dimapur, Nagaland. NEDFi sanctioned Rs. 20.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for setting up the hostel.



### Tukpen Prints

Tukpen Prints is a flex printing unit located at Bomdila, West Kameng District, Arunachal Pradesh. NEDFi sanctioned Rs. 18.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for setting up the unit.



### Oral Care Dental Clinic

Oral Care Dental Clinic is located at Duncan Bosti, Dimapur, Nagaland. NEDFi sanctioned Rs. 15.00 lakh under North East Entrepreneurs Development Scheme (NEEDS) for setting up the clinic.



**Citrus Kids**

Citrus Kids, a garments shop, is located at Imphal East, Manipur. NEDFi sanctioned Rs. 5.00 lakh under Women Enterprises Development Scheme (WEDS).



**Aaryom Lee Homestay**

Aaryom Lee Homestay is located at Chandmari, Gangtok, East Sikkim. NEDFi Sanctioned Rs. 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



**Khangembam Enterprises**

Khangembam Enterprises is an Archies company gift shop located at Babupara, Imphal West, Manipur. NEDFi sanctioned Rs. 5.00 lakh under Women Enterprises Development Scheme (WEDS) for setting up the shop.



**Kalimpong Traders**

Kalimpong Traders is a ritual items shop located at Mini Market, Gangtok, East Sikkim. NEDFi sanctioned Rs. 5.00 lakh under Enterprise Development Scheme (EDS) for setting up the shop.



# SUCCESS STORIES

## of Projects sanctioned by NEDFi

### Somani Curio Craft

Somani Curio Craft is a Curio Shop located at M.G. Marg, Gangtok, East Sikkim. NEDFi sanctioned Rs. 5.00 lakh under Enterprise Development Scheme (EDS).



### Oven Fresh

Oven Fresh is a bakery unit located at Ukhrul, Manipur. NEDFi sanctioned Rs. 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



### Loktak Dental Cosmetic & Implant Centre

Loktak Dental Cosmetic & Implant Centre is a dental clinic located at Moirang Bazar, Thoubal District, Manipur. NEDFi sanctioned Rs. 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).



### Topview Infolabs

Topview Infolabs is a camp stay in Lachung, North Sikkim. NEDFi sanctioned Rs. 5.00 lakh under North East Entrepreneurs Development Scheme (NEEDS).





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

### **Mrs. Ruhila Narzary**

Mrs. Ruhila Narzary, a 33 year old resident of Borodoldonga, Tikrikilla Development Block, West Garo Hills, Meghalaya was a daily wage labour. In the year 2013, she opened a small pan shop by availing a microcredit loan of Rs. 10,000/- from M/s Grameen Development & Finance Pvt. Ltd., an NBFC-MFI supported by NEDFi.

Gradually, she expanded her business and converted her pan shop to a full-fledged grocery shop by availing more loans from the MFI. Her overall income has taken a leap allowing her to convert the shop from a kucha-hut to a semi-pucca shop. Till date, she has availed a cumulative loan of Rs.70,000/- from the MFI.



### **Mrs. Apham**

Mrs. Apham is a 35 year old resident of Dimapur, Nagaland. She started making customized women shoes in the year 2016 by taking a microcredit loan of Rs. 10,000/- from one of the NEDFi assisted MFIs, M/s Grameen Development & Finance Pvt. Ltd. Gradually, as the demand of her shoes increased, she availed more cycles of loans from the MFI and by 2019 she graduated to avail loan size of Rs. 50,000/-. Now-a-days her products are also being sent to other states like Arunachal Pradesh, Manipur, Maharashtra and even Nepal.



## Mrs. Maya Rani Singh

Mrs Maya Rani Singh is a 35 year old resident of Pasighat, Arunachal Pradesh. In order to support her family, she started a tea stall after availing her 1st microcredit loan of Rs. 9,000/- from Nightingale Finvest Pvt Ltd, a NEDFi assisted NBFC-MFI, in the year 2015.

Gradually, she expanded her tea shop to a tea-cum-stationery shop. In the year 2019, her loan intake capacity grew to Rs. 30,000/- and today she is able to provide economic support to her family.



## Mrs. Laldinpuii

Mrs. Laldinpuii, a resident of Aizawl, Mizoram started her Frying Chana (Fast Food) business in the year 2016 in order to meet the household expenditure including education of her children.

In the same year, due to requirement of more capital for her activity, she availed her 1st microcredit loan for an amount of Rs.15,000/- from M/s Nightingale Finvest Pvt. Ltd., a NEDFi assisted NBFC-MFI. With the success of her business and good track record, the MFI has increased her loan limit to Rs.40,000/-.



Her product is now supplied to 15 numbers of wholesalers/retailers in Aizawl. She is now able to earn more and meet her household needs as well as the educational needs of her children.



With the increased investment in various sectors of economy and a renewed thrust to develop the North Eastern Region, the opportunities for providing Advisory & Consultancy Services has increased manifold in the region and the Corporation is fully geared up to take advantage of the opportunities coming up in Advisory & Consultancy arena in the region. With a team of dedicated professionals the Corporation is providing consultancy services to clients which primarily include Ministries/ Departments/ Agencies of Central and State Governments, Public and Private Sector Companies, Public Utilities, Multi-Lateral Funding Agencies and Investors. The Advisory & Consultancy Division has organized its services around eight core practices of Monitoring & Evaluation, Strategy Consulting, Operations Consulting, Financial Advisory, Infrastructure Advisory, Programme Management & Implementation Support, Transaction & Bid



Release of Techno-Commercial Feasibility Study Report on E-Commerce Platform for Marketing of Handloom and Handicraft Products of the North Eastern Region, along with Skill Development Reports.



Collecting Data from the SHG in connection with Thematic Study on 'Financial Inclusion Interventions, Challenges & Lessons under NERLP'

Advisory, Capacity Building & Institutional Strengthening. 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.

Some important consultancy assignments awarded during the year are, (i) Verification of the achievements of Disbursement Linked Indicators (DLIs), as Independent Verification Agency (IVA) under the World Bank Funded ACCSDP; (ii) Third Party Monitoring of BADP (17-

18 & 18-19) projects in Arunachal Pradesh; (iii) Implementation of National SC/ST Hub Scheme; (iv) Thematic Study on Financial Inclusion Interventions, Challenges and Lessons under NERLP; (v) Conducting a feasibility study and fixation of modalities of Flats under Rental Housing Scheme (RHS) to ownership model under Assam State Housing Board; (vi) Power Tariff Vetting for the Proposed Gas Based Power Plant by Oil India Limited.



# ADVISORY AND CONSULTANCY SERVICES

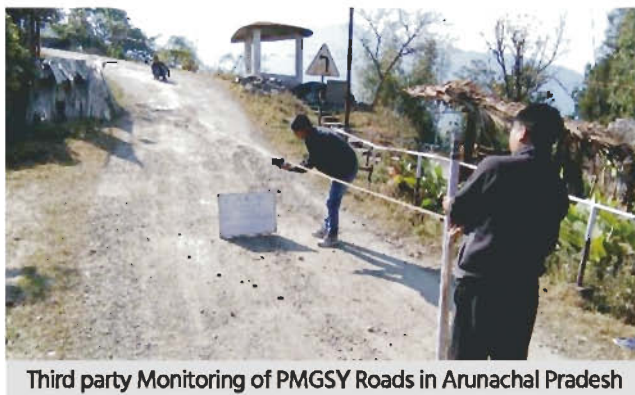


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The other ongoing assignments being carried out are, Concurrent Process Monitoring, Evaluation, Learning & Documentation (MEL&D) under Integrated Watershed Management Programme (IWMP) in the states of Assam, Meghalaya & Manipur, Third Party Monitoring of PMGSY Projects in Arunachal Pradesh, Performance Audit of PMGSY Projects in Meghalaya etc. The reports on “Comprehensive Skill Development Study in the states of Assam, Meghalaya, Manipur and Tripura”, “Techno Commercial Feasibility Study on E-Commerce Platform for Marketing of Handloom and Handicraft Products of the North Eastern Region” and “State Specific Project Profiles on Micro and Small Enterprises” has been released during the year.



Vendor Development programme on National SC/ST Hub Scheme



Third party Monitoring of PMGSY Roads in Arunachal Pradesh



Awareness camp on MOVCDNER Scheme organised by NEDFi at Agartala

During the year, the Advisory & Consultancy division also started work on few strategic assignments such as “Bringing Investors from South East Asia (CLMV & Thailand)-Seed Project Approach” and “Preparation of Business Plan for NE-SHILP (A society promoted by NEDFi for Marketing of Handloom & Handicraft Products of NER)”, which are currently underway and have important implications for economic development of North East Region.



Performance Audit of PMGSY Roads in Meghalaya



Credit Linkage Strategy for Sustainable Livelihood Improvement with reference to NERCORMP- an IFAD Project



NEDFi jointly with the Ministry of Development of North Eastern Region (M-DoNER) and SIDBI, has set up the North East Venture Fund (NEVF), a dedicated Venture Fund for the North Eastern Region with a corpus of Rs. 100 crore.

The investment under the North East Venture Fund (NEVF) typically targets start-ups, early-stage and growth stage Companies with new products and technologies or innovative business models. NEVF will be targeting to fill the much felt gap of equity faced by the entrepreneurs of the region, especially the first generation entrepreneurs. As on 31st March 2019, the Fund has already committed an amount of Rs. 2992.50 lakh to 13 start-up Companies.

Presented below are some of the start-ups that NEVF have invested during FY 19.

### Symbiotic Foods Pvt. Ltd.

Symbiotic Foods is one of the largest quality commercial pig breeders in the region. It provides complete solutions for setting up of commercial piggery, quality feeds, vet service etc.



It has about 200 breeding sows, which produced 2,000 piglets in FY 19 and a revenue of over Rs.100 lakh. The Company eventually wants to take over the entire value chain, from breeding pigs to processing pork and distributing the meat products across the country.



### Northeast Flavors India Pvt. Ltd

Northeast Flavors India Pvt. Ltd. is a food processing Company engaged in selling of hot chili sauce out of king chili also known as bhut jolokia or ghost chili which is indigenous to the North Eastern Region of India. The Company uses puree made out of this chili as the base of their sauce.



They work in collaborative model where they collaborate with farm producers, product developers, manufacturers and distributors to manufacture and sale their sauces. Their sales network is presently located in Guwahati and other metro cities. The sauce is sold under the brand name of "East by Northeast" or "ENE" in three variants Sweet, Hot and Extra Hot.

### Pratyaksha Agrotech Pvt. Ltd.

Pratyaksha Agrotech is an agro-based Company engaged in the production of tissue culture plantlets mainly of banana, strawberry, pineapple and bamboo. At present the facility has a production capacity of 1 million plantlets.



The Company now plans to expand its tissue culture production capacity to 6 million plantlets. It also proposes to set up a chemical extraction facility from different plant species which are to be used in the pharmaceutical industry.





## EVENTS

NEVF has been acting as an enabler to stimulate innovation & entrepreneurship and thereby contribute towards creation of the eco-system required for nurturing and development of start-ups and early-stage companies in the region. It has been organising and participating various Business Summits and Workshops to reach entrepreneurs from all the states of the region.

### North East Startup and Entrepreneurship Outreach

North East Startup and Entrepreneurship Outreach was held on 7th September, 2018 at Shillong, Meghalaya by Confederation of Indian Industry (CII). The objective was to support the region in generating business and livelihood opportunities, effective packaging and branding of products & services and facilitating global outreach.



### AgriPulse Accelerate North East Programme



AgriPulse Accelerate North East Programme was launched on 20th August 2018 by Indigram Labs Foundation (ILF) with the vision to support Start-ups from North-East India. The six months long Accelerate Program was supported by reputed bodies including NABARD, DST, North Eastern Council, ISAP, NEVF, Startup Assam, Aavishkaar Ventures, Omnivore Partners, Ankur Capital, etc. The program consisted of five successive roadshows, which attracted over 550 attendees and received more than 110 applications and 250 queries. NEVF team assisted Indigram Labs to identify the promising startups from the region.

### Entrepreneurs Interface Meeting

NEVF organised Entrepreneurs Interface Meeting in partnership with Confederation of Indian Industry (CII) and Young India at Tetseo College, Dimapur on 6th December, 2018. Team members of NEVF had presented on North East Venture Fund, its objectives and eligibility criteria, Venture Capital financing cases etc. Later on, in the second session, an one-to-one interaction with the entrepreneurs were facilitated to understand their investment cases for further appraisal.



### Northeast Startup Summit 2019



Northeast Startup Summit 2019 was organised on 6th February, 2019 by Imphal Angels with a vision to create a vibrant and diverse startup ecosystem, in North-East India. The summit partnered with NEVF, Technology Incubator namely 9Labs, NASSCOM 10,000 Startups and a Japanese Venture Capital firm, Spiral Ventures.



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 various CSR initiatives undertaken by the Corporation are given below.



Inauguration of the Craft Gallery at NEDFi House, Guwahati on 11th January, 2019 by Sri Naveen Verma, Secretary, M-DoNER in presence of Dr. Inderjit Singh, IAS, OSD, M-DoNER, presently Secretary, M-DoNER.



Training on Bamboo Jewellery making held at Dibrugarh from 14th February to 8th March, 2019



Indian Handicrafts & Gifts Fair, 2018 (Autumn) from 16th to 20th October 2018



NEDFi stall at Tripura Industries & Commerce Fair 2019 from 29th January to 15th February, 2019



Training on Banana Fibre at Khetri from 9th July to 8th August 2018



Capacity Building Training on Cardamom Fibre at Khetri, from 12th to 18th February 2019. Participants were from Arunachal Pradesh, Nagaland and Sikkim



# CORPORATE SOCIAL RESPONSIBILITY



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NEDFi sponsored exposure visit of selected farmers of Arunachal Pradesh and field training on high altitude medicinal and aromatic plants at CSIR-IHBT, Palampur and CSIR-IIIM, Jammu from 21st to 30th December 2018.



Capacity Building Training on Cutting & Tailoring at Mahendraganj, South Garo Hills, Meghalaya from 5th to 25th March 2019.



Capacity Building Training on Handloom Weaving at Kumligaon, Ampati, West Garo Hills, Meghalaya from 1st March to 20th March, 2019



Water Hyacinth Training for specially abled persons at Craft Incubation Centre, Khetri, Assam in February 2019.



NEDFi stall at Naga International Trade Fair, Dimapur, Nagaland in February 2019



Participation of NEDFi assisted units at Festival of Arunachal 2019, Itanagar Arunachal Pradesh in February 2019



Designer Candle Making Training Programme at Imphal, Manipur from 20th to 24th December 2018



NEDFi stall at Silk and Dye Fair, Kohora, Assam in December 2018



## Award



**NEDFI received the Inclusive Finance India Award 2018 in the category "Contribution to Advancing Financial Inclusion In India by an Enabling Institution" in recognition of NEDFI's contribution towards the promotion of Microfinance in the region. The award was conferred at the "Inclusive Finance India Summit" held at Hotel Ashoka, New Delhi, by ACCESS ASSIST.**

## Independence Day



**Independence Day celebration at NEDFI House, Guwahati**





**NEDFI**

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## Business Meets



Arunachal Pradesh



Assam



Manipur



Meghalaya



Mizoram



Nagaland



Sikkim



Tripura

## North East Organic and Crafts Fair- 2018



North East Organic and Crafts Fair- 2018 held at NEDFI House, Guwahati



# ANNUAL REPORT 2018-19

## Hindi Week



नेडफी ने मनाया हिंदी सप्ताह

## Swachh Bharat Abhiyan



NEDFi observed Swachh Bharat Mission at NEDFi House, Guwahati





**NEDFi**

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# Vigilance Awareness Week



Essay writing competition at Jalukbari H.S. School, Guwahati



Art Competition at ABC Academy, Tinsukia



Debate competition winners of Him International School, Itanagar



Essay Writing competition at St. Mary H.S. School, Shillong



Speech Competition at Pitambara English School, Imphal



Lecture on Corruption organized at Archive Hall, Aizawl



Speech competition at Millennial Vision School, Dimapur



Poster making competition at Namchi



Essay writing competition at BSC Academy, Agartala

NEDFi observed Vigilance Awareness Week at Head Office and Branch Offices from 29th October to 3rd November, 2018



**Shri B. Paul Muktieh**



Shri B. Paul Muktieh, B.Tech (Electrical & Electronics), PGDM (IIM, Ahmedabad) is the Chairman & Managing Director of NEDFi and has over 33 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 had 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 of 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 34 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 General Surgery from PGI, Chandigarh. He had earlier served as Additional Chief Secretary (Home/Horti & SC/TA & Hills), Government of Manipur.

**Shri Satya Gopal, IAS**



Shri Satya Gopal, IAS (1988 Batch, AGMUT cadre), is the Chief Secretary, Government of Arunachal Pradesh. Sri Gopal is a Post- Graduate (Economics) and MBA (Financial Management). Sri Gopal had earlier served as Principal Home Secretary, Delhi and also Principal Secretary, Government of Arunachal Pradesh.





# BOARD OF DIRECTORS



An ISO 9001:2015 Company

## 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 interests in livelihood issues relating to the underprivileged and marginalised sections of the society.

## Shri Dinesh Bhagat



Shri Dinesh Bhagat, Executive Director, LIC of India has been appointed as nominee Director of LIC on NEDFi Board. He is an Honors Graduate in the field of Finance/Commerce from the University of Delhi. He has experience of more than 25 years in Life Insurance Industry. During his illustrious stint in LIC, he has extensively contributed in the Marketing arena. As Zonal Head East Zone, he plays a vital role in formulating business strategies and effective implementation of the same. He is responsible for the expansion and overall management of the business of Eastern Zone. His leadership abilities have been instrumental in leading the core team of the Zone. Being a self motivated and result oriented marketing professional he has largely contributed in vital areas of Marketing, P&GS and Personnel with comprehensive knowledge in Marketing and Human Resource Development. His immediate thrust and objective is Sustaining Growth in New Business along with Optimal Performance in achieving better service standards.

## Shri S.K. Tandon



Shri S.K. Tandon is Chief General Manager, State Bank of India, Local Head Office, Guwahati. Shri S.K. Tandon started his banking career as Probationary Officer in 1985. He has rich experience in many areas of banking and served in various geographical locations spread across different Circles and abroad. Some of his previous assignments include President & CEO, Toronto; General Manager, Foreign Office, GITC, Navi Mumbai etc. He was posted as Chief General Manager, Executive Support System, GITC, Navi Mumbai before he took over the charge of North Eastern Circle of SBI.

## Shri Bhaskar Jyoti Sarma



Shri Bhaskar Jyoti Sarma, M.A. (Economics), Dip. in Mgt. is a retired Chief General Manager, State Bank of India, with the last assignment as the Managing Director & CEO of SBI General Insurance Co Ltd (SBIG) with more than 3 decades of experience in Banking having worked in different capacities in Line and Staff positions at various levels including the Top Executive grade. He has held a variety of assignments during his tenure in SBI and has served in different locations in India and abroad (including a tenure in SBI's branch at Chicago, USA). Being the General Manager in SBI's NE Circle, he has extensive and in-depth experience in Financial Inclusion initiatives in the under-banked and unbanked areas of North East region. He is also a part time Non-Executive Chairman in North East Small Finance Bank (NESFB).



**Shri Sanjay Kumar Pai**



Shri Sanjay Kumar Pai, formerly Chief General Manager, IDBI Bank, with around 37 years of rich experience in different areas of operations like HR, Green Field Appraisal for small, medium and large scale projects, Project Finance, Merchant Banking, Loan Syndication, Large Corporate Groups and Rural Financing. Shri Pai has served in IDBI Bank in different capacities such as Zonal Head, East & North East India (Chief General Manager), Regional Head, West Bengal (General Manager) and Branch Head, Kolkata (Deputy General Manager). Sri Pai is a Post- Graduate in Physics from Jadavpur University. He has also served as a Nominee Director in the Board of CESC Ltd. and Dhanseri Petrochemicals Ltd.

**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. Natalie West Kharkongor**



Dr. Natalie West Kharkongor is currently is an Associate Professor of Economics and Chairperson, Incubation Center, Indian Institute of Management Shillong. She holds a Doctorate Degree in Economics. In addition, she completed two Research Projects sponsored by University Grant Commission, India. She has twenty eight years of teaching experience, twenty six years of research experience and 12 years of consultancy experience. She received the Broad Outlook Learner Teacher Award from the former Prime Minister of India, Dr. Manmohan Singh on 24th November 2004, the Rashtriya Gaurav Award with Certificate of Excellence on the 16th July 2011 in New Delhi. She is a national and international speaker and has presented & published a number of papers related to Banking and Finance, Entrepreneurship, Agriculture, Industry, Higher Education, Water Management, Women Empowerment, Health Sector, Green Economics and others. Currently, she is the President of Meghalaya Economic Association. She is also a Member of Indian Economic Association, American Economic Association and an active Member of Green Economics Institute, UK. Dr. Natalie has also spoken at Oxford University, Yale University, Duke University and Georgia State University on green economics.



The Directors of your Corporation have pleasure in presenting their 24th Annual Report on the affairs of the Corporation together with the Audited Statements of Account for the financial year ended 31st March, 2019.

## Financial Review

The Standalone financial results of the year are highlighted below:

Working Results	(Rs. in Crore)	
	2017-18	2018-19
Financial Year		
Gross Income	172.51	185.31
Gross Expenditure	86.58	103.88
Profit Before Tax	85.94	81.43
Profit After Tax	58.67	61.06
Earnings Per Share (in Rs.)	5.87	6.11
Dividend	8.00	8.00
Interest income as percentage to average working funds (%)	7.87	6.41
Non-interest income as percentage to average working funds (%)	1.90	2.78
Operating profit as a percentage to average working funds (%)	5.79	5.51
Return on average assets (%)	3.70	3.71
Net profit per employee	0.49	0.53
Capital to Risk (Weighted) Assets Ratio (CRAR) (%)	48.30	52.42
Financial Position		
Authorised Capital	500.00	500.00
Paid up Capital	100.00	100.00
General Reserve	401.62	427.35
Net worth	724.44	775.61
Total Assets	2201.91	1833.02
Sanctions	289.16	359.55
Disbursements	251.41	286.77
Loan Outstanding	1175.62	1072.50
Recovery (%)	69.66	68.98

The Consolidated financial results of the year are highlighted below:

Particulars	(Rs. in Crore)	
	2017-18	2018-19
Total Revenue	174.08	186.88
Total Expenses	87.01	104.56
Profit Before Tax	87.07	82.32
Tax Expense	27.59	20.60
Profit After Tax	59.48	61.72
Non-Controlling Interest	0.01	0.01
Profit for the Year	59.47	61.71
Earning Per Share (Rs)	5.95	6.17



### Performance of the Corporation

For the FY 19, operating profit as a percentage to average working funds was 5.51% as compared to 5.79% in FY 18. Return on average assets was same as last year. Net profit of the Corporation stood at Rs. 61.06 crore as compared to previous year's figure of Rs. 58.67 crore. Capital Adequacy Ratio stood at 52.42% as at March 31, 2019, as against 48.30% recorded during the previous year.

The Board of Directors of the Corporation has recommended a dividend of 8% for the financial year 2018-19. The payout ratio is 13.10% 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 Corporation registered growth of 4.07% in net profit as compared to the previous year, even when the market was sluggish and the macro economic factors were not conducive for growth of industries in the country.

The Corporation witnessed turnaround in business in later part of the year, in terms of new business. Total sanction of the Corporation grew by 24% year-on-year to Rs. 359.55 crore. Total disbursement grew by 14% year-on-year to Rs. 286.77 crore.

During the year under review–

- The Corporation had cumulative book size i.e., net portfolio of loans and other credit facilities aggregating to Rs. 1072.50 crore as at 31st March, 2019, as compared to Rs. 1175.62 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 7.42% to Rs. 185.31 crore from Rs. 175.51 crore.
- Gross NPA was Rs. 203.51 crore as against the previous financial year's Rs. 230.90 crore and net NPA was Rs. 137.28 crore as against the previous financial year's Rs. 154.41 crore.
- 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, 2019:

Amount transferred to	Rs. Cr.
General Reserve	26.00
Statutory Reserve	12.37
Special Reserve	6.83

### Microfinance

The Microfinance Scheme is an effective instrument for financial outreach where credit is given to SHGs/ JLGs & individuals through credible NGO/MFIs of the region. As on 31st March 2019, the Corporation sanctioned Rs. 754.85 crore and disbursed Rs. 739.57 crore, through which it has been able to touch the lives of more than seven lakh beneficiaries.



## Capacity Building Support to NGOs/MFIs

In Microfinance, 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. The Corporation assists these NGOs/ MFIs by conducting such capacity building programmes. During the year, the Corporation conducted four training programmes in this area where 92 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 Eastern Region for a one-to-one interaction with potential entrepreneurs who are informed on the schemes/ products of the Corporation. During the financial year, the Corporation conducted a total number of 19 Business/ Entrepreneurs Meets, Workshops and Entrepreneurship Development Programmes (EDPs) with a participation of 683 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 530 entrepreneurs were nurtured, out of which credit linkage was extended to 82 entrepreneurs for an amount of Rs. 12.01 crore.

## Techno-Economic Feasibility Studies

NEDFi conducts various techno-economic feasibility studies for the North Eastern Region. As on 31st March, 2019, 80 studies have been completed and 12 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 18	FY 19	Cumulative as on 31/03/2019
Transport Subsidy (TS)	281.27	961.62	3914.59
Central Capital Investment Subsidy (CCIS)	475.55	558.11	2011.15
Central Interest Subsidy (CIS)	77.71	92.23	401.30
Central Comprehensive Insurance Subsidy	2.60	25.21	47.97
Freight Subsidy	0.01	126.45	145.33
<b>Total</b>	<b>837.14</b>	<b>1763.65</b>	<b>6520.34</b>

## Advisory and 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 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 11 number of projects were awarded with order booking of Rs. 3.38 crore.

### HRD Initiatives

The total strength of employees in all categories in the organization as on 31st March, 2019 was 116. During the year under review, 17 officers were promoted from ES Grade III, grade A and grade B.

A total of 12 training programmes were arranged for the officers (in house and outstation) during the year, covering 75 employees.

### NEDFi's Convention Centre

A total of 93 events had taken place in the Convention Centre during the year with participation of organizations like Silk Mark, FINER, IGNOU, CII, PRSI etc. The total collection received during the year aggregated to Rs.44.76 lakh.

### NER Data bank

The Corporation 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.

### 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) & Microfinance 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 has taken prompt corrective action to prevent slippages in asset quality and strengthen credit monitoring & recovery processes to bring about substantial reduction of NPAs. Special emphasis has been placed on recoveries to reduce the NPAs through regular and rigorous follow ups, constant monitoring and settlements through SARFAESI and DRT.



(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. Business Facilitation Centres, set up in Head Office and other state capitals of NE will provide hand holding support to potential entrepreneurs.

(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, the Corporation is utilising the CSR fund 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 Corporation 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 of the Corporation is negligible. Moreover, the Corporation has also installed a 50KW solar plant in the office premises for further minimizing the energy cost. Meanwhile, the Corporation is 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. The members of the Committee as on 31st March, 2019 are as under :

- Sri B. P. Muktieh - Chairman and Managing Director
- Smt. S. Gonsalves - Woman Director
- Sri S K Tandon - Director
- Sri Dinesh Bhagat - Director

The CSR activity of the Corporation is guided by its CSR Policy and is monitored by the CSR Committee. The CSR policy is available at the Corporation's website, [www.nedfi.com](http://www.nedfi.com).

The CSR expenditure incurred during FY 19 was Rs. 1.80 crore against the minimum mandatory norm of Rs. 1.67 crore, being 2% of average net profit of three preceding financial years i.e FY16, FY17 and FY18. Separate report on CSR Policy has been enclosed as a part of Annual Report.

Sector- wise summary of these expenditures is as under:

Sl. No.	Head of expenditure	Amount (Rs. lakh)
1	Capacity Building	30.97
2	Marketing Assistance	38.28
3	NEDFi Haat	111.08
	<b>Total</b>	<b>180.33</b>



The highlights of CSR and developmental activities undertaken during FY 19 are as under:

**1. CSR Activities**

- 1.1 **Capacity Building:** 20 training programmes were organized by the Corporation during the FY 19 covering 516 beneficiaries.
- 1.2 **Marketing Support:** The Corporation facilitated marketing linkage to a total of 1467 artisans of which 304 artisans participated in 29 exhibitions and 1163 artisans were facilitated market linkage through Craft Showrooms of the Corporation located at Khetri, Guwahati, Noida and Aizawl.
- 1.3 **Craft Gallery at NEDFi House, Guwahati :** The Craft Gallery was inaugurated on 11th January, 2019 jointly by Shri Naveen Verma, IAS, Secretary, Ministry of DoNER and Dr. InderJit Singh, IAS, the then OSD and now Secretary, Ministry of DoNER. During the inaugural event, Sri Ram Muivah, IAS, Secretary, NEC launched the newly developed cardamom fibre mats too. Apart from water hyacinth craft products, the Craft Gallery markets craft products of all the eight states of the region. The Craft Gallery is being managed by NE-SHILP, a society promoted by NEDFi to facilitate market linkage to the artisans and weavers of the NER.
- 1.4 **NEDFi Haat at Rupnagar, Guwahati:** NEDFi Haat, an exhibition and marketing infrastructure, was set up at Rupnagar, Guwahati, in the model of Dilli Haat to promote marketing of products of artisans, weavers, grassroot producers, entrepreneurs of NER. Earlier in the year 2002, the Corporation, under its developmental initiatives, had set-up NEDFi Haat at Ambari, Guwahati. It was functioning from a building allocated to it by Department of Industries, Govt. of Assam. During the early part of the year 2013, Govt of Assam decided to construct a new building in the same premises and therefore, the Haat had to be closed in September, 2013. The Haat was successful in facilitating market linkage to the grassroot rural producers. Because of its brand image as a market place for grassroot producers, the Haat was popular among the consumers. The NEDFi Haat project at Rupnagar, Guwahati, was therefore, taken up under CSR initiatives of the Corporation to provide a marketing platform to the grassroot producers of NER.

**2. Developmental Activities**

**2.1 NEDFi Craft Incubation Centre, Khetri:**

The Craft Incubation Centre at Khetri conducted the first training programme on use of banana fibre in handloom, from 9th July, 2018 to 8th August, 2018 using expertise of Shri C. Sekar, from Chennai. The Centre also developed and introduced technology for preparation of table mat where fibre extracted from discarded stems of large cardamom is used as basic raw material. A training programme on preparation of cardamom mat was held at the Centre from 12th to 18th February 2019 for the participants of the state of Nagaland, Arunachal Pradesh and Sikkim. The Corporation proposes to encourage the use of cardamom stems for craft based activities as it will be available free of cost.

In addition, the Craft Incubation Centre provides Common Service Facility to nearby artisans and weavers on water hyacinth craft and banana fibre based handloom work on a regular basis. NE-SHILP provides market linkage to such products through its showrooms located at NEDFi House, Guwahati; IEML, Greater Noida and Khetri Centre. The Centre was visited by a delegation led by Dr. Inder Jit Singh, IAS, Secretary, M-DoNER on 26th April, 2019, along with a team of senior officials of the Ministry and Assam State Rural Livelihood Mission, Government of Assam. He appreciated the comprehensive strategy adopted by the Corporation for craft incubation, training, production facility as well as market linkage under one roof.

- 2.2 **NEDFi R & D Centre for MAP, Khetri:** In addition to extending buy back arrangement to the nearby farmers working on citronella and lemongrass plantation, the Centre facilitated exposure visit to 273 students from various colleges and institutions. It provided technical assistance on cultivation of citronella and lemongrass





to M/S Acinom Aromatic Pvt. Ltd. for developing commercial farms at Ukiam, Meghalaya and Chaygaon, Assam with a target of producing 10,000 kg oil within next three years.

## 2.3 NEDFi R & D Centre for MAP, Nagicherra, Tripura

For propagation and commercialization of MAP, the Centre is encouraging cultivation of citronella, lemongrass, red and white sandal wood, patchouli, stevia, Naga chilli and other medicinal and aromatic plants.

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

There were no loans, guarantees or investments made by the Corporation 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 the workplace

The Corporation has constituted an in-house Committee for prevention and expeditious redressal of sexual harassment of women at the 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 311081E, was appointed as Statutory Auditors of the Corporation by the Comptroller and Auditor General of India (C&AG) for FY 19. There are no qualification or adverse remark 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, 2019 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 19. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith.

## Applicability of Indian Accounting Standards (IND – AS)

Indian Accounting Standards were applicable to NBFC with effect from 01-04-2018 and the Corporation has complied with the same.

## 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's website, [www.nedfi.com](http://www.nedfi.com)



**The Corporation'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 Five Non-Executive Directors. However, on cessation of office of Dr. R.K. Garg and Dr. T.K. Mukhopadhyay, the Committee comprised of three members as on March, 2019. The table sets out the composition of the Committee as on March, 2019.

Name of the Director	Position held in the Committee	Category of the Director
Sri JK Sinha, IAS	Member	Non Executive Non Independent Director
Sri Dinesh Bhagat	Member	Non Executive Non Independent Director
Smt S Gonsalves	Member	Woman Director

**Remuneration Policy**

**Remuneration to whole time Executive Director:**

The remuneration paid to the Chairman and Managing Director, the only whole time Executive Director of 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 for each meeting of the Board and Committee of Directors attended by them.

**Number of Board Meetings:**

During FY 19, the Board of Directors met four times viz. on 22nd June, 2018, 28th August, 2018, 22nd November, 2018 and 27th February, 2019.

**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, 2019, 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 & estimates that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Corporation as at 31st March, 2019 and of the profit and loss of the Corporation 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 Corporation and 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.

## 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)

## Financial details of Subsidiaries

PARTICULARS	NVCL 2018-19 (in Rs)	NTL 2018-19 (in Rs)
Total Income	15,366,872.00	357,839.00
Total Expenditure	6,635,191.00	134,557.00
Profit before tax	8,731,681.00	223,282.00
Tax expense	2,270,237.00	60,000.00
Profit for the year	6,461,444.00	163,282.00
Earnings per share(Rs)	129.23	3.27

## Deposits:

The Corporation has not accepted deposits since its inception.

## Details of Directors Key Managerial Personnel and changes thereon

The Corporation's Board had 9 (nine) Directors of which all except one were Non-Executive Directors. In the last Annual General Meeting held on 28th September 2018, one of the Directors retired by rotation.

During the year, Sri P.V.S.L.N. Murty (DIN:07355708), Chief General Manager, State Bank of India, Local Head Office, Guwahati, Sri K.S. Nagnyal (DIN:06857451), Zonal Manager, Life Insurance Corporation of India, Eastern Zonal Office, Kolkata, Dr. T.K. Mukhopadhyay (DIN:00239251), Independent Director, Dr. R.K.Garg (DIN:02164119), Independent Director relinquished office as Directors. The Board placed on record its appreciation of the services rendered by Sarbasree P.V.S.L.N. Murty, K.S. Nagnyal, Dr. T.K. Mukhopadhyay and Dr. R.K.Garg during their respective tenure in the Corporation.

Smt. S.Gonsalves (DIN:07160748), Independent Woman Director, relinquished office as Director with effect from 4th May, 2019. The Board placed on record its appreciation of the services rendered by her during her tenure in the Corporation.

Sri S. K. Tandon (DIN:08212223), Chief General Manager, State Bank of India, Local Head Office, NE Circle, Guwahati, was appointed as Additional Director on the Board of the Corporation with effect from 1st November, 2018 in place of Sri P.V.S.L.N. Murty and will hold office upto the date of ensuing Annual General Meeting of the Company. Necessary resolution in this regard has been incorporated in the notice of Twenty-fourth Annual General Meeting.



Sri Satya Gopal, IAS (DIN:08144273), IAS, Chief Secretary, Government of Arunachal Pradesh was appointed as Additional Director on the Board of the Corporation with effect from 1st January, 2019. Necessary resolution in this regard has been incorporated in the notice of Twenty-fourth Annual General Meeting.

Sri D. Bhagat (DIN:0008354195), Zonal Manager, Life Insurance Corporation of India, Eastern Zonal Office, Kolkata was appointed as Additional Director on the Board of the Corporation, with effect from 7th February, 2019 in place of Sri K.S.Nagnyal and will hold office upto the date of ensuing Annual General Meeting of the Corporation. Necessary Resolution in this regard has been incorporated in the notice of Twenty-fourth Annual General Meeting.

Sri Bhaskar Jyoti Sarma (DIN :05282550), former Managing Director & Chief Executive Officer of SBI General Insurance Co. Ltd., has been appointed as Additional Director of the Corporation with effect from 29th April, 2019 and will hold office upto the date of ensuing Annual General Meeting of the Corporation. Necessary resolution in this regard has been incorporated in the notice for the Twenty-fourth Annual General Meeting.

Sri Sanjay Kumar Pai (DIN: 00307575), former Chief General Manager, IDBI Bank, has been appointed as Additional Director of the Corporation with effect from 26th July, 2019 and will hold office upto the date of ensuing Annual General Meeting of the Corporation. Necessary resolution in this regard has been incorporated in the notice for the Twenty-fourth Annual General Meeting.

There are three Key Managerial Personnel in the Corporation comprising of the Chairman & Managing Director, Chief Financial Officer and Company Secretary.

### Sanctioning Committee

The sanction of loan proposals having loan component above Rs. 2 Crore are placed before the Sanctioning Committee for approval. During the year under review, 6 (six) 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, 10 (ten) Corporate Credit committee (II) meetings were held during the year and 15 (fifteen) Corporate Credit Committee (III) meetings were held during the year.

### Declaration by Independent Directors

All the Independent Directors duly appointed by the Corporation 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 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 Members as on March , 2019.

Name of the Director	Position held in the Committee	Category of the Director
Smt. S.Gonsalves	Member	Non Executive Independent Woman Director
Sri D.Bhagat	Member	Non Executive Non Independent Director
Sri S.K.Tandon	Member	Non Executive Non Independent Director



The responsibilities of the Audit Committee comprise, among others, overseeing the Corporation'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 standard on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) came into effect from 1st October, 2017. The Corporation is in compliance with the same.

## Management's Discussion and Analysis

The Management's 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 a set of standards, processes and structures which enables to implement internal financial control across the Corporation 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 Corporation has not issued any Sweat Equity Shares during the year under review. As such, there is no buy back of shares.

### Bonus shares

No bonus shares were issued during the year under review.

### ESOP

The Corporation 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

## Acknowledgement

The Board of Directors are grateful to the promoters of the Corporation viz., IDBI Bank, SBI, SIDBI, IFCI, ICICI Bank, 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 and other Departments of Government of India, State Governments of the region, all India Institutions, Reserve Bank of India, Banks & FIs and other organisations in the region, for the magnanimous support it has received from them. NEDFi has considerably benefitted from their support, co-operation and guidance for its sustainable economic growth. The Board also acknowledges the contribution of the staff & members of the Corporation for their untiring efforts towards its growth.

Place: Guwahati  
Dated: 3rd September, 2019

By order of the Board



(Chairman & Managing Director)



# ATTENDANCE SHEET



An ISO 9001:2015 Company

## BOARD MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-2019

Sl. No.	Name of Director	113th board meeting held on 22/06/2018	114th board meeting held on 28/08/2018	115th board meeting held on 22/11/2018	116th board meeting held on 27/02/2019
1	Sri B.P.Muktieh	Present	Present	Present	Present
2	Dr J Suresh Babu, IAS	-----	Absent	Present	Absent
3	Sri J.K.Sinha ,IAS	Absent	Absent	Absent	Absent
4	Sri K.S.Nagnyal	Absent	Absent	Absent	-----
5	Sri P.V.S.L.N Murty	Absent	Absent	-----	-----
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 S K Tandon	-----	-----	Present	Absent
11	Sri Dinesh Bhagat	-----	-----	-----	Present
12	Sri Ram Muivah, IAS	-----	Absent	Absent	Absent
13	Sri R R Rashmi , IAS	Absent	-----	-----	-----
14	Sri Satya Gopal , IAS	-----	-----	-----	Absent

## SANCTIONING COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-19

Sl. No.	Name of Director	117th Sanctioning Committee Meeting Held on 21/06/2018	118th Sanctioning Committee Meeting Held on 29/08/2018	119th Sanctioning Committee Meeting Held on 27/09/2018	120th Sanctioning Committee Meeting Held on 20/11/2018	121st Sanctioning Committee Meeting Held on 16/01/2019	122nd Sanctioning Committee Meeting Held on 28/02/2019
1	Sri B.P.Muktieh	Present	Present	Present	Present	Present	Present
2	Dr R.K.Garg	Present	Present	Present	Present	Present	Present
3	Dr T.K.Mukhopadhyay	Present	Present	Present	Present	Present	Present
4	Sri K.S.Nagnyal	Absent	Absent	Absent	Absent	Absent	-----
5	Sri Ram Muivah, IAS	-----	Absent	Absent	Absent	Absent	Absent
6	Sri Dinesh Bhagat	-----	-----	-----	-----	-----	Present



**AUDIT COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-19**

Sl. No.	Name of Director	65th Audit Committee Meeting held on 22/06/2018	66th Audit Committee Meeting held on 28/08/2018	67th Audit Committee Meeting held on 20/11/2018	68th Audit Committee Meeting held on 27/02/2019
1	Dr R.K.Garg	Present	Present	Present	Present
2	Dr.T.K.Mukhopadhyay	Present	Present	Present	Present
3	Sri P.V.S.L.N Murty	Absent	Absent	-----	-----
4	Sri K.S.Nagnyal	Absent	Absent	Absent	-----
5	Smt S Gonsalves	-----	-----	Present	Present
6	Sri S K Tandon	-----	-----	Absent	Absent
7	Sri Dinesh Bhagat	-----	-----	-----	Present

**CORPORATE CREDIT COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-19**

Sl. No.	Name of Director	92nd Corporate Credit Committee Meeting held on 21/06/2018	93rd Corporate Credit Committee Meeting held on 28/08/2018	94th Corporate Credit Committee Meeting held on 28/09/2018	95th Corporate Credit Committee Meeting held on 20/11/2018	96th Corporate Credit Committee Meeting held on 17/01/2019	97th Corporate Credit Committee Meeting held on 28/02/2019
1	Sri B.P.Muktieh	Present	Present	Present	Present	Present	Present
2	Dr R.K.Garg	Present	Present	Present	Present	Present	Present
3	Dr T.K.Mukhopadhyay	Present	Present	Present	Present	Present	Present
4	Sri K.S.Nagnyal	Absent	Absent	Absent	Absent	Absent	-----
5	Sri Dinesh Bhagat	-----	-----	-----	-----	-----	Absent





# ATTENDANCE SHEET



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## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-19

Sl. No.	Name of Director	12th Corporate Social Responsibility Committee Meeting held on 22/06/2018	13th Corporate Social Responsibility Committee Meeting held on 17/01/2019
1	Sri B.P.Muktieh	Present	Present
2	Dr R.K.Garg	Present	Present
3	Dr T.K.Mukhopadhyay	Present	Present
4	Sri P.V.S.L.N Murty	Absent	-----
5	Sri K.S. Nagnyal	Absent	Absent
6	Smt S.Gonsalves	Absent	Present
7	Sri S K Tandon	-----	Absent

## NOMINATION AND REMUNERATION COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-19

Sl. No.	Name of Director	8th Nomination and Remuneration Committee Meeting held on	9th Nomination and Remuneration Committee Meeting held on	10th Nomination and Remuneration Committee Meeting held on	11th Nomination and Remuneration Committee Meeting held on
1	Sri J.K.Sinha, IAS	Absent	Absent	Absent	Absent
2	Sri K.S. Nagnyal	Absent	Absent	-----	-----
3	Dr T K Mukhopadhyay	Present	Present	Present	-----
4	Dr R K Garg	Present	Present	Present	-----
5	Smt S Gonsalves	-----	-----	-----	Present
6	Sri Dinesh Bhagat	-----	-----	Present	Present

## INDEPENDENT DIRECTORS' COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-19

Sl. No.	Name of Director	3rd Independent Director's Committee Meeting held on 22/06/2018
1	Dr R.K.Garg	Dr R.K.Garg
2	Dr T.K.Mukhopadhyay	Dr T.K.Mukhopadhyay
3	Smt S.Gonsalves	Smt S.Gonsalves

## RISK MANAGEMENT COMMITTEE MEETING ATTENDANCE FOR THE FINANCIAL YEAR 2018-19

Sl. No.	Name of Director	1st Risk Management Committee Meeting held on 21/06/2018	2nd Risk Management Committee Meeting held on 22/11/2018	3rd Risk Management Committee Meeting held on 27/02/2018
1	Sri B.P.Muktieh	Present	Present	Present
2	Dr T.K.Mukhopadhyay	Present	Present	Present
3	Dr R K Garg	Present	Present	Present
4	Smt S.Gonsalves	Absent	Present	Present
5	Sri K S Nagnyal	Absent	Absent	-----
6	Sri PVSLN Murty	Absent	-----	-----
7	Sri S K Tandon	-----	Absent	Absent
8	Sri Dinesh Bhagat	-----	-----	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) nominee Directors from State Bank of India, LIC of India and IDBI Bank, Chief Secretary of North Eastern States of Manipur and Arunachal Pradesh on rotation for a period of 2 (two) years, Representative from the Ministry of DoNER, 1 (One) , Secretary, North Eastern Council, Shillong and 1 (one) Woman Director.

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, 2019 is as under:

Name	Executive/Non-Executive/ Independent	No. of Other Directorships held		No. of other committee membership held	
		Public	Private	Public	Private
Sri B.P. Muktieh	Chairman & Managing Director	2	1	Nil	Nil
Dr J Suresh Babu, IAS	Non Executive Non Independent Director	3	Nil	N.A.	N.A.
Sri J.K.Sinha, IAS	Non Executive Non Independent Director	2	Nil	N.A.	N.A.
Sri Ram Muviah, IAS	Non Executive Non Independent Director	Nil	Nil	N.A.	N.A.
Sri Satya Gopal , IAS	Non Executive Non Independent Director	Nil	Nil	N.A.	N.A.
Sri S K Tondon	Non Executive Non Independent Director	Nil	Nil	N.A.	N.A.
Smt S. Gonsalves	Woman Director	1	Nil	N.A.	N.A.
Sri K. Banerjee	Non Executive Non Independent Director	2	Nil	N.A.	N.A.
Sri Dinesh Bhagat	Non Executive Non Independent Director	Nil	Nil	N.A.	N.A.

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

The Non-Executive Directors of the Corporation have 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.



# REPORT ON CORPORATE GOVERNANCE



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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:

Sl. No.	Board Meeting No.	Date	Board Strength	No. of Directors present
1	113th Board Meeting	22nd June, 2018	9	4
2	114th Board Meeting	28th August, 2018	9	5
3	115th Board Meeting	22nd November, 2018	10	7
4	116th Board Meeting	27th February, 2019	11	6

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. Meeting of the Risk Management Committee was held as follows during 2018-19.

Sl. No.	RMC Meeting No.	Date	Committee Strength	No. of Members present
1	1st RMC Meeting	21st June, 2018	6	3
2	2nd RMC Meeting	22nd November, 2018	6	4
3	3rd RMC Meeting	27th February, 2019	6	5

## 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 2019 were as follows:

Sl. No.	Name of the Director & Category	Chairman / Member
1	Sri Dinesh Bhagat Nominee Director of LIC of India	Member
2	Sri S K Tandon Nominee Director of State Bank of India	Member
3	Smt S Gonsalves Independent Woman 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	65th Audit Committee	22nd June, 2018	4	2
2	66th Audit Committee	28th August, 2018	4	2
3	67th Audit Committee	22nd November, 2018	5	3
4	68th Audit Committee	27th February, 2019	5	4



The Minutes of the Audit Committee were placed before the Board for information. The terms of reference of the Committee are 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 Corporation'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.



# REPORT ON CORPORATE GOVERNANCE

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.

l) 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 Nomination & Remuneration Committee was re-constituted on 16th March 2015. The composition of Nomination and Remuneration Committee as on 31st March, 2019 was as follows:

Name	Chairman/Member	Independent/Non-Executive
Smt S Gonsalves	Member	Independent Women Director
Sri J.K. Sinha, IAS	Member	Non-Executive / Nominee Director of Ministry of DoNER
Sri Dinesh Bhagat	Member	Non-Executive / Nominee Director of LICl

The Nomination and Remuneration Committee has been constituted in terms of Section 178 of the Companies Act, 2013.

## 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 2018-19 are given below:

Director	Designation	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Sri B.P. Muktieh	Chairman & Managing Director	41,95,200.00	5,027,059.00	9,222,259.00

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

**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
2015-16	26th September,2016	3:00 P.M.	NEDFi House Guwahati
2016-17	25th September,2017	3:00 P.M.	NEDFi House Guwahati
2017-18	28th September,2018	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.

Date: 3rd September, 2019



# PARTICULARS OF CORPORATE SOCIAL RESPONSIBILITY

## CSR Policy:

The Corporation has been engaging in various developmental and promotional activities of North Eastern Region since its inception to improve quality of life of the people belonging to the 8 States of the Region.

## Activities Identified under CSR:

- a) To take up initiatives for promotion of employment enhancing vocational skills, livelihood enhancement projects and women empowerment.
- b) 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.
- c) To undertake projects and programmes for development of Rural and Backward Areas through promotion of entrepreneurship and income generating activities.

The above activities are admissible CSR activities under Section 135 of the Companies Act, 2013.

## Highlights of CSR initiatives of the Corporation during the FY 2018-19

- Capacity Building Programme for 516 beneficiaries on skill up-gradation in crafts and other vocational trades.
- Infrastructure support to 1467 artisans through common facility centers, marketing facilities.

## CSR Committee:

### A. Board Level Committee as on 31st March 2019

Sri B. P. Muktieh	-	Chairman and Managing Director
Smt. S. Gonsalves	-	Woman Director
Sri SK Tandon	-	Director
Sri Dinesh Bhagat	-	Director

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

### C. Average Net Profit of Last three Financial Years: (Rs. In Cr.)

Year	Net Profit (PBT)
2015-16	95.57
2016-17	70.67
2017-18	83.91
Total	250.15
Average Net profit	83.38

CSR Budget allocation for the FY 2018-19 : Rs. 180 Lakhs.

CSR Expenditure made during FY 2018-19 : Rs. 180.33 Lakhs

## Details of CSR spent during the FY 2018-19:

I. Total minimum amount to be spent in the financial year: Rs. 166.76 lakh i.e 2% of average Net Profit of last three financial years as detailed in item C above



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

Sl. No.	Head of expenditure	Expenditure (In Lakh)
1	Capacity Building Training Programmes on crafts and other vocational skills	30.97
2	Marketing Assistance Facilitating participation in various local, national and international exhibitions	38.28
3	# NEDFi Haat & Other misc.	111.08
<b>Total</b>		<b>180.33</b>

CSR Projects:

(Rs. lakh)

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, Marketing Support & other miscellaneous activities & projects	Livelihood Enhancement	Assam	*Kamrup (Metro)	36.00	36.00	Nil	36.00	Direct
2			Assam	Nalbari	1.00	1.00	Nil	1.00	
3			Assam	Kokrajhar	2.00	2.00	Nil	2.00	
4			Assam	Dibrugarh	1.00	1.00	Nil	1.00	
5			Assam	Sivasagar	1.00	1.00	Nil	1.00	
6			Assam	Dhubri	1.25	1.25	Nil	1.25	
7			Assam	Morigaon	1.00	1.00	Nil	1.00	
8			Assam	North Lakhimpur	0.50	0.50	Nil	0.50	
9			Assam	Majuli	0.50	0.50	Nil	0.50	
10			Arunachal Pradesh	Papumpare	1.00	1.00	Nil	1.00	
12			Manipur	Imphal East	3.00	3.00	Nil	3.00	
13			Manipur	Imphal West	2.00	2.00	Nil	2.00	
14			Meghalaya	South West Garo Hills	3.00	3.00	Nil	3.00	
15			Meghalaya	West Khasi Hills	1.00	1.00	Nil	1.00	
16			Mizoram	Aizwal	1.00	1.00	Nil	1.00	
17			Nagaland	Dimapur	2.00	2.00	Nil	2.00	
18			Nagaland	Kohima	1.00	1.00	Nil	1.00	
19			Sikkim	South Sikkim	2.00	2.00	Nil	2.00	
20			Sikkim	East Sikkim	2.00	2.00	Nil	2.00	
			Tripura	West Tripura	1.00	1.00	Nil	1.00	
21			Tripura	North Tripura	6.00	6.00	Nil	6.00	
Sub Total					69.25	69.25	Nil	69.25	
22	* NEDFi Haat-an exhibition infrastructure for market linkage	Assam	Kamrup (Metro)	111.08	111.08	Nil	111.08		
<b>Grand Total (A+B)</b>					<b>180.33</b>	<b>180.33</b>	<b>Nil</b>	<b>180.33</b>	

\* The Registered Office of the Corporation is situated in Kamrup (Metro) district. The figures indicated against the district of Kamrup (Metro), Assam also include various capacity building programmes and exhibitions, organised by NEDFi at its Registered Office, Guwahati, NEDFi R&D Centre at Khetri as well as programmes organised outside NER, which had representation from all the states of NER.





# PARTICULARS OF CORPORATE SOCIAL RESPONSIBILITY



An ISO 9001:2015 Company

# NEDFi Haat is an exhibition infrastructure set up at Rupnagar, Guwahati in the model of Dilli Haat to promote marketing of artisans, weavers, grassroots producers, entrepreneurs of NER and to provide a permanent platform for direct linkage between the producer and customer. The Corporation under its developmental initiatives had initially conceptualized and set-up NEDFi Haat at Ambari, Guwahati in the year 2002. It was functioning from a building allocated to it by Department of Industries, Govt. of Assam. During the early part of the year 2013, Govt of Assam decided to construct a new building in the same premises, and therefore the Haat had to be closed in September, 2013. The Haat was successful in facilitating market linkage to the grassroots rural producers. Because of its brand image as a marketplace for grassroots producers, the Haat was popular among the customers. The NEDFi Haat project at Rupnagar, Guwahati was therefore taken up under CSR initiative of NEDFi which will help the grassroots producers of NER to establish their market linkage.

## Responsibility Statement:

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

A handwritten signature in black ink, appearing to be 'B. B. B.' or similar, written in a cursive style.

Chairman and Managing Director  
& Chairman of CSR Committee



### Macro-economic Environment during financial year 2018-19 (FY 19)

During the financial year 2018-19 (FY 19), macro-economic and financial conditions underwent pronounced shifts that were largely unanticipated. Global growth, which had accelerated in a broad cyclical upswing through calendar year 2017 right up to the early part of 2018, began to shed momentum thereafter. By the second half of 2018, the weakening of the global expansion had spread across geographies, encircling advanced economies (AEs) and emerging market economies (EMEs) alike. While central banks in some of the major advanced economies maintained a status quo on their policy rates and adopted a dovish stance, the trade tensions, coupled with expected slowdown, may weigh down on the global investor sentiments.

Even on the domestic front, India's real Gross Domestic Product(GDP) growth for FY 19 has been pegged at a five-year low of 6.8% as per the provisional estimates released by National Statistical Office (NSO), marking a slowdown from 7.2% in FY 18. Sector-wise analysis reveals that even as industry gained momentum during the year, slowdown in both agriculture and services sector eroded the gains to some extent, and thus, contributed to the deceleration in overall growth momentum.

The performance of the domestic banking sector in general and Public Sector Banks (PSBs) in particular improved in 2018-19. Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks (SCBs) decreased from 11.5 percent to 10.1 percent between March 2018 and December 2018. The Restructured Standard Advances (RSA) ratio as well as the Stressed Advances (SA) ratio also witnessed a moderation. GNPA ratio of PSBs decreased from 15.5 percent to 13.9 percent between March 2018 and December 2018. Growth in non-food bank credit (NFC), which had remained sluggish during the last few years, showed improvement in 2018-19. Average NFC growth in 2018-19 improved to 11.2 percent from 7.7 percent in 2017-18. Bank credit to large industry and services segments were the main drivers of overall NFC growth in 2018-19. However, the pace of credit growth has moderated since November 2018. Credit growth has come down from 13.8 per cent in November 2018 to 11.9 per cent in April 2019. The main contributor to this moderation has been the services sector which has decelerated from 28.1 percent to 16.8 percent between November 2018 and April 2019. Growth in bank credit to medium, micro and small industries has also decelerated since October 2018.

### Economic environment and Investment Climate in the North-East

During FY 19, the North Eastern (N-E) region, which is the catchment area of the Corporation's operations, was generally positive. The constituent states received private investment and showed positive trend in the quantum of investment intentions. As per the Industrial Entrepreneurs' Memorandum (IEMs) of the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Govt. of India, 20 nos. of IEMs were filed in Assam for Rs. 666 crore in FY 19 in comparison to only 9 nos. for Rs. 226 crore in FY 18 and IEMs implemented in Assam was 62 nos. for Rs. 2533 crore in comparison to 16 nos. for Rs. 2130 crore. Similarly, Meghalaya had 4 nos. for Rs. 542 crore in 2018-19, in comparison to 1 no IEM for Rs. 97 crore in FY 18, Sikkim had 18 nos. for Rs. 1531 crore in comparison to only 2 nos. for Rs. 194 crore in FY 18. The North East Industrial Development Scheme (NEIDS) has ended uncertainty among the entrepreneurs regarding status of the subsidies to a great extent. Higher allocation under North East Industrial & Investment Promotion Policy (NEIIPP) by Union Govt. has increased liquidity in some of the stressed sectors. NITI Forum for North-East constituted in February 2018 is aiming to give a boost to development projects in the region



# MANAGEMENT'S DISCUSSION & ANALYSIS

with special focus on improving road, rail and air connectivity, hydro-power, agriculture and allied sectors, organic farming, cultivation of vegetables, fruits, spices, medicinal plants, soil health card for the farmers, minimizing post-harvest losses, increased coverage under crop insurance, milk production, and early completion of ongoing irrigation projects, promotion of eco-tourism, rural and adventure tourism, etc.

## Impact on the Corporation's Operations

During FY 19, the Corporation registered a growth of 4.07% in net profit as compared to the previous financial year, notwithstanding adverse market conditions, flaccid macro-economic topline numbers and investment climate in the country. The Corporation witnessed turnaround in business in the later part of the financial year, in terms of new business. Total sanctions of the Corporation grew 24% year-on-year to Rs. 359.55 crore. Total disbursement also witnessed an uptick of 14% year-on-year to Rs. 286.77 crore. However, the Corporation's Book registered a decline to Rs. 1072.50 crore as at 31st March, 2019 from Rs. 1175.62 crore in the immediately preceding financial year.

Gross earnings of the Corporation increased by 7.42% to Rs. 185.31 crore from Rs. 175.51 crore during the reference period. Gross NPAs moderated to Rs. 203.51 Crore at end-March 2019 from a year ago level of Rs. 230.90 Crore. Similarly, net NPA at Rs. 137.28 crore was also below previous financial year level of Rs. 154.41 crore. The Corporation has been making provisions on NPAs regularly as mandated under the prudential norms issued by the Reserve Bank of India from time to time.

During the year under review, the Corporation has taken initiatives to reach out to the new generation of entrepreneurs by organizing business/ entrepreneur meets in all NE states, with the objective of helping and encouraging the new breed of entrepreneurs of the Region. A total number of 19 Business / Entrepreneur Meets were conducted, which witnessed a participation of 683 prospective entrepreneurs from all eight states of North Eastern Region for dissemination of information on its schemes and programmes. In addition, the Corporation helped mentor these first generation entrepreneurs on managerial, technical, financial, commercial and marketing, preparation of project reports and credit linkages through eight Business Facilitation Centres of the Corporation in each of the NE States. During the year, a total of 530 entrepreneurs were nurtured, out of which credit linkage was extended to 82 entrepreneurs for an amount of Rs. 12.01 crore.

## Macro-economic Outlook for financial year 2019-20 (FY 20)

Based on observed trends and informed assessments obtaining at end-August 2019, the macroeconomic environment remains unsettled and financial markets are experiencing considerable flux as the financial year 2019-20 progresses. Global economic activity appeared to rebound in January-March 2019 especially in advanced economies as monetary stances were eased in response to the slowdown. Crude oil prices remained soft and financial market recouped some lost ground. Several downside risks seem to be materialising in the form of escalation of trade tensions, geopolitical strife and renewed financial volatility in EMEs as portfolio flows have shown signs of weakening. Financial markets have remained edgy and volatile amidst these uncertainties, which are being reflected in repeated downgrades of forecasts of global growth. Notably, the IMF expects global growth to slow down to 3.2 percent in 2019 from 3.6 percent in the previous year, its fourth successive downward revision since October 2018. Central banks are gearing up to become increasingly accommodative, with reductions in policy rates.



This has stoked apprehensions that the global economy may be weakening more than what the headline numbers suggest.

India's real GDP growth forecast for 2019-20 has been moderated by RBI in its August 2019 bi-monthly meeting to 6.9%, with risks somewhat tilted on the downside. This is predicated on a likely rebound in the second half of the current financial year on the back of envisaged robust reforms to be unveiled by the Central government. Data for Q1 FY 20, the latest period for which data is currently available, showed a disconcerting slowdown in real GDP growth to a 25 quarter low of 5%, which was 80 bps lower than 5.8% growth in the immediately preceding quarter. Lacklustre growth in manufacturing, financial services, construction and consumption expenditure caused the slowdown although there were green shoots in the form of q-o-q improvement in investment. An unfavourable base factor also weighed down on Q1 growth.

Industrial production, in terms of movement in IIP, decelerated during April-June 2019, pulled down by manufacturing and mining. In terms of use based classification, sluggish capital goods production is indicative of the fact that the anticipated turnaround in investment cycle is yet to fructify.

The inflation outlook remains benign and the recent catch-up in the progress of monsoon and kharif sowing has eased earlier concerns from the delayed onset of monsoon. Food inflation has picked up in the typical summer hardening of vegetables and fruits prices. Prices of pulses and protein-rich items have also risen in the early months of 2019-20 although it remains to be seen as to how long these pressures are likely to last. In the fuel and light group, a recovery in LPG prices in line with international prices imparted some upside pressures in Q1: 2019-20, which has since eased in July. In contrast, inflation excluding food and fuel eased significantly and in a broad-based manner reflecting the weakening of demand, albeit with some recovery in July. Headline CPI inflation was 3.1 percent in Q1 and in July 2019. In the third bi-monthly monetary policy statement of August 2019, inflation was projected at 3.1 percent for Q2: 2019-20 and 3.5-3.7 percent for H2: 2019-20, with risks evenly balanced. CPI inflation for Q1: 2020-21 was projected at 3.6 percent.

Domestic financial markets have been volatile against this backdrop. Equity markets registered losses up to August 20, 2019. In recent months, the BSE Sensex has traded below its all-time peak on June 3, 2019. After trade tensions eased in May, the Indian rupee had started reflecting an appreciating bias, helped by softness in global crude oil prices. However, rupee came under pressure in August 2019 after China allowed its currency to depreciate to a decade low level. Money and G-Sec markets have remained broadly stable during the first quarter of 2019-20, with surplus liquidity conditions since June 2019 following sharp drawdown in government cash balances and decline in currency in circulation helping to moderate interest rates in both segments. Nonetheless, global spillovers may portend downside risks, going forward.

During FY 20, the banking sector is poised to build upon the consolidation achieved in the year gone by. SCBs' gross NPA ratio may decline further to 9.0 per cent by end-March 2020 (9.1 per cent as at end-March 2019). This would release headroom for provisioning efforts, a turnaround in financial performance and for energising and broadening the flow of credit to the productive sectors of the economy. Concomitantly, several regulatory and supervisory measures are underway to strengthen the soundness of the banking system. The recent announcement of four big-ticket bank mergers among PSBs, which would reduce the number of banks involved in the merger process from 10



# MANAGEMENT'S DISCUSSION & ANALYSIS

to 4 has positive connotations for the financial sector through economies of scale and a meaningful bulge in the capital of the anchor bank of the merged entity, which would facilitate higher credit dispensing ability and would be real sector growth positive.

There is a measure of unanimity among broad sections of informed opinion that a sustainable return to India's secular trend growth path lies in expeditious top up to the slew of supply side measures effected in the recent past with complementary measures which would contribute to demand side rejuvenation. RBI, in its recently released Annual Report for 2018-19, has succinctly spelt out the recipe for a sustained turnaround of the economy and we quote: "Reviving consumption demand and private investment has assumed the highest priority in 2019-20. This may involve strengthening the banking and non-banking sectors, a big push for strengthening on infrastructure and implementation of much needed structural reforms in the areas of labour laws, taxation and other legal reforms, which will also enhance ease of doing business in pursuit of fulfilling the vision of India becoming a USD 5 trillion economy by 2024-25."

There is cautious optimism that going forward, India's macro-economic indicators may witness a mend sooner rather than later on account of several favourable factors. Continuity in the Government is expected to provide a fillip to reform measures targeted to boost investment and consumption activity in the economy and thus, fuel economic growth in India. While India's economic growth may confront headwinds from moderation in global growth and trade as well as unanticipated volatility in global financial markets, the cumulative impact of reform measures may be effective in counteracting these factors to an extent.

## Outlook for the Corporation in financial year 2019-20 (FY 20)

As regards the North East, the Union Govt. is pushing for greater investments in the region with increased budgetary allocation in the Union Budget 2019-20 at Rs. 59,369.90 crore, while revised estimate for 2018-19 was Rs. 47,087.95 crore marking an increase of 21 percent. The Budget Estimates for Ministry of Development of North Eastern Region (M-DoNER) for 2019-20 was Rs. 3,000 crore as compared to the Revised Estimate of Rs. 2629 crore in 2018-19. The allocation for infrastructure and roads has also been increased substantially, under the North East Special Infrastructure Development Scheme (NESIDS), to Rs. 695 crore in 2019-20 from Rs. 140 crore in 2018-19. This is expected to positively impact investor sentiment. For improvement of connectivity and road infrastructure in the region, under Special Accelerated Road Development Programme for North East (SARDP-NE) a length of 6,418 km has been approved, of which about 5,273 km road has been sanctioned for execution at an estimated cost of Rs. 57,518 crore. In the rail sector, projects such as Jiribam-Imphal, Dimapur (Dhansiri) – Zubza (Kohima), Agartala-Sabroom, Teteliya-Byrnihat, Byrnihat-Shillong, Bhairabi-Sairang, Murokongselek-Pasighat, and Agartala (India) – Akhaura (Bangladesh) among others have been taken up for the development of rail connectivity infrastructure in the region. In respect of air connectivity, mention may be made of the modernization and development of airports at Guwahati, Imphal, Agartala, Dibrugarh, Dimapur and Tezu. A Greenfield airport at Hollongi (Itanagar) has also been sanctioned at an estimated cost of Rs. 645.63 crore. The Greenfield Airport at Pakyong has been constructed at a cost of Rs. 553.50 crore and is now operational. A total of 19 new waterways have been declared as National Waterways (NWs) in the region. An expenditure of Rs. 270.50 crore was incurred on projects of National Waterway (NW) No. 2 (River Brahmaputra) and NW-16 (River Barak) and studies for 18 new NWs, in the last three years. In order



to augment tele-connectivity, Bharat Net project is being implemented to connect all the 11,956 Gram Panchayats (5860 in phase-I and 6096 in phase-II) at a cost of Rs. 644.55 crore in the region, for providing broadband connectivity in the Gram Panchayats in a phased manner. Comprehensive Telecom Development Project (CTDP) for the North-Eastern Region at an estimated cost of Rs. 5,336.18 crore is being implemented to install 6,673 mobile towers for 8,621 identified uncovered villages, 321 mobile towers for National Highways and strengthening of transmission network in the NER. In the power sector, projects for augmenting transmission and distribution system have been taken up under Comprehensive Scheme for Strengthening of Transmission and Distribution System in Arunachal Pradesh and Sikkim (CSST&DS) at an estimated cost of Rs. 4,754.42 crore and North Eastern Region Power System Improvement Project (NERPSIP) for the States of Meghalaya, Mizoram, Manipur, Nagaland, Tripura and Assam at an estimated cost of Rs. 5,111.33 crore. The Ministry of Development of North Eastern Region (M-DoNER) has also taken up projects for filling gaps in infrastructure through its schemes such as NLCPR-State, North East Road Sector Development Scheme (NERSDS), North East Special Infrastructure Development Scheme (NESIDS) and Schemes of North Eastern Council (NEC).

The virtuous confluence of the above measures and the Corporation's own considered strategic FY 20 is expected to help weather an otherwise tepid investment climate and flagging macro-economic performance indices in the country. The Corporation has accordingly geared itself to achieve a healthy credit growth of 18-22% in FY 20. The Corporation will continue to focus on the micro & small enterprises (MSE) and micro finance segment by extending financial assistance at a concessional rate of interest, mentoring assistance, capacity building etc. to the units generating higher employment. New products & services will be introduced to cater to the customised needs of the entrepreneurs. Funding from institutions will be explored to provide assistance to backward and disadvantaged groups at competitive rates. Existing Branches will be strengthened and new areas will be identified for opening Branches/ Representative Offices to increase its geographical reach.

Prompt corrective action has been and will continue to be taken to prevent further slippage in asset quality; credit monitoring & recovery process set in place will continue to undertake surgical strikes on legacy NPAs to facilitate an early resolution with beneficial impact on end-level gross NPA.

With major stress on skill development the Corporation will take up initiatives for promotion of employment enhancing vocational skills, livelihood enhancement projects, women empowerment, promotion of traditional arts, handloom & handicraft sectors by providing necessary support to the artisans, weavers and craftspeople of the region, undertake projects and programmes for development of rural and backward areas through promotion of entrepreneurship and income generating activities.

## 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 business 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



**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**  
[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 2019 ('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 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- 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 thereunder 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 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. mentioned above subject to the following observations:

Mr. J K Sinha, Director, did not attend any Board Meeting during the financial year 2018-19. The Section 167 of the Act provides that if director does not attend any Board Meeting for one year he vacates his office.

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





# FORM NO. MR-3 SECRETARIAL AUDIT REPORT



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.

Place: Guwahati

Date: 14th Aug, 2019

For Narayan Sharma & Associates  
Company Secretaries

Narayan Sharma  
Proprietor  
FCS-5117, CP No. 3844

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.

Place: Guwahati  
Date: 14th Aug, 2019

For Narayan Sharma & Associates  
Company Secretaries



Narayan Sharma  
Proprietor  
FCS-5117, CP No. 3844



# 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
iv	Category/Sub-category of the Company	Limited 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
<b>A. Promoters</b>								
(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	100,000,007.00	100.00	-	100,000,007.00	100,000,007.00	100.00
e) Any other			-					
<b>SUB TOTAL:(A) (1)</b>	-	100,000,007.00	100,000,007.00	100.00	-	100,000,007.00	100,000,007.00	-
(2) Foreign								
a) NRI- Individuals								
b) Other Individuals								
c) Bodies Corp.								
d) Banks/Fl								
e) Any other...								
<b>SUB TOTAL (A) (2)</b>	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	-	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**

Sl 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 DVELOPMENT	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)**

Sl. 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	NAME OF SHARE HOLDER	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
		NIL			

(v) SHAREHOLDING OF DIRECTORS & KMP

Sl. No	For Each of the Directors & KMP	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
	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				



**V INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning 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
Change in Indebtedness during the financial year				
Additions	-	-		-
Reduction	-	288,189,311.00		288,189,311.00
Net Change	-	(288,189,311.00)		(288,189,311.00)
Indebtedness at the end of the financial year				
i) Principal Amount	-	7,000,814,301.00		7,000,814,301.00
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due #	-	-		-
Total (i+ii+iii)	-	7,000,814,301.00		7,000,814,301.00

#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 Shri B.P.Muktieh(CMD)*	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	4,195,200.00	4,195,200.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	5,027,059.00	5,027,059.00
	(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)	9,222,259.00	9,222,259.00
	Ceiling as per the Act**		

\* Including arrears

\*\* 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





## 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	1,035,000.00	1,035,000.00	335,000.00		2,405,000.00
	(b) Commission					-
	(c) Others, (Sitting fees for Promotion Interview)	-	-	-		-
	<b>Total (1)</b>	<b>1,035,000.00</b>	<b>1,035,000.00</b>	<b>335,000.00</b>		<b>2,405,000.00</b>
2	Other Non Executive Directors	Shri K.S. Nagnyal	Shri PVSLN Murthy	Shri K Banerjee	Shri Dinesh Bhagat	
	(a) Fee for attending board committee meetings	65,000.00	20,000.00	180,000.00	230,000.00	265,000.00
	(b) Commission					
	(c) Others, please specify.	-	-	-		-
	<b>Total (2)</b>	<b>65,000.00</b>	<b>20,000.00</b>	<b>180,000.00</b>	<b>230,000.00</b>	<b>265,000.00</b>
	<b>Total (B)=(1+2)</b>	<b>1,100,000.00</b>	<b>1,055,000.00</b>	<b>515,000.00</b>	<b>230,000.00</b>	<b>2,670,000.00</b>
	<b>Total Managerial Remuneration</b>					
	<b>Overall Cieling as per the Act**</b>					

\* The sitting fees have been paid to their respective nominating institutions.

\*\* 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			
		CEO	Company * Secretary	CFO*	Total
1	Gross Salary				
	(a) Salary as per provisions		1,618,499.00	2,597,856.00	4,216,355.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		3,289,208.00	5,569,974.00	8,859,182.00
	(c) Profits in lieu of salary under				-
2	Stock Option				-
3	Sweat Equity				-
4	Commission as % of profit				-
	others, specify				-
5	Others, please specify				-
					-
	<b>Total</b>	<b>-</b>	<b>4,907,707.00</b>	<b>8,167,830.00</b>	<b>13,075,537.00</b>

\* including arrears



**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)
<b>A. COMPANY</b>			<b>NIL</b>		
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>			<b>NIL</b>		
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>			<b>NIL</b>		
Penalty					
Punishment					
Compounding					



# INDEPENDENT AUDITORS' REPORT

TO  
THE MEMBERS OF  
NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED  
GUWAHATI

On the basis of audit queries on Independent Auditors' Report made by Comptroller & Auditor General of India, the revised report has been prepared in lieu of the earlier report dated 29th July, 2019 to comply with the queries issued by the Comptroller & Auditor General of India.

## REVISED REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying standalone IND AS financial statements of NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as the March 31, 2019, and Profit (financial performance including other comprehensive income), the change in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

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

### RESPONSIBILITIES OF MANAGEMENT FOR THE STANDALONE IND AS 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 of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit & loss (financial performance including other comprehensive income), statement of changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard (IND AS) specified under section 133 of the Act read with the relevant rules issued thereunder.

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 Standalone IND AS Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the standalone Ind As financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-I" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us in the "Annexure-II" on the directions issued by Comptroller and Auditor General of India.

3. 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 of the aforesaid Standalone Ind AS Financial Statement.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone Ind As financial statements have been kept by the company 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 and statement of changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the standalone Ind AS Financial Statements.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164 (2) of the Act.



# INDEPENDENT AUDITORS' REPORT



An ISO 9001:2015 Company

- 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 Ind AS financial statements vide Note 30 to the standalone financial statements;
- (ii) The Company does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- (iii) Since to Company does not have to transfer any amount to Investor Education & Protection fund as required under section 125(2) of the Companies Act 2013 (previously section 205C of the Companies Act, 1956), the delay in transferring any amount to the Fund does not arise.

For JHURIA AND COMPANY  
Chartered Accountants

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

(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Place : Guwahati  
Date :27/08/2019



As per Annexure-I referred to in our Independent Auditors' Report to the members of the Company on the standalone Ind AS Financial Statements for the year ended 31 March 2019, 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 31.3.2019 for a period of more than 6 months from the date they become payable.  
  
(b) According to the record of the company and as per the information and explanation given to us, no undisputed amount is payable in respect of dues of Income Tax/ Sales Tax / Custom duty / Service Tax/ Excise duty/ cess and GST were outstanding as at 31.3.2019.  
  
(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.



# ANNEXURE-I

## TO THE INDEPENDENT AUDITORS' REPORT



- (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.
- (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

(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Place : Guwahati  
Date :27/08/2019



(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 2019

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

Sl. No.	Directions	Statutory Auditor's Reply
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any may be stated.	The Company has its IT system in place to process all the accounting transactions through the system.
2	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	No such case appears.
3	Whether funds received/receivable for specific schemes from Central /state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No such case appears.

For JHURIA AND COMPANY  
Chartered Accountants



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Place : Guwahati  
Date :27/08/2019





# ANNEXURE-III

## 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, 2019 in conjunction with our audit of the standalone IND AS 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 standalone IND AS 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, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For JHURIA AND COMPANY  
Chartered Accountants**



**(R.A. JHURIA)**

**Partner**

**M.No. 050192**

**FRN: 311081E**

**Place : Guwahati  
Date :27/08/2019**



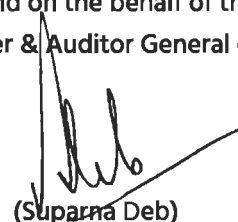
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of financial statements of North Eastern Development Finance Corporation Limited for the year ended 31 March 2019 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) 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 27.08.2019 which supersedes their earlier Audit Report dated 29.7.2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of North Eastern Development Finance Corporation Limited for the year ended 31 March 2019 under Section 143(6) (a) of the Act. 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.

In view of the revision made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) of the Act.

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 : 02/09/2019



Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Property, Plant and Equipment	2	296,320,110	318,182,623	342,816,761
(b) Capital Work-In-Progress (including Intangible Assets under Development)	2	72,000	31,643,213	25,916,874
(c) Intangible Assets	2	30,781,989	-	-
<b>(d) Financial Assets</b>				
(i) Investments	3	290,663,000	125,988,000	125,988,000
(ii) Loans	4	8,051,088,137	8,692,688,920	10,065,445,280
(ii) Other Financial Assets	5	172,023,149	152,023,149	292,023,149
		<b>8,840,948,386</b>	<b>9,320,525,905</b>	<b>10,852,190,064</b>
<b>Current Assets</b>				
<b>(b) Financial Assets</b>				
(i) Investments	6	3,408,608,513	2,803,649,147	1,795,189,103
(ii) Cash And Cash Equivalents	7	2,398,950,450	6,323,835,722	414,195,378
(iii) Other Bank Balance	8	521,144,500	191,050,000	79,417,725
(iv) Loans	9	2,778,158,264	3,074,839,195	2,770,322,427
(v) Other Financial Assets	10	184,256,494	190,449,560	192,133,096
(c) Other Current Assets	11	198,145,342	114,798,951	48,852,511
		<b>9,489,263,563</b>	<b>12,698,622,575</b>	<b>5,300,110,239</b>
<b>Total Assets</b>		<b>18,330,211,949</b>	<b>22,019,148,480</b>	<b>16,152,300,303</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	12	1,000,000,070	1,000,000,070	1,000,000,070
(b) Other Equity	13	7,351,619,396	6,853,356,105	6,376,912,076
		<b>8,351,619,466</b>	<b>7,853,356,175</b>	<b>7,376,912,146</b>
<b>Liabilities</b>				
<b>Non- Current Liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	14	4,168,239,104	4,190,980,374	4,104,874,247
(ii) Other Financial Liabilities	15	2,605,764,420	2,878,825,366	2,957,166,179
(b) Employee Benefit Obligation	16	96,961,143	67,530,933	85,867,690
(c) Other Non-Current Liabilities	17	733,419,103	864,240,785	946,285,874
(d) Deferred Tax Liabilities	18	32,563,060	28,916,144	23,740,377
		<b>7,636,946,830</b>	<b>8,030,493,602</b>	<b>8,117,934,367</b>



# BALANCE SHEET

## AS AT 31ST MARCH, 2019

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Other Financial Liabilities	19	2,320,349,480	6,114,268,497	637,770,112
(b) Employee Benefit Obligation	20	19,624,218	19,358,251	18,011,723
(c) Other Current Liabilities	21	1,671,955	1,671,955	1,671,955
(d) Current Tax Liabilities		-	-	-
		<b>2,341,645,653</b>	<b>6,135,298,703</b>	<b>657,453,790</b>
<b>Total Equity and Liabilities</b>		<b>18,330,211,949</b>	<b>22,019,148,480</b>	<b>16,152,300,303</b>
<b>Significant accounting policies &amp; notes thereon</b>	1-40			

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date


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 : 29th July, 2019

For and on behalf of the Board of Directors

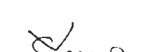


(B.P. Muktieh)  
Chairman and Managing Director  
DIN: 00123561



(S.K. Baruah)  
Chief Financial Officer

Place: Guwahati  
Date: 26th July, 2019



(V.K. Agarwal)  
Company Secretary  
M. No. A39584



# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>INCOME</b>			
Revenue from operations	22	1,002,028,589	1,190,165,144
Other income	23	851,087,084	534,962,672
<b>Total Income (I)</b>		<b>1,853,115,673</b>	<b>1,725,127,817</b>
<b>EXPENSES</b>			
Employee benefit expenses	24	314,662,083	212,479,950
Finance cost	25	270,110,044	265,346,477
Depreciation and amortization expense	2	32,613,576	26,812,913
Other expenses	26	403,423,690	351,869,476
CSR Expenses	27	18,038,941	9,252,415
<b>Total expenses (II)</b>		<b>1,038,848,334</b>	<b>865,761,231</b>
<b>Profit before Tax (I-II)</b>		<b>814,267,339</b>	<b>859,366,586</b>
<b>Tax expense</b>			
Current tax		200,000,000	267,506,147
Deferred Tax		3,646,915	5,175,767
<b>Total tax expense</b>		<b>203,646,915</b>	<b>272,681,914</b>
<b>Profit for the year</b>		<b>610,620,424</b>	<b>586,684,671</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
- Re-measurement gains on defined benefit plans			-
- Deferred Tax on above			
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the period</b>		<b>610,620,424</b>	<b>586,684,671</b>
<b>Earning per equity share of face value of 10 each</b>	28		
Basic (₹)		6.11	5.87
Diluted (₹)		6.11	5.87
<b>Significant accounting policies &amp; notes thereon</b>	1-40		

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

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 : 29th July, 2019

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: 26th July, 2019



(V.K. Agarwal)  
Company Secretary  
M. No. A39584



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019



An ISO 9001:2015 Company

(₹ in '000)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Cash flows from Operating activities</b>		
Net profit before income tax	814,267	859,367
Adjustment for:		
Depreciation charge for the year	32,614	26,813
Loans Provisions & Write offs	285,954	253,597
Fixed Assets written off/Loss on sale	232	25
Profit / Loss on sale of Investments	(301,903)	(178,093)
Dividend received	(365)	-
Provision for Gratuity, Leave Encashment and LTC / LTA	40,913	(10,521)
Operating profit before working capital changes	871,711	951,187
Adjustments for:		
(Increase) / Decrease in Advances	652,328	814,642
(Increase) / Decrease in Other Current Assets & Advances	(77,153)	(64,263)
Increase / (Decrease) in Other liabilities and Provisions	(3,719,206)	5,583,434
Cash Flow from operations	(2,272,320)	7,285,000
Direct Taxes paid (net of refund received)	(315,360)	(362,574)
<b>Net cash flow / (used in) from operating activities</b>	<b>(2,587,680)</b>	<b>6,922,426</b>
<b>Cash flows from Investing activities</b>		
(Increase) / Decrease in Investment in Subsidiaries	(164,675)	-
(Increase)/Decrease in Capital Work in Progress	31,571	(5,726)
Purchase of fixed assets (net of sales)	(42,412)	(2,884)
Dividend Received	365	-
Profit / Loss on sale of Investments	301,903	178,093
<b>Net cash flow / (used in) from Investing activities</b>	<b>126,752</b>	<b>169,484</b>
<b>Cash flows from Financing activities</b>		
Dividend and Dividend Tax paid	(96,286)	(96,286)
Increase / (Decrease) in Borrowings	(22,741)	86,106
Increase / (Decrease) in Capital Reserves / Other Equity Funds	76	236
Increase / (Decrease) in Non-Current	3,571,422	(5,422,322)
<b>Net cash flow / (used in) from financing activities</b>	<b>3,452,470</b>	<b>(5,432,266)</b>
Net increase in cash and cash equivalents from Operating, Investing and Financing Activities	<b>991,542</b>	<b>1,659,644</b>
<b>Cash flows from Nodal Agency and Implementing Agency Activities</b>		
Net Income / (Expenditure) of TEDF	(15,499)	(13,510)
(Increase)/Decrease in Investments	(20,000)	140,000
(Increase)/Decrease in Current Assets	(330,095)	(111,632)
Increase / (Decrease) in Growth Centre, Central Subsidy and other Central Funds	(3,945,874)	5,243,599
<b>Net Increase in cash &amp; cash equivalent from</b>	<b>(4,311,468)</b>	<b>5,258,457</b>



<b>Nodal Agency activity</b>		
<b>Net increase in cash and cash equivalents</b>	<b>(3,319,926)</b>	<b>6,918,100</b>
<b>Cash and cash equivalents at beginning of period</b>		
- Own funds	9,045,591	2,092,242
- Nodal Agency and Implementing Agency funds	81,894	117,143
<b>Cash and cash equivalents at end of period</b>		
- Own funds	5,724,053	9,045,591
- Nodal Agency and Implementing Agency funds	83,506	81,894

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	3,376,517	2,777,602
<u>Cash and bank balances</u>		
Cash in hand	239	55
Balance at Bank		
-With Scheduled Bank		
(i) In Current Account	2,265,205	6,267,934
(ii) In Fixed Deposits	50,000	-
Balance (TEDF)		
(a) With Scheduled Bank		
(i) In Current Account	33,506	5,847
(ii) In Fixed Deposits	50,000	50,000
(b) In units of mutual funds	32,091	26,047
<b>Grand Total</b>	<b>5,807,559</b>	<b>9,127,485</b>

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 : 29th July, 2019

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

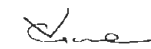


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 26th July, 2019



(V.K. Agarwal)

Company Secretary

M. No. A39584





# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019



An ISO 9001:2015 Company

A. Equity share capital:		No. of Shares	Amount (₹)
Equity shares of Rs. 10 each issued, subscribed and fully paid			
As at April 01, 2017		100,000,007	1,000,000,070
Changes in Equity share capital		-	-
As at March 31, 2018		100,000,007	1,000,000,070
Changes in Equity share capital		-	-
As at March 31, 2019		100,000,007	1,000,000,070

Particulars	Reserve and Surplus							Total Other Equity		
	North East Equity Fund	Statutory Reserve under RBI Act, 1934	Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961	Venture Capital Fund	General Reserve	India Exposition Mart Stalls	Techno Economic Development Fund		CSR Reserve	Retained Earnings
As at April 01, 2017	60,797,457	1,078,672,857	886,417,715	118,445,009	3,758,743,366	17,445,125	421,028,333	2,609,629	32,752,586	6,376,912,076
Profit for the period	236,429	114,426,347	105,410,603	2,517,515	257,482,485	(680,229)	(13,510,443)	-	586,684,671	586,684,671
As at March 31, 2018	61,033,886	1,193,099,204	991,828,318	120,962,524	4,016,225,851	16,764,896	407,517,890	2,609,629	43,313,907	(110,240,643)
As at March 31, 2019	61,033,886	1,193,099,204	991,828,318	120,962,524	4,016,225,851	16,764,896	407,517,890	2,609,629	43,313,907	6,853,356,105

Particulars	Reserve and Surplus							Total Other Equity		
	North East Equity Fund	Statutory Reserve under RBI Act, 1934	Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961	Venture Capital Fund	General Reserve	India Exposition Mart Stalls	Techno Economic Development Fund		CSR Reserve	Retained Earnings
As at April 01, 2018	61,033,886	1,193,099,204	991,828,318	120,962,524	4,016,225,851	16,764,896	407,517,890	2,609,629	43,313,907	6,853,356,105
Profit/ (Loss) for the year	75,696	123,691,914	68,278,724	2,728,880	257,271,120	(647,170)	(15,499,258)	-	610,620,424	610,620,424
As at March 31, 2019	61,185,278	1,440,483,032	1,128,385,766	126,420,284	4,530,768,091	15,470,556	392,018,632	2,609,629	105,677,293	7,351,619,396

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: 26th July, 2019

(V.K. Agarwal)  
Company Secretary  
M. No. A39584

As per our report of even date  
For JHURIA AND COMPANY  
Chartered Accountants

(CA R. A. Jhuria)  
Proprietor  
M. No. 050192  
FRN 311081E

Place : Guwahati  
Date : 29th July, 2019



**Note 1: SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Preparation**

• **Compliance with IND AS**

The financial statements comply in all material aspects with Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under IND AS. Refer Note 39 for an explanation of how the transition from previous GAAP to IND AS has affected the Company's financial position, financial performance and cash flows.

The accounting policies are consistently followed by the Company and changes in accounting policy are separately disclosed.

• **Historical Cost Convention**

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.

• **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

**B. Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**C. Property, Plant & Equipment**

Property, plant and equipment are stated at their cost of acquisition, installation or construction (net of any recoverable amount, wherever applicable) less accumulated depreciation, amortization and impairment losses if any, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to working condition for its intended use.

**Transition to IND AS**

On transition to IND AS, the Company has elected to continue with the carrying value at Gross Block of all of its



# SIGNIFICANT ACCOUNTING POLICIES

property, plant and equipment recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## Capital Work In Progress

Capital work in progress is carried at cost and includes any directly attributable cost incurred during construction period.

## Depreciation

Depreciation on Property, Plant and Equipment 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 identified components are depreciated over their assessed useful life.

## D. Intangible Assets

An intangible asset is recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. The depreciate amount of an intangible asset is allocated over its estimated useful life. Expenditure on purchased software and IT related expenditure are written off over a period of five years.

## Transition to IND AS

On transition to IND AS, the Company has elected to continue with the carrying value at Gross Block of all of intangible assets recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## E. Government Grants:

In terms of Ind AS 20 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.

## F. 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.

## 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. 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.

#### **Derecognition of financial assets**

A financial asset is derecognised only when

The Company has transferred the rights to receive cash flows from the financial asset, or

Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

#### **H. Financial liabilities**

##### **Initial recognition and measurement**

The Company recognises all the financial liabilities on initial recognition at fair value minus, in the case of a financial liability not at fair value through Profit and Loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

##### **Subsequent measurement**

All the financial liabilities are classified as subsequently measured at amortised cost, except for those measured at fair value through profit or loss.

##### **De-recognition of financial liabilities**

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

#### **I. Cash and Cash Equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, demand deposits with banks and other short-term highly liquid investments/deposits with an original maturity of three months or less.



## J. Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## K. 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 are amortised over the period of loan. 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.

## 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. 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 120 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.

**N. 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.

**O. 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.



# SIGNIFICANT ACCOUNTING POLICIES

## **P. Dividends**

Dividends paid (including dividend distribution tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders. The corresponding amount is recognised directly in equity.

## **Q. Earnings per Share**

The company reports basic and diluted earnings per share in accordance with Ind AS 33 – ‘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.

## **R. 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: PROPERTY PLANT AND EQUIPMENT**

Sl. No.	Particulars	Gross Block				Depreciation/ Amortisation				Net Block		
		As on 01.04.2018	Addition during the period	Deduction during the period	As on 31.03.2019	Upto 01.04.2018	During the period	Adjustment during the period	Upto 31.03.2019	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
1	Freehold Land at Dispur	16,969,592	-	-	16,969,592	-	-	-	-	16,969,592	16,969,592	16,969,592
1A	Freehold Land at Khanapara	92,400,000	-	-	92,400,000	-	-	-	-	92,400,000	92,400,000	92,400,000
2	Building *	192,776,520	-	-	192,776,520	61,284,124	6,383,466	67,667,590	-	125,108,930	131,492,396	138,248,108
2A	Office at Agartala	14,367,130	-	-	14,367,130	1,417,328	630,855	2,047,983	-	12,319,147	12,949,802	13,612,743
3	RCC Bridge	1,578,377	-	-	1,578,377	724,368	854,009	1,578,377	-	-	854,009	950,060
4	Air Conditioning System	44,706,006	-	-	44,706,006	30,721,422	2,828,270	33,549,692	-	11,156,314	13,984,584	16,992,951
5	Electrical Installation	26,412,736	-	-	26,412,736	23,149,459	1,054,521	24,183,980	-	2,228,756	3,263,277	4,783,765
6	Fire Alarm System	3,673,341	-	-	3,673,341	2,777,287	174,103	2,951,390	-	721,951	896,054	1,112,143
7	Lift	7,956,378	-	-	7,956,378	6,015,546	377,104	6,392,650	-	1,563,728	1,940,832	2,408,877
8	Machineries	8,294,843	632,750	64,350	8,863,243	6,956,124	215,754	7,117,427	54,451	1,745,816	1,338,719	1,480,006
9	UPS System	1,490,229	-	-	1,490,229	1,415,718	-	1,415,718	-	74,511	74,511	75,511
10	Water Installation System	1,588,014	433,100	-	2,021,114	1,200,642	75,266	1,275,908	-	745,206	387,372	480,789
11	Furniture & Fixtures	12,492,361	896,525	-	13,388,886	10,162,484	537,918	10,700,402	-	2,688,484	2,329,877	2,107,519
12	Interior Furnishings & Fittings	110,684,439	-	-	110,684,439	77,402,841	12,471,427	89,874,268	-	20,810,171	33,281,598	42,689,792
13	Vehicle	1,462,224	-	-	1,462,224	1,376,395	12,718	1,389,113	-	73,111	85,829	139,220
14	Office Equipments	8,776,876	161,360	27,720	8,910,516	7,078,439	774,432	7,833,534	19,337	1,076,982	1,698,437	2,169,413
15	Computers	24,858,886	3,020,726	1,533,194	26,346,418	20,623,152	2,672,951	22,830,078	-	4,316,340	4,235,734	6,196,272
16	Solar Panels	-	3,118,999	-	3,118,999	-	797,931	797,931	-	2,321,068	-	-
	Total - A	570,487,952	8,283,460	1,625,264	577,126,148	252,305,329	29,840,525	280,806,041	280,806,041	296,320,110	318,182,623	342,816,761
	Total Tangible Assets (A+B)	570,487,952	8,283,460	1,625,264	577,126,148	252,305,329	29,840,525	280,806,041	280,806,041	296,320,110	318,182,623	342,816,761

Note: 2B - PROPERTY PLANT AND EQUIPMENT- INTANGIBLE ASSETS

Sl. No.	Particulars	Gross Block				Depreciation/ Amortisation				Net Block		
		As on 01.04.2018	Addition during the period	Deduction during the period	As on 31.03.2019	Upto 01.04.2018	During the period	Adjustment during the period	Upto 31.03.2019	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
1	Computer Software	-	34,202,210	-	34,202,210	-	3,420,221	-	3,420,221	30,781,989	-	-
	Total Intangible Assets	-	34,202,210	-	34,202,210	-	3,420,221	-	3,420,221	30,781,989	-	-
	Previous Year Figures	568,152,622	2,904,530	569,200	570,487,952	225,335,862	27,493,142	252,305,329	252,305,329	318,182,623	342,816,760	-
	Capital Work In Progress	-	-	-	-	-	-	-	-	72,000	31,643,213	25,916,874

12C \* Building includes Rs 199,51,364/- (previous year Rs 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.

12D On transition to IND AS, NEDFI has elected to continue with the carrying value of all of its property, plant & equipment recognised at gross block as at 1st April, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.





# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

### Note 3 : INVESTMENTS

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Investments measured at Cost</b>			
<b>I. Investment in Equity Instruments</b>			
<b>Quoted</b>			
Premier Cryogenics Limited <i>Quoted at Cost ((Fair value Rs 1,87,88,000/- - Not traded - 2018-19) (200000 shares of Rs 10/- each)</i>	2,000,000	2,000,000	2,000,000
<b>Total (A)</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Unquoted</b>			
Gauhati Neurological Research Centre Limited <i>(Unquoted at cost 250,000 shares @ 10/- per share, fair value Rs 1,06,55,000/-)</i>	2,500,000	2,500,000	2,500,000
Konoklota Mahila Urban Co-Op Bank Ltd. <i>(Unquoted at cost 5,000 shares @ 100/- per share, fair value Rs 13,80,250/-)</i>	500,000	500,000	500,000
RGVN (North East) Microfinance Ltd. <i>(Unquoted at cost 3,000,000 Equity Shares @ 10/- per share, fair value Rs 13,04,70,000/-)</i>	30,000,000	30,000,000	30,000,000
Nightingale Finvest Pvt. Ltd. <i>(Unquoted 665,000 Equity Shares of 10/- per share, fair value Rs 90,44,000/-)</i>	5,000,000	5,000,000	5,000,000
YVU Financial Services Pvt. Ltd. <i>(Unquoted 50,000 Equity Shares of 100/- per share, fair value Rs 66,34,500/-)</i>	5,000,000	5,000,000	5,000,000
Grameen Development & Finance Pvt. Ltd. <i>(Unquoted 500,000 Equity Shares of 10/- per share, fair value Rs 65,45,000/-)</i>	5,000,000	5,000,000	5,000,000
NEDFi Venture Capital Ltd. (Subsidiary Company) <i>(Unquoted 49,400 Equity Shares of 10/- per share, fair value Rs 145,83,289/-)</i>	494,000	494,000	494,000
NEDFi Trustee Ltd. (Subsidiary Company) <i>(Unquoted 49,400 Equity Shares of 10/- per share, fair value Rs 9,64,066/-)</i>	494,000	494,000	494,000
<b>Total (B)</b>	<b>48,988,000</b>	<b>48,988,000</b>	<b>48,988,000</b>
<b>C. Investment in Preference Shares</b>			
Ajagar Finance Private Limited <i>(500000 optionally convertible preference shares of Rs.10/- each)</i>	5,000,000	-	-
Grameen Development & Finance Pvt. Ltd. <i>(2000000 optionally convertible preference shares of Rs.10/- each)</i>	20,000,000	-	-
Nightingale Finvest Pvt. Ltd. <i>(2000000 optionally convertible preference shares of Rs.10/- each)</i>	20,000,000	-	-
<b>Total (C)</b>	<b>45,000,000</b>	<b>-</b>	<b>-</b>
<b>Total (i) = A + B + C</b>	<b>95,988,000</b>	<b>50,988,000</b>	<b>50,988,000</b>
<b>ii. Other Non Current Investment</b>			
<b>Investment in North East Venture Fund</b> <i>(1947 units, Value as on 31.03.2019 Rs 16,20,16,504/-)</i>	194,675,000	75,000,000	75,000,000
<b>Total (ii)</b>	<b>194,675,000</b>	<b>75,000,000</b>	<b>75,000,000</b>
	<b>290,663,000</b>	<b>125,988,000</b>	<b>125,988,000</b>

	Amount (₹)	Market Value (₹)	Amount (₹)	Market Value (₹)
Aggregate amount of quoted investments and market value thereof	2,000,000	18,788,000	2,000,000	27,618,000
Aggregate amount of unquoted investments	288,663,000	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.

**Note 4: LOANS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Loans to Staff</b>			
Secured (Considered good)	85,381,718	77,166,034	84,649,984
<b>Trade Loans &amp; Advances</b>			
<b>Term Loans</b>			
Secured (considered good)	5,126,125,573	5,585,110,464	6,277,678,741
Unsecured (Considered good)	1,300,659,137	1,105,585,000	1,164,894,660
Doubtful	1,536,405,417	1,920,476,484	2,534,688,546
<b>Soft Loan under NEEDS</b>			
Secured (considered good)	521,936	2,283,223	1,167,664
Unsecured (Considered good)	-	-	-
Doubtful	1,994,356	2,067,715	2,365,685
	<b>8,051,088,137</b>	<b>8,692,688,920</b>	<b>10,065,445,280</b>

**NOTE 4.1: LOAN PORTFOLIO CLASSIFICATION AND PROVISIONING\***

Category	2018-19		2017-18	
	Loan Outstanding	Provisioning	Loan Outstanding	Provisioning
	₹	₹	₹	₹
Standard	8,689,845,262	47,979,095	9,447,252,560	76,194,111
Sub Standard	481,148,575	72,961,238	382,784,719	58,048,430
Doubtful	1,536,732,039	572,161,792	1,905,841,734	686,526,236
Loss	17,263,674	17,263,674	20,343,008	20,343,008
<b>Total</b>	<b>10,724,989,550</b>	<b>710,365,799</b>	<b>11,756,222,021</b>	<b>841,111,785</b>

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

**Note 5: OTHER FINANCIAL ASSETS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Security deposits</b>			
Unsecured (Considered good)	2,023,149	2,023,149	2,023,149
In Fixed Deposits with maturity more than 12 months (TEDF)	170,000,000	150,000,000	290,000,000
	<b>172,023,149</b>	<b>152,023,149</b>	<b>292,023,149</b>



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

### Note 6: CURRENT INVESTMENTS

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Investment in Mutual Funds</b>			
HDFC Mutual Fund - Short Term Opportunities Fund (4,67,187.841 units, Value as on 31.03.2019 Rs 97,31,896/-)	9,000,000	9,000,000	9,000,000
LIC Mutual Fund - Savings Plus Fund (67,38,771.522 units, Value as on 31.03.2019 Rs 20,12,45,999/-)	200,000,000	290,000,000	170,000,000
UTI Mutual Fund - Floating Rate Fund (1,16,911.652 units, Value as on 31.03.2018 Rs 34,03,29,141/-)	-	340,000,000	390,000,000
Principal Mutual Fund - Low Duration Fund (41627.781 units, Value as on 31.03.2017 Rs 11,06,00,081/-)	-	-	110,000,000
SBI Mutual Fund - Premier Liquid Fund (133436.718 units, Value as on 31.03.2017 Rs 34,05,72,870/-)	-	-	340,000,000
HDFC Ultra Short Term Fund (23,972,878.694 units, Value as on 31.03.2019 Rs 25,11,01,521/-)	250,288,840	-	-
Reliance Ultra Short Duration Fund (167,626.157 units, Value as on 31.03.2019 Rs 51,22,97,200/-)	510,000,000	-	-
SBI SDFS C-45 92 Days (8,000,000 units, Value as on 31.03.2019 Rs 8,05,38,400/-)	80,000,000	-	-
SBI SDFS C-15 91 Days (11,945,274.147 units, Value as on 31.03.2019 Rs 12,76,46,005/-)	126,774,000	-	-
UTI Ultra Short Term Fund (204,551.887 units, Value as on 31.03.2019 Rs 64,20,22,467/-)	640,000,000	-	-
UTI Fixed Income Interval Fund (4,793,595.756 units, Value as on 31.03.2019 Rs 12,07,76,563/-)	120,000,000	-	-
UTI Ultra Short Term Fund (TEDF) (9,625.059 units, Value as on 31.03.2019 Rs 3,02,09,959/-)	30,000,000	-	-
SBI Mutual Fund- Overnight Direct Growth Fund ( 48840.601 units, Value as on 31.03.2018 Rs 14,20,82,075/-)	-	141,311,160	-
SBI Mutual Fund- Savings Fund Direct Growth Plan ( 9014693.951 units, Value as on 31.03.2018 Rs 25,05,58,911/-)	-	250,000,000	-
SBI Liquid Fund (160,754.740 units, Value as on 31.03.2019 Rs 47,07,81,509/-)	470,000,000	-	-
Reliance Mutual Fund - Liquid Fund (98588.047 units, Value as on 31.03.2017 Rs 39,11,34,047/-)	-	-	390,000,000



Reliance Mutual Fund- Direct Growth Plan Fund (20049717.944 units, Value as on 31.03.2018 Rs 48,12,51,375/-)	-	475,956,244	-
Canara Robeco Mutual Fund - Savings Plus Fund (5858852.91 units, Value as on 31.03.2018 Rs 16,06,49,747/-)	-	160,000,000	100,000,000
UTI Mutual Fund - Fixed Term Income Plan (TEDF) (2,604,454.200 units, Value as on 31.03.2019 Rs 2,72,16,546/-)	26,044,543	20,000,000	20,000,000
HDFC Mutual Fund - Fixed Maturity Plan (43133482.257 units, Value as on 31.03.2018 Rs 43,44,92,199/-)	-	431,334,820	260,142,179
UTI Mutual Fund - Money Market Mutual Fund (TEDF) (4,087.728 units, Value as on 31.03.2019 Rs 86,35,545/-)	6,046,923	6,046,923	6,046,924
Aditya Birls Sun Life Low Duration Fund-Growth Direct Plan (425,900.092 units, Value as on 31.03.2019 Rs 20,15,27,406/-)	200,000,000	170,000,000	-
ICICI Prudential Mutual Fund- Corporate Bond Fund (12,706,393.173 units, Value as on 31.03.2019 Rs 25,15,29,406/-)	250,293,074	170,000,000	-
DSP Blackrock Low Duration Fund (8,114,599.788 units, Value as on 31.03.2019 Rs 30,20,79,772/-)	300,000,000	200,000,000	-
Kotak Mutual Fund -Savings Fund (6,252,277.123 units, Value as on 31.03.2019 Rs 19,10,23,322/-)	190,161,133	140,000,000	-
	<b>3,408,608,513</b>	<b>2,803,649,147</b>	<b>1,795,189,103</b>

	As at 31 March, 2019		As at 31 March, 2018	
	Amount (₹)	Market Value (₹)	Amount (₹)	Market Value (₹)
Aggregate amount of quoted investments and market value thereof	3,408,608,513	3,428,363,516	2,803,649,147	2,825,264,840
Aggregate amount of unquoted investments	-	NA	-	NA
Aggregate provision for diminution in value of investments	-	-	-	-

**Note 7: CASH AND CASH EQUIVALENTS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Cash in hand	239,119	55,429	180,266
Balance at Banks			
<i>With Scheduled Banks</i>			
- In Current Accounts	2,265,204,930	6,267,933,601	295,134,123
- In Fixed Deposits	50,000,000	-	1,738,145
	<b>2,315,204,930</b>	<b>6,267,933,601</b>	<b>296,872,268</b>
Balance at Banks (TEDF)			
<i>With Scheduled Banks</i>			
- In Current Accounts	33,506,401	5,846,692	82,079,128
- In Fixed Deposits	50,000,000	50,000,000	35,063,716
	<b>83,506,401</b>	<b>55,846,692</b>	<b>117,142,844</b>
	<b>2,398,950,450</b>	<b>6,323,835,722</b>	<b>414,195,378</b>



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

### Note 8: OTHER BANK BALANCES

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
In Fixed Deposits pledged as Bank Guarantee against borrowing from NSTFDC	-	-	23,367,725
In Fixed Deposits pledged as Bank Guarantee against Consultancy assignments	6,144,500	6,050,000	6,050,000
In Fixed Deposits with maturity more than 3 months	380,000,000	-	-
In Fixed Deposits with maturity more than 3 months (TEDF)	135,000,000	185,000,000	50,000,000
	<b>521,144,500</b>	<b>191,050,000</b>	<b>79,417,725</b>

Particulars of Balances of Bank			
i. Earmarked Balances	-	-	-
ii. Margin money or security against the borrowings, guarantees, other commitments in the form of Fixed Deposit:			
- FD with Less than 3 month maturity (Included in Note: 8)	380,000,000	50,000,000	36,801,861
- FD with Less than 12 month maturity and more than 12 month (Included in Note: 8)	135,000,000	185,000,000	50,000,000
- FD with More than 12 month maturity (Included in Note: 5 and Note: 8)	176,144,500	156,050,000	319,417,725
	<b>691,144,500</b>	<b>391,050,000</b>	<b>406,219,586</b>

### Note 9: LOANS (unsecured, considered good unless otherwise stated)

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Loan to Staff</b>			
Secured (Considered Good)	18,875,133	15,600,519	13,598,470
<b>Term Loans &amp; Advances</b>			
Secured (Considered Good)	2,260,544,260	2,670,745,699	2,242,478,198
Unsecured (Considered Good)	-	-	-
Doubtful	498,738,871	388,492,977	514,245,759
	<b>2,778,158,264</b>	<b>3,074,839,195</b>	<b>2,770,322,427</b>

### Note 10: OTHER FINANCIAL ASSETS

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Interest Receivable</b>			
Interest Receivable on Loans & Advances	64,756,870	81,476,158	100,532,763
Interest Receivable on Fixed Deposits	21,910,255	1,782,885	1,959,432
Interest Receivable on Fixed Deposits (TEDF)	26,639,228	43,132,603	29,391,916
Interest Receivable on Staff Housing Loan	22,545,529	19,770,377	17,095,624
Advances to Others	760,488	774,823	839,843
Advances to Staff	524,567	1,545,698	1,968,172
Consultancy Charges Receivable	34,544,426	33,799,610	32,920,026
Earnest Money Deposit	2,890,902	3,733,902	4,731,902
Rent and Other Maintenance Charges Receivable	9,684,230	4,433,504	2,693,418
	<b>184,256,494</b>	<b>190,449,560</b>	<b>192,133,096</b>



**Note 11: OTHER CURRENT ASSETS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Balances with Revenue Authorities</b>			
Advance Payment of Income tax & TDS	315,359,916	362,574,250	317,047,386
Less: Provision for Income Tax	200,000,000	267,506,147	287,836,550
	115,359,916	95,068,103	29,210,836
Income Tax Refundable	82,533,997	19,641,675	19,641,675
GST Input Tax Credit	157,217	89,173	-
TDS on GST	94,212	-	-
	<b>198,145,342</b>	<b>114,798,951</b>	<b>48,852,511</b>

**Note 12: SHARE CAPITAL**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>AUTHORISED</b>			
50,00,00,000 Equity Shares of	5,000,000,000	5,000,000,000	5,000,000,000
(Mar 31, 2018: 50,00,00,000 Equity Shares of ₹ 10/- each, Apr 1, 2017: 50,00,00,000 Equity Shares of ₹ 10/- each)			
	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>ISSUED &amp; SUBSCRIBED</b>			
10,00,00,007 Equity Shares of	1,000,000,070	1,000,000,070	1,000,000,070
(Mar 31, 2018: 10,00,00,007 Equity Shares of ₹ 10/- each, Apr 1, 2017: 10,00,00,007 Equity Shares of ₹ 10/- each)			
	<b>1,000,000,070</b>	<b>1,000,000,070</b>	<b>1,000,000,070</b>
<b>PAID UP</b>			
10,00,00,007 Equity Shares of	1,000,000,070	1,000,000,070	1,000,000,070
(Mar 31, 2018: 10,00,00,007 Equity Shares of ₹10/- each, Apr 1, 2017: 10,00,00,007 Equity Shares of ₹ 10/- each)			
	<b>1,000,000,070</b>	<b>1,000,000,070</b>	<b>1,000,000,070</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.**

Equity Shares	No. of Shares	No. of Shares	No. of Shares
At the beginning of the year (No. of Shares)	100,000,007	100,000,007	100,000,007
Issued during the year	-	-	-
<b>Outstanding at the end of the year</b>	<b>100,000,007</b>	<b>100,000,007</b>	<b>100,000,007</b>

**b) Terms/Rights attached to Equity Shares**

i) The company has only one class of Equity Shares having par value of ₹ 10 per share. Each holder of Equity Shares is entitled to vote one per share.

ii) In the event of liquidation of the company, the holders of the Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

iii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

### c) The detail of shareholder's holding more than 5% of Shares

Name of the shareholders	No. of Shares % of holding	No. of Shares % of holding	No. of Shares % of holding
i. IDBI Bank Limited	25,000,002 25%	25,000,002 25%	25,000,002 25%
ii. Life Insurance Corporation of India	15,000,001 15%	15,000,001 15%	15,000,001 15%
iii. State Bank of India	15,000,001 15%	15,000,001 15%	15,000,001 15%
iv. Industrial Finance Corporation of India	10,000,001 10%	10,000,001 10%	10,000,001 10%
v. ICICI Ltd.	10,000,001 10%	10,000,001 10%	10,000,001 10%
vi. Small Industries Development Bank of India	10,000,000 10%	10,000,001 10%	10,000,001 10%
vii. Administrator of Specified Undertaking of Unit Trust of India	10,000,001 10%	10,000,001 10%	10,000,001 10%

**Notes 12.1:** As per records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial owner.

### Note 13: OTHER EQUITY

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>I. Other Reserves</b>			
<b>(a) North East Equity Fund</b>			
Fund Balance	79,870,500	79,870,500	60,797,457
Less: Bad Loans written off	(16,766,565)	(16,766,565)	-
Less: Provision against Soft Loans under NEEDS	(1,994,353)	(2,070,049)	-
	<b>61,109,582</b>	<b>61,033,886</b>	<b>60,797,457</b>
<b>(b) Statutory Reserve under RBI Act, 1934</b>			
Opening Balance	1,193,099,204	1,078,672,857	1,078,672,857
Add: Transferred from P/L Account	123,691,914	114,426,347	-
	<b>1,316,791,118</b>	<b>1,193,099,204</b>	<b>1,078,672,857</b>
<b>(c) Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961</b>			
Opening Balance	991,828,318	886,417,715	886,417,715
Add: Transferred from P/L Account	68,278,724	105,410,603	-
	<b>1,060,107,042</b>	<b>991,828,318</b>	<b>886,417,715</b>
<b>(d) Venture Capital Fund:</b>			
Fund Balance	120,962,524	118,445,009	118,445,009
Add: Transferred from General Reserve	2,728,880	2,517,515	-
	<b>123,691,404</b>	<b>120,962,524</b>	<b>118,445,009</b>



<b>(e) General Reserve</b>			
Opening balance	4,016,225,851	3,758,743,366	3,758,743,366
Add: Transferred from surplus in Statement of Profit and Loss	260,000,000	260,000,000	-
Less: Utilised / transferred during the year for:			
Others : Transferred to Venture Capital Fund	(2,728,880)	(2,517,515)	-
	<b>4,273,496,971</b>	<b>4,016,225,851</b>	<b>3,758,743,366</b>
<b>(f) India Exposition Mart Stalls</b>			
Opening balance	16,764,896	17,445,125	17,445,125
Add: Additions / transfers during the year			-
Less: Utilisations / transfers during the year	(647,170)	(680,229)	
	<b>16,117,726</b>	<b>16,764,896</b>	<b>17,445,125</b>
<b>(g) Techno Economic Development Fund</b>			
Opening balance	407,517,890	421,028,333	421,028,333
Add: Additions / transfers during the year	38,160,217	32,536,625	-
Less: Utilisations / transfers during the year	(53,659,475)	(46,047,068)	
	<b>392,018,632</b>	<b>407,517,890</b>	<b>421,028,333</b>
<b>(h) CSR Reserve **</b>			
Opening balance	2,609,629	2,609,629	2,609,629
Add: Additions / transfers during the year			-
Less: Utilisations / transfers during the year			
	<b>2,609,629</b>	<b>2,609,629</b>	<b>2,609,629</b>
<b>Retained Earnings</b>			
Balance as per last Balance Sheet	43,313,907	32,752,586	32,752,586
Profit for the Period	610,620,424	586,684,671	-
<i>Other comprehensive income</i>			
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-
<b>Less: Appropriations</b>			
Transferred to General Reserve	(260,000,000)	(260,000,000)	
Dividend Paid	(80,000,000)	(80,000,000)	-
Tax on Dividend	(16,286,400)	(16,286,400)	-
Transferred to Statutory Reserve under RBI Act, 1934	(123,691,914)	(114,426,347)	
Transferred to Special Reserve	(68,278,724)	(105,410,603)	
	<b>105,677,293</b>	<b>43,313,907</b>	<b>32,752,586</b>
<b>TOTAL OTHER EQUITY</b>	<b>7,351,619,396</b>	<b>6,853,356,105</b>	<b>6,376,912,076</b>

### Note 13.1: Nature and purpose of reserves

\* 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.

Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.





# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

### Note 14: BORROWINGS

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Term Loan (Unsecured) from Others</b>			
Interest free loan from Government of India *	3,945,767,513	3,930,687,763	3,722,160,461
Interest free loan from Government for Venture	204,614,455	192,578,310	181,250,174
Loan from National Scheduled Castes Finance & Development Corporation (NSCFDC)*** (3rd Loan)	-	2,000,000	8,560,000
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (3rd Loan)	-	-	2,571,214
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (4th Loan)	-	1,428,553	37,857,396
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (5th Loan)	-	23,571,451	52,142,871
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (6th Loan)	17,857,137	40,714,297	63,571,433
Loan From Small Industries Development Bank of India (SIDBI)	-	-	36,760,698
	<b>4,168,239,104</b>	<b>4,190,980,374</b>	<b>4,104,874,247</b>

### Notes

\* The Corporation has been availing Interest Free Unsecured Loans from Govt of India and the same has to be repaid after 15 years from the date of receipt of instalment

\*\* Loan from NBCFDC was Rs 63 Crore taken on various occasions, out of which Rs 56.43 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 Rs 4.98 Crore taken on various occasions, out of which Rs 4.78 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. (ii) All the above Term Loans and Corporate loan for working capital are Secured by way of first pari passu charge by equitable mortgage of land and building and hypothecation of Plant & Machinery and other movable assets both present & future of the company and second charge on the current assets of the company.

\*\*\*\* There is no default in repayment of any of the aforesaid loan and interest thereof.

\*\*\*\*\* The interest rate considered for discounting of Interest free Government loan repayable at maturity is that of 6.25% Government Bonds.

### Note 15: OTHER FINANCIAL LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Upfront Fees Received in Advance	68,046,388	68,991,439	73,476,814
Notional Interest	2,537,718,033	2,809,833,927	2,883,689,365
	<b>2,605,764,420</b>	<b>2,878,825,366</b>	<b>2,957,166,179</b>



**Note 16: EMPLOYEE BENEFIT OBLIGATION**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Provisions for employee benefits</b>			
- Gratuity	19,552,330	5,093,741	9,120,446
- Leave Encashment	77,408,813	62,437,192	76,747,244
	<b>96,961,143</b>	<b>67,530,933</b>	<b>85,867,690</b>

**Note 17: OTHER NON CURRENT LIABILITIES**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Provision for Standard Assets	47,974,096	76,194,111	82,279,521
Floating Provision against Advances	20,000,000	20,000,000	20,000,000
Provision Against Sub Standard Assets	72,960,350	58,048,430	181,651,477
Provision Against Doubtful Assets	572,127,792	686,526,236	652,227,106
Provision Against Loss Assets	17,227,865	20,343,008	6,998,770
Provision for Diminution in Fair Value of Restructured Advance	3,129,000	3,129,000	3,129,000
	<b>733,419,103</b>	<b>864,240,785</b>	<b>946,285,874</b>

**Note 18: DEFERRED TAX LIABILITIES**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Deferred Tax Asset</b>			
Relating to Provisions	277,812,529	321,207,220	281,191,293
	277,812,529	321,207,220	281,191,293
<b>Deferred Tax Liability</b>			
Relating to Fixed Assets	1,672,418	6,871,420	(1,839,772)
Relating to Special Reserve	308,703,171	343,251,944	306,771,442
	310,375,589	350,123,364	304,931,670
	<b>32,563,060</b>	<b>28,916,144</b>	<b>23,740,377</b>

**Note 19: OTHER FINANCIAL LIABILITIES**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Current Maturities of Long Term Debts	280,445,399	279,130,487	376,977,611
Sundry Creditors for Expenses	38,909,172	84,498,794	67,830,811
Sundry Creditors for Capital Expenditures	1,057,360	969,200	1,288,676
Interest Accrued but not due on loans	-	324,300	1,266,541
Notional Interest	14,411,765	9,058,824	9,058,824
Undisbursed Central Subsidies	1,349,184,750	5,295,059,081	51,459,725
Security Deposit	9,379,920	8,714,329	8,874,320



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019



An ISO 9001:2015 Company

Other Liabilities	599,519,176	413,336,597	82,022,467
Upfront Fees Received in Advance	27,441,938	23,176,885	21,360,672
Sundry Expenses Payable	-	-	17,630,464
	<b>2,320,349,480</b>	<b>6,114,268,497</b>	<b>637,770,112</b>

### Note 20: EMPLOYEE BENEFIT OBLIGATION

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Provisions for employee benefits</b>			
-Leave Encashment	7,695,147	11,551,706	10,524,873
-Gratuity	2,598,637	4,806,545	4,486,850
-Leave Travel Concession / Allowance	9,330,434	3,000,000	3,000,000
	<b>19,624,218</b>	<b>19,358,251</b>	<b>18,011,723</b>

### Note 21: OTHER CURRENT LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
NE Trade Expo	43,768	43,768	43,768
MEFC R&D Training Fund	1,628,187	1,628,187	1,628,187
	<b>1,671,955</b>	<b>1,671,955</b>	<b>1,671,955</b>

### Note 22: REVENUE FROM OPERATIONS

	As at the end of 31st March, 2019	As at the end of 31st March, 2018
<b>Interest</b>		
Interest on loans	923,441,042	1,133,470,004
Interest on Fixed Deposits and Bonds	27,505,728	5,848,651
	<b>950,946,770</b>	<b>1,139,318,655</b>
<b>Other Financial Charges</b>		
Consultancy Fees	22,720,064	25,736,384
Upfront Fees	23,977,163	21,787,377
Prepayment Charges	4,384,592	3,322,728
	<b>1,002,028,589</b>	<b>1,190,165,144</b>

Upfront fees is accounted for and amortised over the period of loan given. Due to conversion of accounts into Ind AS, upfront fees earlier credited to income on cash basis is recalculated on the basis of loans sanctioned and disbursed during the year.



**Note 23: OTHER INCOME**

	<b>As at the end of 31st March, 2019</b>	<b>As at the end of 31st March, 2018</b>
Net gain from sale of Investments (other than trade investments)	301,903,404	178,093,461
Dividend	365,000	-
<b>Other Non Operating Income</b>		
Miscellaneous Receipts	11,447,199	6,994,291
Profit on sale / disposal of assets (net)	(232,157)	(24,524)
Rental Income	28,784,116	27,087,734
Maintenance Charges	12,000,248	11,245,244
Hall Charges	3,793,710	3,986,490
Bad Loans & Advances Recovered	226,262,611	54,557,988
Deferred Interest	266,762,953	253,021,988
	<b>851,087,084</b>	<b>534,962,672</b>

**Note 24: EMPLOYEE BENEFIT EXPENSES**

	<b>As at the end of 31st March, 2019</b>	<b>As at the end of 31st March, 2018</b>
Salaries (Director)	5,041,618	3,464,800
Salaries (Others)	207,672,503	181,345,210
Employer's Provident Fund	22,753,036	11,696,538
Medical Reimbursement	6,269,920	4,879,439
Recruitment / Relocation Expenses	2,428,843	1,208,091
Leave Travel Concession / Allowance	19,590,654	8,942,694
House Rent	(921,034)	2,430,704
Leave Encashment	21,298,577	(8,311,688)
Gratuity	19,614,284	(2,208,955)
Staff Welfare	10,913,682	9,033,117
	<b>314,662,083</b>	<b>212,479,950</b>

**Note 24.1:** The following table sets out the status of the defined benefit Gratuity and Leave Encashment Plan as per AS - 15:

Particulars	Gratuity		Leave Encashment	
	Current Year (₹)	Previous Year (₹)	Current Year (₹)	Previous Year (₹)
<b>i. Change in the present value of the defined benefit obligation</b>				
Opening benefit obligation	36,020,868.00	37,218,485.00	73,988,898.00	87,272,117.00
Current Interest Cost	2,773,607.00	2,754,168.00	5,697,145.00	6,458,137.00
Past Service Cost	17,347,113.00	-	-	-
Current Service Cost	2,703,435.00	3,528,175.00	5,666,841.00	5,070,833.00
Benefit Paid	-	(1,000,000.00)	(8,311,688.00)	(1,155,637.00)
Actuarial (Gain) / Loss	(4,208,900.00)	(6,479,960.00)	8,062,764.00	(23,656,552.00)
Closing benefit obligation	54,636,123.00	36,020,868.00	85,103,960.00	73,988,898.00



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019



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<b>ii. Change in Plan Assets</b>				
Opening Fair Value of Plan Assets	26,120,583	23,611,190	-	-
Expected Return on Plan Assets	2,089,647	1,938,479	-	-
Contribution	4,405,146	575,788	8,311,688	-
Benefit paid	-	-	(8,311,688)	-
Actuarial Gain / (Loss)	(130,220)	(4,874)	-	-
Closing Fair Value of Plan Assets	32,485,156	26,120,583	-	-

<b>iii. Reconciliation of present value of obligation and fair value of plan assets</b>				
Closing present value of obligation	54,636,123	36,020,868	85,103,960	73,988,898
Closing fair value of plan assets	32,485,156	26,120,583		
Deficit / (surplus)	(22,150,967)	(9,900,285)	(85,103,960)	(73,988,898)
Net Liability / (Asset)	22,150,967	9,900,285	85,103,960	73,988,898
Net Liability recognised in Balance Sheet	22,150,967	9,900,285	85,103,960	73,988,898

<b>iv. Net Cost recognized in Profit &amp; Loss Account</b>				
Current Service cost	2,703,435	3,528,175	5,666,841	5,070,833
Past Service cost	17,347,113	-	-	-
Interest Cost	2,773,607	2,754,168	5,697,145	6,458,137
Expected return on plan assets	(2,089,647)	(1,938,479)	-	-
Net Actuarial (Gain) / Loss recognized	(4,078,680)	(6,475,086)	8,062,764	(23,656,552)
Expenses recognized in Profit & Loss Account	16,655,828	(2,131,222)	19,426,750	(12,127,582)

<b>v. Reconciliation of opening and closing net liability recognized in Balance Sheet</b>				
Opening Net Liability	9,900,285	13,607,295	73,988,898	87,272,117
Expenses recognized in Profit & Loss Account	16,655,828	(2,131,222)	19,426,750	(12,127,582)
Benefit paid by Corporation	-	(1,000,000)	(8,311,688)	(1,155,637)
Contribution paid	(4,405,146)	(575,788)	-	-
Closing Net Liability	22,150,967	9,900,285	85,103,960	73,988,898

<b>vi. Investments under Plan Assets of Gratuity and Leave Encashment as on 31st March, 2018 are as under:</b>		
Category of Plan Assets	Gratuity	Leave Encashment
	% of Plan Assets	% of Plan Assets
Funds managed by LIC	100%	-



<b>vii. Principal Actuarial Assumptions</b>				
Particulars	Gratuity		Leave Encashment	
	Current Year (₹)	Previous Year (₹)	Current Year (₹)	Previous Year (₹)
Discount Rate	7.77%	7.70%	7.77%	7.70%
Rate of increase in compensation levels	5.00%	10.00%	5.00%	10.00%
Rate of return on Plan Assets	8.00%	7.50%	-	-

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 @ 10% p.a. However, on review the actuary observed that the average increase comes out @ 5% approx. Hence, the calculation for actuarial valuation has been done considering increase in compensation levels @ 5% 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 Rs 227.53 Lac (Previous Year Rs 116.96 Lac) has been charged to Profit & Loss Account including arrears.

**Note 25: FINANCIAL COSTS**

	As at the end of 31st March, 2019	As at the end of 31st March, 2018
Interest on Loan		
- NBCFDC	1,194,924	2,302,426
- NSCFDC	60,082	140,082
- NSTFDC	-	37,534
- SIDBI	2,092,085	9,844,447
Notional Interest on Government Loan	266,762,953	253,021,988
	<b>270,110,044</b>	<b>265,346,477</b>

**Note 26: OTHER EXPENSES**

	As at the end of 31st March, 2019	As at the end of 31st March, 2018
<b>A. Administrative &amp; Other Expenses</b>		
Advertisement Expenses	279,912	350,701
Audit Expenses	729,008	1,207,387
Bank charges	55,380	150,760
BOD Meeting Expenses	4,582,404	2,969,292
Books & Periodicals	305,060	310,913
Business Facilitation Centre Expenses	1,764,060	1,663,156
Business Promotion	1,799,680	2,358,926



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

Car hire Expenses	6,227,006	2,946,795
Consultancy Expenses	14,444,507	9,102,126
Conveyance	378,579	352,093
Electricity Charges & Electrical Expenses	5,062,642	6,511,322
Honararium	34,000	163,240
India Exposition Mart Expenses	627,895	518,585
Insurance charges	925,873	978,794
Krishi Kalyan Cess	-	31,186
Legal & Professional Fees and Expenses	11,252,187	8,172,788
Licence & Registration Fees	1,346,132	1,281,337
Misc Expenses	145,648	88,062
Mission Organic	258,863	-
Printing & Stationery	2,372,675	2,574,222
Rent	4,415,382	3,901,376
Repairs & Maintenance (Machine)	4,930,252	4,341,621
Repairs & Maintenance (Security Service Charges & Others)	25,268,716	21,518,296
Research & Developmental Expenses (net)	10,887,686	9,862,117
Seminar & Conference Expenses	894,962	1,301,003
Software Maintenance Expenses	2,690,549	457,212
Service Tax/GST Expenses	5,432,110	4,937,004
Swachh Bharat Cess	-	31,186
Telephone Charges & Postage	2,738,862	3,132,732
Training Expenses	1,275,079	1,452,307
Travelling Expenses (Director)	192,335	536,136
Travelling Expenses (Others)	5,591,451	4,616,048
Internal Audit Fees	292,953	237,500
<u>Auditors' Remuneration:</u>		
Tax Audit Fees	48,000	36,000
Statutory Audit Fees	220,000	180,000
<b>(A)</b>	<b>117,469,848</b>	<b>98,272,222</b>
<b>B. Provisions and Write Off</b>	<b>285,953,842</b>	<b>253,597,254</b>
<b>(B)</b>	<b>285,953,842</b>	<b>253,597,254</b>
<b>(A+B)</b>	<b>403,423,690</b>	<b>351,869,476</b>

### NOTE 26.1: Provisions and Write Offs

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
<b>Provisions</b>		
Provision on Standard / Non Performing Assets	(130,745,986)	(81,808,659)
Provision on Diminution in Fair Value of Restructured Advance	-	-
<b>Write Offs</b>		
Bad Loans & Advances	416,699,828	335,405,913
<b>Total</b>	<b>285,953,842</b>	<b>253,597,254</b>



**Note 27: CSR EXPENSES**

	<b>As at the end of 31st March, 2019</b>	<b>As at the end of 31st March, 2018</b>
Skill & Market Development Expenses	18,038,941	9,252,415
	<b>18,038,941</b>	<b>9,252,415</b>

**Note: 27.1**

a. Gross amount required to be spent: Rs 18,000,000/- . 2% of the average profit of last three financial years i.e. 2% of Rs 83,38,54,205/- = Rs 1,66,77,084/- . The Corporation has spent Rs 1,80,38,941/- on CSR.

b. Amount Spent during the year on

	<b>In Cash</b>	<b>Yet to be paid in Cash</b>	<b>Total</b>
i. Construction / acquisition of any asset	-	-	-
ii. On purposes other than i. above	18,038,941	-	18,038,941

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 28: EARNINGS PER SHARE**

	<b>As at the end of 31st March, 2019</b>	<b>As at the end of 31st March, 2018</b>
The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the year ended 31st March 2018.		
<b>Particulars</b>		
(a) Profit/(Loss) Attributable to Equity Shareholders (₹ in Lacs)	610,620,424	586,684,671
(b) The weighted average number of Equity Share of Basic EPS	10,00,00,007	10,00,00,007
(c) The weighted average number of Equity Share of Diluted EPS	10,00,00,007	10,00,00,007
(d) Nominal value per Ordinary Share (₹)	10.00	10.00
(e) Earnings Per Share - Basic (₹)	6.11	5.87
(f) Earnings Per Share - Diluted (₹)	6.11	5.87





# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## Note 29: RELATED PARTY DISCLOSURES

As per IND AS – 24, the disclosures of transactions with the related parties are given below:

### A. List of Related Parties are as under:

Key Management Personnel	Mr. B.P. Muktieh – Chairman & Managing Director
	Mr. S.K. Baruah – Executive Director & CFO
	Mr. V.K. Agarwal – DGM & Company Secretary
Subsidiaries	NEDFi Trustee Limited
	NEDFi Venture Capital Limited

### B. Transaction with Related Parties during the year:

Remuneration		
Mr. B.P. Muktieh	92,22,259/-	40,90,176/-
Mr. S.K. Baruah	81,67,830/-	39,83,795/-
Mr. V.K. Agarwal	49,07,707/-	37,08,504/-
NEDFi Venture Capital Limited		
Receivable towards salary payments	51,28,732/-	-

### C. Outstanding Balance with Related Parties:

Receivable from NEDFi Venture Capital Limited	51,28,732/-	-
Investment in Shares		
NEDFi Trustee Limited	4,94,000/-	4,94,000/-
NEDFi Venture Capital Limited	4,94,000/-	4,94,000/-

## Note 30: 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 Rs. 173.94 Crore, which shall be disbursed in due course, subject to compliance of requisite formalities.
- c. The service tax department had raised a demand of Rs.1.97 Crore towards short payment of service tax (Rs. 1.10 Crore), non-payment of service tax on pre-payment charges (Rs. 0.12 Crore) and interest amount of Rs.0.75 Crore. The Corporation had already deposited Rs.1.75 Crore under protest. The Addl. Commissioner, CGST & CX, Guwahati passed an Order upholding the payment of service tax and interest thereon. However, he refrained from imposing the penalty proposed by the Audit Commissionerate. The Corporation then filed an appeal with the Commissioner (Appeals) against the Order of the Addl. Commissioner, CGST & CX, Guwahati. However, there was a delay in filing the appeal due to unavoidable reasons and condonation was sought from the Commissioner (Appeals). The Commissioner (Appeals), however did not condone the delay and rejected the appeal as time barred. Being aggrieved, the Corporation has filed an appeal with the Hon'ble CESTAT. Based on the submissions, the Corporation is confident that the Hon'ble CESTAT 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 Rs. 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 31:** 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 32:** Special Reserve has been created and maintained in terms of section 36 (1) (viii) of the Income Tax Act, 1961.

**Note 33:** The Provisioning Coverage Ratio of the Corporation is 34%.

**Note 34:** 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 Rs. 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.

### Note 35: SEGMENT REPORTING

As required under Ind AS 108, the segment reporting is as under:

		(₹ in Crore)	
		2018 – 19	2017 – 18
1.	<b>Segment Revenue</b>		
	Lending and Financing Activities	144.48	146.62
	Management of Surplus Funds	32.94	18.39
	Others	2.27	2.57
	Total	179.69	167.58
2.	<b>Segments Results</b>		
	Lending and Financing Activities	42.40	60.96
	Management of Surplus Funds	32.94	18.39
	Others	0.47	1.66
	Total	75.81	81.01
	Unallocated Income	5.62	4.93
	Unallocated Expenses	0.00	0.00
3.	<b>Operating Profit</b>	81.43	85.94
	Income Tax	20.37	27.27
4.	<b>Net Profit</b>	61.06	58.67
5.	<b>Other Information</b>		
	<b>Segment Assets</b>		
	Lending and Financing Activities	1072.50	1167.47
	Management of Surplus Funds	636.04	919.74
	Others	3.45	3.46
	Total	1711.99	2090.67
	Unallocated Assets	121.03	111.24
	Total	1833.02	2201.91
	<b>Segment Liabilities</b>		
	Lending and Financing Activities	870.08	899.23
	Management of Surplus Funds	0.00	0.00
	Others	0.00	0.00
	Unallocated Liabilities	187.33	578.24
	Total	1057.41	1477.47
	<b>Net Capital Employed</b>	775.61	724.44



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

Note 36: Additional information is disclosed in terms of RBI guidelines vide DBS. FID No.c-18/01.02.2000-01 issued on 23.03.2001.

(₹ in Crore)

<b>A</b>	<b>Capital</b>	
a)	CRAR CORE CRAR & Supplementary CRAR	52.42 %
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: ₹ 1488.68 Off the Balance Sheet: Nil
d)	The Shareholding pattern as on 31.03.2019	Equity shares: No of Shares % FI's 55,000,004 55 Bank 15,000,001 15 Insurance Co. 20,000,001 20 Mutual Fund 10,000,001 10 <b>Total 10,000,007 100</b>
<b>B</b>	<b>Asset quality and credit concentration</b>	
e)	Percentage of net NPA's to net loans & advances, (floating provisions of Rs.2 Crore has not been netted from Gross NPA to arrive at net NPA)	13.64%
f)	Amount and percentage of net NPA's to net advances under the prescribed asset classification categories	<b>Category</b> % Sub Standard Assets: ₹ 40.82 4.70 Doubtful debts : ₹ 96.46 11.10 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.	Standard Assets ₹ (-)2.88 NPA Loans ₹ (-)10.25 Soft loan Assistance ₹ (-)0.01 Investments ₹ Nil Income Tax ₹ 20.00
h)	i) Movement in NPAs (Gross) of loans including soft loans.	Opening Balance ₹ 230.90 Deletions incl. upgradation ₹ 75.52 Additions during the year ₹ 48.13 Closing Balance ₹ 203.51
	ii) Movement of Provisions for NPAs against loans including soft loan assistance.	Opening Balance ₹ 76.49 Less: write off / waiver/Write back ₹ 17.56 Additions during the year ₹ 7.31 Closing Balance ₹ 66.24
	ii) Movement of Provisions for Investments	Opening Balance ₹ 0.00 Additions during the year ₹ 0.00 Write Back ₹ 0.00 Closing Balance ₹ 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 <b>Total</b>	Rs. 9.96 Crore  Rs. 0.77 Crore  -  Rs. 10.73 Crore



j)	Credit exposure as percentage to capital funds and as percentage to total assets, in respect of:			
			% to Capital Funds	% to Total Assets
	The largest single borrower		3.84	1.63
	The largest borrower group		5.08	2.15
	The 10 largest single borrowers			
	No.1		3.84	1.63
	No.2		3.72	1.58
	No.3		3.13	1.32
	No.4		2.73	1.16
	No.5		2.70	1.14
	No.6		2.58	1.09
	No.7		2.52	1.06
	No.8		2.35	1.00
	No.9		2.33	0.98
	No.10		2.26	0.96
	The 10 largest borrower groups			
	No.1		5.08	2.15
	No.2		3.99	1.69
	No.3		3.84	1.63
	No.4		3.55	1.50
	No.5		3.13	1.32
	No.6		3.05	1.29
	No.7		2.76	1.17
	No.8		2.70	1.14
	No.9		2.52	1.06
	No.10		2.35	1.00
k)	Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets			
			1. Hotels	: 15.30
			2. Micro Finance	: 15.22
			3. Hospital	: 9.50
			4. Iron & steel	: 6.82
			5. Construction	: 6.81
<b>C</b>	<b>Liquidity</b>			
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	378.27	0.00
		Total Assets	378.27	0.00
		Total Liabilities	24.50	53.81
			120	120.00
m)	Maturity pattern of foreign currency assets & liabilities			Nil
<b>D</b>	<b>Operating results</b>			
n)	Interest income as percentage to average working funds			6.41
o)	Non-interest income as a percentage to average working funds			2.78
p)	Operating profit as a percentage to average working funds			5.51
q)	Return on average assets (%)			3.71
r)	Net profit per employee (₹ in Crore)			0.53



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

Note 37: 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			
<b>Liabilities side:</b>			
(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	677	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper		
	(f) Other Loans (specify nature) – GOI Loan	69331	NIL
* Please see Note 1 below			
<b>Assets side:</b>			
		Amount outstanding	
(2)	Break-up to Loans and Advances including bills receivable other than those included in (4) below] :		
	(a) Secured		94243
	(b) Unsecured		13007
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		NIL
	(i) Lease assets incl. lease rentals under sundry debtors:		
	a) Financial lease		
	b) Operating lease		
	(ii) Stock on hire including hire charges under sundry debtors		
	a) Assets on hire		NIL
	b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities		
	a) Loans where assets have been repossessed		
	b) Loans other than (a) above		
(4)	Break-up of Investments:		
	1. Quoted:		
	(i) Shares : (a) Equity		20
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		35026
	(iv) Government Securities		
	(v) Others (please specify)		
	2. Unquoted:		
	(i) Shares : (a) Equity		490
	(b) Preference		450
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify) – North East Venture Trust		1947
			37443
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above: Please see Note 2 below		
	Category	Amount net of provisions	
		Secured	Unsecured
			Total
	1. Related Parties **		
	(a) Subsidiaries		
	(b) Companies in the same group		



	(c) Other related parties			
	2. Other than related parties	94243	13007	107250
	Total	94243	13007	107250
(6)	Investor group-wise classification of all investments in shares and securities (both quoted and unquoted): Please see note 3 below			
	Category	Market Value/ Break up or fair value or NAV		Book Value (Net of Provisions)
	1. Related Parties**	NIL		NIL
	(a) Subsidiaries	155		10
	(b) Companies in the same group	NIL		NIL
	(c) Other related parties (NEVF)	1620		750
	2. Other than related parties	1835		500
	Total	3610		1260

\*\*As per Indian Accounting Standard issued by MCA

(7) Other information

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	20351
(ii)	Net Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	13728
(iii)	Assets acquired in satisfaction of debt	

(8) Exposure to Real Estate Sector

		(₹ in Crore)	
	Items	31/03/2019	31/03/2018
a)	Direct Exposure		
	(i) Residential Mortgages [all individual housing loans]	6.78	5.48
	(ii) Commercial Real Estate	73.04	75.82
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:		
	a) Residential	Nil	Nil
	b) Commercial	Nil	Nil
	c) Indirect Exposure		
b)	Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
	Total Real Estate Exposure	79.82	81.30

(9) Exposure to Capital Market

		(₹ in Crore)	
	Particulars	Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	5.10	5.10



# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019



An ISO 9001:2015 Company

(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances';	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	19.47	7.50
	<b>Total Exposure to Capital Market</b>	<b>24.57</b>	<b>12.60</b>

**Note 38: 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	52.42%	48.30%
ii. CRAR – Tier I Capital	52.10%	47.79%
iii. CRAR – Tier II Capital	0.32%	0.51%
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)
<b>1. Value of Investments</b>		
i. Gross value of Investments		
a. In India	340.86	280.36
b. Outside India	-	-
ii. Provisions for Depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of Investments		
a. In India	340.86	187.02
b. Outside India	-	-
<b>2. Movement of provisions held towards depreciation on investments</b>		
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	54.72	23.98	25.24	50.99	122.63	391.15	237.02	166.77	1072.50
Investments	334.66	-	5.00	38.00	0.61	-	-	-	378.27
Borrowings	-	-	1.29	1.29	26.89	55.59	120.00	495.00	700.06
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

d. Provisions and Contingencies

(₹ 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	(13.13)	(8.18)
Provision made towards Income Tax	19.91	26.50
Other Provision and Contingencies		
Leave Encashment	2.13	(0.83)
Gratuity	1.96	(0.22)
LTC	-	-
Diminution in Fair Value of Restructured Advance	-	-
Provision for Standard Assets	(2.88)	(0.61)

e. Concentration of Advances

(₹ in Crore)

Total Advances to twenty largest borrowers	364.98
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	34.03%

f. Concentration of Exposures

(₹ in Crore)

Total Exposures to twenty largest borrowers	370.48
Percentage of Exposures to twenty largest borrowers to Total Exposures of the NBFC	33.63%

g. Concentration of NPAs

(₹ in Crore)

Total Exposure to top four NPA accounts	73.55
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# NOTES ON FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31ST MARCH, 2019

### h. Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
1	Agriculture & allied activities	20.80%
2	Commercial Real Estate	27.56%
3	Construction	0.00%
4	Infrastructure	0.00%
5	Micro finance	11.62%
6	Medium & Large	26.31%
7	Micro, Small & Others	14.98%

### i. Movement of NPAs

(₹ in Crore)		
Particulars	Current Year	Previous Year
i. Net NPAs to Net Advances (%)	13.64%	14.05%
ii. Movement of NPAs (gross)		
a. Opening balance	230.90	305.13
b. Additions during the year	53.15	38.28
c. Reductions during the year	80.54	112.51
d. Closing balance	203.51	230.90
iii. Movement of net NPAs		
a. Opening balance	154.41	221.04
b. Additions during the year	40.82	32.47
c. Reductions during the year	57.95	99.10
d. Closing balance	137.28	154.41
iv. Movement of provisions for NPAs		
a. Opening balance	76.49	84.09
b. Provisions made during the year	31.42	27.66
c. Write off / Write backs	41.67	35.26
d. Closing balance	66.24	76.49

### j. Customer Complaints

a.	No. of complaints pending at the beginning of the year	0
b.	No. of complaints received during the year	4
c.	No. of complaints redressed during the year	4
d.	No. of complaints pending at the end of the year	0



**Note 39: FIRST-TIME ADOPTION OF IND AS**

**I - Transition to Ind AS**

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1, have been applied in preparing the financial statements from the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set below are the applicable Ind AS optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A.1 Ind AS optional exemptions**

**A.1.1 Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value of Gross block for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value at Gross Block

**A.1.2 Investments in subsidiaries**

In financial statements, a first-time adopter that subsequently measures an investment in a subsidiary at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its opening Ind AS balance sheet. Selection of fair value or previous GAAP carrying amount for determining deemed cost can be done for each subsidiary

Accordingly, the Company has elected to measure all of its investment in subsidiary at their previous GAAP carrying value.

**A.2 Ind AS mandatory exceptions**

**A.2.1 Estimates**

The Company estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP.

**A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS.

**A.2.3 De-recognition of financial assets and liabilities**

Ind AS 109 requires entity to derecognize a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset as and the transfer qualifies for derecognition.



# NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Para B2 of Ind AS 101 states that except as permitted, a first time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

## A.2.4 Cash flow Statements

The transition from Indian GAAP to Ind AS has no material impact on the Cash flow Statement.

## II - Reconciliation

### Reconciliation of equity as at 31 March 2018

Particulars	Amount
Total equity (shareholder's fund) as per previous GAAP	7,812,821,338
Adjustments:	
Upfront Fees to be amortised over loan period	(19,118,216)
Upfront Fees for the current year	21,787,377
Tax Adjustment on Upfront Fees	(923,743)
Prior period tax adjustment	(3,240,542)
Tax Adjustment on Prior Period Expenses	(6,101,551)
Prior Period Expenses / (income) restated in respective year	17,630,464
Opening adjustment 01.04.2017	25,981,900
Change in Provision of Income Tax	4,519,147
	40,534,836
<b>Total Equity (Shareholder's Fund) as per previous GAAP</b>	<b>7,853,356,175</b>

### Reconciliation of equity as at 1 April 2017

Particulars	Amount
Total equity (shareholder's fund) as per previous GAAP	7,350,930,246
Adjustments:	
Upfront Fees paid in Advance	(94,837,486)
Tax Adjustment on Upfront Fees	32,821,357
Prior Period Tax Adjustment	3,240,542
Prior Period Expenses / (income) restated in respective year	(17,630,464)
Tax Adjustment on prior period Expenses	6,101,551
Proposed Dividend added back	80,000,000
Tax on dividend	16,286,400
	25,981,900
<b>Total Equity (Shareholder's Fund) as per previous GAAP</b>	<b>7,376,912,146</b>

### Reconciliation of total comprehensive income as at 31 March 2018

Particulars	Amount
Profit as per previous GAAP	572,131,735
Adjustments:	
Upfront Fees paid in advance	(19,118,216)
Upfront Fees for current year	21,787,377
Tax Adjustment of Upfront Fees	(923,743)
Prior Period Tax Adjustment	(3,240,542)
Prior Period Expenses / (income) restated in respective year	17,630,464
Tax effect on Adjustment	(6,101,551)
Adjustment in Provision of Tax	4,519,147
Profit after tax as per Ind AS	14,552,936
Other comprehensive (net of tax)	-
<b>Total comprehensive income as per Ind AS</b>	<b>586,684,671</b>



**C. Notes to first-time adoption:**

**(a) Government grant**

As per Ind AS 20, government grants related to assets, shall be presented in the Balance Sheet by setting up the grant as deferred income. Hence the Company has accounted the government grant received towards assets as per the requirement of Ind AS 20 by creating a deferred government grant. In subsequent year this deferred government grant has been amortised over the useful life of the assets.

**(b) Employee benefit obligation**

In accordance with Ind AS 19, "Employee Benefits" re-measurement gains and losses on post employment defined benefit plans are recognised in other comprehensive income as compared to the profit or loss under the previous GAAP.

**(c) Deferred tax**

The various transitional adjustments lead to different temporary differences. According to the accounting policies in Note 1, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

**(d) Retained earnings**

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

**(e) Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

**Note : 40** Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current year Classification.

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 : 29th July, 2019

For and on behalf of the Board of Directors



(B.P. Muktieh)

Chairman and Managing Director

DIN: 00123561

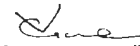


(S.K. Baruah)

Chief Financial Officer

Place: Guwahati

Date: 26th July, 2019



(V.K. Agarwal)

Company Secretary

M. No. A39584



# INDEPENDENT AUDITORS' REPORT

TO  
THE MEMBERS OF  
NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED  
GUWAHATI

On the basis of audit queries on Independent Auditors' Report made by Comptroller & Auditor General of India, the revised report has been prepared in lieu of the earlier report dated 29th July, 2019 to comply with the queries issued by the Comptroller & Auditor General of India.

## REVISED REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying consolidated IND AS financial statements of NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the IND AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as the March 31, 2019, and Profit (financial performance including other comprehensive income), the change in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

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

### RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS 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 of these consolidated financial statements that give a true and fair view of the state of affairs (financial position), profit & loss (financial performance including other comprehensive income), statement of changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard (IND AS) specified under section 133 of the Act read with the relevant rules issued thereunder.

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 Consolidated IND AS Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Act will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Consolidated financial statements.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-I" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us in the "Annexure-II" on the directions issued by Comptroller and Auditor General of India.
3. 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 of the aforesaid consolidated IND AS Financial Statement.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated IND AS financial statements have been kept by the company 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 and statement of changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated IND AS Financial Statements.
  - d) In our opinion, the aforesaid consolidated IND AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2019, taken on record



# INDEPENDENT AUDITORS' REPORT



by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 Consolidated IND AS financial statements vide Note 30 to the Consolidated financial statements;

(ii) The Company does not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

(iii) Since to Company does not have to transfer any amount to Investor Education & Protection fund as required under section 125(2) of the Companies Act 2013 (previously section 205C of the Companies Act, 1956), the delay in transferring any amount to the Fund does not arise.

For JHURIA AND COMPANY  
Chartered Accountants

(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Place : Guwahati  
Date :27/08/2019



As per Annexure-I referred to in our Independent Auditors' Report to the members of the Company on the Consolidated IND AS Financial Statements for the year ended 31 March 2019, 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 31.3.2019 for a period of more than 6 months from the date they become payable.  
  
(b) According to the record of the company and as per the information and explanation given to us, no undisputed amount is payable in respect of dues of Income Tax/ Sales Tax / Custom duty / Service Tax/ Excise duty/ cess and GST were outstanding as at 31.3.2019.  
  
(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.





# ANNEXURE-I

## TO THE INDEPENDENT AUDITORS' REPORT



- (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.
- (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

(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Place : Guwahati  
Date :27/08/2019



(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 2019

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

Sl. No.	Directions	Statutory Auditor's Reply
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any may be stated.	The Company has its IT system in place to process all the accounting transactions through the system.
2	Whether there in any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	No such case appears.
3	Whether funds received/receivable for specific schemes from Central /state agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No such case appears.

For JHURIA AND COMPANY  
Chartered Accountants



(R.A. JHURIA)

Partner

M.No. 050192

FRN: 311081E

Place : Guwahati  
Date :27/08/2019



# ANNEXURE-III

## 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, 2019 in conjunction with our audit of the Consolidated IND AS 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 Consolidated IND AS 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, 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For JHURIA AND COMPANY  
Chartered Accountants**



**(R.A. JHURIA)**

**Partner**

**M.No. 050192**

**FRN: 311081E**

**Place : Guwahati  
Date :27/08/2019**



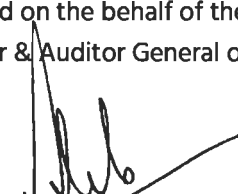
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NORTH EASTERN DEVELOPMENT FINANCE CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2019.**

The preparation of consolidated financial statements of North Eastern Development Finance Corporation Limited for the year ended 31 March 2019 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 27 August 2019 which supersedes their earlier Audit Report dated 29 July 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of North Eastern Development Finance Corporation Limited for the year ended 31 March 2019 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of North Eastern Development Finance Corporation Limited and its subsidiaries viz., NEDFi Trustee Limited and NEDFi Venture Capital Limited for the year ended on that date. 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.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) read with section 129 (4) of the Act.

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 : 02/09/2019



Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Property, Plant and Equipment	2	296,320,110	318,182,623	342,816,761
(b) Capital Work-In-Progress (including Intangible Assets under Development)	2	72,000	31,643,213	25,916,874
(c) Intangible Assets	2	30,781,989	-	-
<b>(d) Financial Assets</b>				
(i) Investments	3	289,675,000	125,000,000	125,000,000
(ii) Loans	4	8,051,088,137	8,692,688,920	10,065,445,280
(ii) Other Financial Assets	5	172,023,149	152,023,149	292,023,149
		<b>8,839,960,386</b>	<b>9,319,537,905</b>	<b>10,851,202,064</b>
<b>Current Assets</b>				
<b>(b) Financial Assets</b>				
(i) Investments	6	3,408,608,513	2,803,649,147	1,795,189,103
(ii) Cash And Cash Equivalents	7	2,418,828,608	6,331,534,791	414,215,378
(iii) Other Bank Balance	8	521,144,500	191,050,000	80,397,725
(iv) Loans	9	2,778,158,264	3,074,839,195	2,770,322,427
(v) Other Financial Assets	10	179,149,262	193,449,560	192,164,850
(c) Other Current Assets	11	199,175,106	113,239,446	48,851,921
		<b>9,505,064,253</b>	<b>12,707,762,139</b>	<b>5,301,141,403</b>
<b>Total Assets</b>		<b>18,345,024,639</b>	<b>22,027,300,044</b>	<b>16,152,343,467</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	12	1,000,000,070	1,000,000,070	1,000,000,070
(b) Other Equity	13	7,366,178,752	6,861,370,231	6,376,921,625
		<b>8,366,178,822</b>	<b>7,861,370,301</b>	<b>7,376,921,695</b>
<b>Non Controlling Interests</b>		<b>188,834</b>	<b>109,338</b>	<b>12,116</b>
<b>Liabilities</b>				
<b>Non- Current Liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	14	4,168,239,104	4,190,980,374	4,104,874,247
(ii) Other Financial Liabilities	15	2,605,764,420	2,878,825,366	2,957,166,179
(b) Employee Benefit Obligation	16	96,961,143	67,530,933	85,867,690
(c) Other Non-Current Liabilities	17	733,419,103	864,240,785	946,285,874
(d) Deferred Tax Liabilities	18	32,563,060	28,916,144	23,740,377
		<b>7,636,946,830</b>	<b>8,030,493,602</b>	<b>8,117,934,367</b>



# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Other Financial Liabilities	19	2,320,413,980	6,114,296,597	637,791,612
(b) Employee Benefit Obligation	20	19,624,218	19,358,251	18,011,723
(c) Other Current Liabilities	21	1,671,955	1,671,955	1,671,955
		<b>2,341,710,153</b>	<b>6,135,326,803</b>	<b>657,475,290</b>
<b>Total Equity and Liabilities</b>		<b>18,345,024,639</b>	<b>22,027,300,044</b>	<b>16,152,343,467</b>
<b>Significant accounting policies &amp; notes thereon</b>	1-40			

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

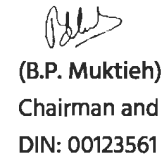
In terms of our report of even date annexed  
For JHURIA AND COMPANY  
Chartered Accountants



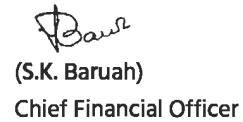
(CA R. A. Jhuria)  
Proprietor  
M. No. 050192  
FRN 311081E

Place : Guwahati  
Date : 29th July, 2019

For and on behalf of the Board of Directors

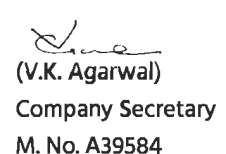


(B.P. Muktieh)  
Chairman and Managing Director  
DIN: 00123561



(S.K. Baruah)  
Chief Financial Officer

Place: Guwahati  
Date: 26th July, 2019



(V.K. Agarwal)  
Company Secretary  
M. No. A39584



Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>INCOME</b>			
Revenue from operations	22	1,002,453,300	1,190,403,534
Other income	23	866,387,084	550,386,401
<b>Total Income (I)</b>		<b>1,868,840,384</b>	<b>1,740,789,936</b>
<b>EXPENSES</b>			
Employee benefit expenses	24	319,790,815	212,479,950
Finance cost	25	270,110,044	265,346,477
Depreciation and amortization expense	2	32,613,576	26,812,913
Other expenses	26	405,064,706	356,175,613
CSR Expenses	27	18,038,941	9,252,415
<b>Total expenses (II)</b>		<b>1,045,618,082</b>	<b>870,067,368</b>
<b>Profit before Tax (I-II)</b>		<b>823,222,302</b>	<b>870,722,568</b>
<b>Tax expense</b>			
Current tax		202,330,237	270,760,329
Deferred Tax		3,646,915	5,175,767
<b>Total tax expense</b>		<b>205,977,152</b>	<b>275,936,096</b>
<b>Profit for the year</b>		<b>617,245,150</b>	<b>594,786,472</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
- Re-measurement gains on defined benefit plans			-
- Deferred Tax on above			
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>617,245,150</b>	<b>594,786,472</b>
<b>Non Controlling Interest Profit / Loss</b>		<b>79,497</b>	<b>97,222</b>
<b>Total comprehensive income for the period</b>		<b>617,165,653</b>	<b>594,689,250</b>
<b>Earning per equity share of face value of 10 each</b>	28		
Basic (₹)		6.17	5.95
Diluted (₹)		6.17	5.95
<b>Significant accounting policies &amp; notes thereon</b>	1-40		

The accompanying notes are an integral part of the financial statements.  
As per our Report of even date

For JHURIA AND COMPANY  
Chartered Accountants



(CA R. A. Jhuria)  
Proprietor  
M. No. 050192  
FRN 311081E

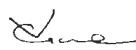
Place : Guwahati  
Date : 29th July, 2019

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: 26th July, 2019

  
(V.K. Agarwal)  
Company Secretary  
M. No. A39584





# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019

(₹ in '000)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Cash flows from Operating activities</b>		
Net profit before income tax	823,222	870,723
Adjustment for:		
Depreciation charge for the year	32,614	26,813
Loans Provisions & Write offs	285,954	253,597
Fixed Assets written off/Loss on sale	232	25
Profit / Loss on sale of Investments	(301,903)	(178,093)
Dividend received	(365)	-
Provision for Gratuity, Leave Encashment and LTC / LTA	40,913	(10,521)
Operating profit before working capital changes	880,666	962,543
Adjustments for:		
(Increase) / Decrease in Advances	652,328	814,642
(Increase) / Decrease in Other Current Assets & Advances	(71,635)	(65,672)
Increase / (Decrease) in Other liabilities and Provisions	(3,718,148)	5,581,876
Cash Flow from operations	(2,256,789)	7,293,390
Direct Taxes paid (net of refund received)	(318,712)	(364,264)
<b>Net cash flow / (used in) from operating activities</b>	<b>(2,575,501)</b>	<b>6,929,125</b>
<b>Cash flows from Investing activities</b>		
(Increase) / Decrease in Investment in Subsidiaries	(164,675)	-
(Increase)/Decrease in Capital Work in Progress	31,571	(5,726)
Purchase of fixed assets (net of sales)	(42,412)	(2,884)
Dividend Received	365	-
Profit / Loss on sale of Investments	301,903	178,093
<b>Net cash flow / (used in) from Investing activities</b>	<b>126,752</b>	<b>169,484</b>
<b>Cash flows from Financing activities</b>		
Dividend and Dividend Tax paid	(96,286)	(96,286)
Increase / (Decrease) in Borrowings	(22,741)	86,106
Increase / (Decrease) in Capital Reserve / Other Equity Funds	76	236
Increase / (Decrease) in Non-Current Liabilities	3,571,422	(5,422,322)
<b>Net cash flow / (used in) from financing activities</b>	<b>3,452,470</b>	<b>(5,432,266)</b>
Net increase in cash and cash equivalents from Operating, Investing and Financing Activities	<b>1,003,721</b>	<b>1,666,343</b>
<b>Cash flows from Nodal Agency and Implementing Agency Activities</b>		
Net Income / (Expenditure) of TEDF	(15,499)	(13,510)
(Increase)/Decrease in Investments	(20,000)	140,000
(Increase)/Decrease in Current Assets	(330,095)	(110,652)
Increase / (Decrease) in Growth Centre, Central Subsidy and other Central Funds	(3,945,874)	5,243,599
<b>Net Increase in cash &amp; cash equivalent from</b>	<b>(4,311,468)</b>	<b>5,259,437</b>



<b>Nodal Agency activity</b>		
<b>Net increase in cash and cash equivalents</b>	<b>(3,307,747)</b>	<b>6,925,779</b>
<b>Cash and cash equivalents at beginning of period</b>		
- Own funds	9,053,290	2,092,262
- Nodal Agency and Implementing Agency funds	81,894	117,143
<b>Cash and cash equivalents at end of period</b>		
- Own funds	5,743,931	9,053,290
- Nodal Agency and Implementing Agency funds	83,506	81,894

**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	3,376,517	2,777,602
<b>Cash and bank balances</b>		
Cash in hand	239	55
Balance at Bank		
-With Scheduled Bank		
(i) In Current Account	2,285,083	6,275,633
(ii) In Fixed Deposits	50,000	-
Balance (TEDF)		
(a) With Scheduled Bank		
(i) In Current Account	33,506	5,847
(ii) In Fixed Deposits	50,000	50,000
(b) In units of mutual funds	32,091	26,047
<b>Grand Total</b>	<b>5,827,437</b>	<b>9,135,184</b>

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 : 29th July, 2019

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: 26th July, 2019



(V.K. Agarwal)

Company Secretary

M. No. A39584




# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

	No. of Shares	Amount (₹)
<b>A. Equity share capital:</b>		
Equity shares of Rs. 10 each issued, subscribed and fully paid		
As at April 01, 2017	100,000,007	1,000,000,070
Changes in Equity share capital	-	-
As at March 31, 2018	100,000,007	1,000,000,070
Changes in Equity share capital	-	-
As at March 31, 2019	100,000,007	1,000,000,070

Particulars	Reserve and Surplus							Total Other Equity		
	North East Equity Fund	Statutory Reserve under RBI Act, 1934	Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961	Venture Capital Fund	General Reserve	India Exposition Mart Stalls	Techno Economic Development Fund		CSR Reserve	Retained Earnings
<b>As at April 01, 2017</b>	60,797,457	1,078,672,857	886,417,715	118,445,009	3,758,743,366	17,445,125	421,028,333	2,609,629	32,762,134	6,376,921,625
Profit for the period	-	-	-	-	-	-	-	-	594,689,250	594,689,250
Appropriations / Utilisations	236,429	114,426,347	105,410,603	2,517,515	257,482,485	(680,229)	(13,510,443)	-	(576,123,350)	(110,240,643)
<b>As at March 31, 2018</b>	61,033,886	1,193,099,204	991,828,318	120,962,524	4,016,225,851	16,764,896	407,517,890	2,609,629	51,328,033	6,861,370,231
Particulars	Reserve and Surplus							Total Other Equity		
	North East Equity Fund	Statutory Reserve under RBI Act, 1934	Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961	Venture Capital Fund	General Reserve	India Exposition Mart Stalls	Techno Economic Development Fund		CSR Reserve	Retained Earnings
<b>As at April 01, 2018</b>	61,033,886	1,193,099,204	991,828,318	120,962,524	4,016,225,851	16,764,896	407,517,890	2,609,629	51,328,033	6,861,370,231
Profit/ (Loss) for the year	-	-	68,278,724	2,728,880	257,271,120	(647,170)	(15,499,258)	-	617,165,653	617,165,653
Appropriations / Utilisations	75,696	123,691,914	1,128,385,766	126,420,284	4,530,768,091	15,470,556	392,018,632	2,609,629	(548,257,038)	(112,357,132)
<b>As at March 31, 2019</b>	61,185,278	1,440,483,032	1,128,385,766	126,420,284	4,530,768,091	15,470,556	392,018,632	2,609,629	120,236,648	7,366,178,752

As per our report of even date  
For JHURIA AND COMPANY  
Chartered Accountants


  
(CA R. A. Jhuria)  
Proprietor  
M. No. 050192  
FRN 311081E

Place : Guwahati  
Date : 29th July, 2019

For and on behalf of the Board of Directors

  
(B.P. Mukhtieh)  
Chairman and Managing Director  
DIN: 00123561

  
(S.K. Baruah)  
Chief Financial Officer  
Place: Guwahati  
Date: 26th July, 2019

  
(V.K. Agarwal)  
Company Secretary  
M. No. A39584



**A. Basis of Preparation**

• **Compliance with IND AS**

The financial statements comply in all material aspects with Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended 31 March 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. These financial statements are the first financial statements of the Company under IND AS. Refer Note 39 for an explanation of how the transition from previous GAAP to IND AS has affected the Company's financial position, financial performance and cash flows.

The accounting policies are consistently followed by the Company and changes in accounting policy are separately disclosed.

• **Historical Cost Convention**

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.

• **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act.

**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 Ind AS 110 issued by the ICAI.

**C. Use of Estimates**

The preparation of financial statements is in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.



# NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

## D. Property, Plant & Equipment

Property, plant and equipment are stated at their cost of acquisition, installation or construction (net of any recoverable amount, wherever applicable) less accumulated depreciation, amortization and impairment losses if any, except freehold land which is carried at cost. Cost comprises the purchase price, installation and attributable cost of bringing the asset to working condition for its intended use.

### Transition to IND AS

On transition to IND AS, the Company has elected to continue with the carrying value at Gross Block of all of its property, plant and equipment recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### Capital Work In Progress

Capital work in progress is carried at cost and includes any directly attributable cost incurred during construction period.

### Depreciation

Depreciation on Property, Plant and Equipment 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 identified components are depreciated over their assessed useful life.

## E. Intangible Assets

An intangible asset is recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. The depreciate amount of an intangible asset is allocated over its estimated useful life. Expenditure on purchased software and IT related expenditure are written off over a period of five years.

### Transition to IND AS

On transition to IND AS, the Company has elected to continue with the carrying value at Gross Block of all of intangible assets recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## F. Government Grants:

In terms of Ind AS 20 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.

## 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. 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. 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.

#### **Derecognition of financial assets**

A financial asset is derecognised only when

The Company has transferred the rights to receive cash flows from the financial asset, or

Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset.

#### **I. Financial liabilities**

##### **Initial recognition and measurement**

The Company recognises all the financial liabilities on initial recognition at fair value minus, in the case of a financial liability not at fair value through Profit and Loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

##### **Subsequent measurement**

All the financial liabilities are classified as subsequently measured at amortised cost, except for those measured at fair value through profit or loss.

##### **De-recognition of financial liabilities**

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.



# NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

## J. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, demand deposits with banks and other short-term highly liquid investments/deposits with an original maturity of three months or less.

## K. Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

## L. 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 are amortised over the period of loan. 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.

## M. 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.

## N. 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 120 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.

**O. 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.

**P. 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.





# NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

## Q. Dividends

Dividends paid (including dividend distribution tax thereon) is recognised in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders. The corresponding amount is recognised directly in equity.

## R. Earnings per Share

The company reports basic and diluted earnings per share in accordance with Ind AS 33 – ‘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.

## S. 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.

## T. 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.

## U. 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.

## V. 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.



**Note 2: PROPERTY PLANT AND EQUIPMENT**

Sl. No.	Particulars	Gross Block			Depreciation/ Amortisation			Net Block				
		As on 01.04.2018	Addition during the period	Deduction during the period	As on 31.03.2019	Upto 01.04.2018	During the period	Adjustment during the period	Upto 31.03.2019	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
1	Freehold Land at Dispur	16,969,592	-	-	16,969,592	-	-	-	16,969,592	16,969,592	16,969,592	16,969,592
1A	Freehold Land at Khanapara	92,400,000	-	-	92,400,000	-	-	-	92,400,000	92,400,000	92,400,000	92,400,000
2	Building *	192,776,520	-	-	192,776,520	61,284,124	6,383,466	-	67,667,590	125,108,930	131,492,396	138,248,108
2A	Office at Agartala	14,367,130	-	-	14,367,130	1,417,328	630,655	-	2,047,983	12,319,147	12,949,802	13,612,743
3	RCC Bridge	1,578,377	-	-	1,578,377	724,368	854,009	-	1,578,377	-	854,009	950,060
4	Air Conditioning System	44,706,006	-	-	44,706,006	30,721,422	2,828,270	-	33,549,692	11,156,314	13,984,584	16,992,951
5	Electrical Installation	26,412,736	-	-	26,412,736	23,149,459	1,034,521	-	24,183,980	2,228,756	3,263,277	4,783,765
6	Fire Alarm System	3,673,341	-	-	3,673,341	2,777,287	174,103	-	2,951,390	721,951	896,054	1,112,143
7	Lift	7,956,378	-	-	7,956,378	6,015,546	377,104	-	6,392,650	1,563,728	1,940,832	2,408,877
8	Machineries	8,294,843	632,750	64,350	8,863,243	6,956,124	215,754	54,451	7,117,427	1,745,816	1,338,719	1,480,006
9	UPS System	1,490,229	-	-	1,490,229	1,415,718	-	-	1,415,718	74,511	74,511	75,511
10	Water Installation System	1,588,014	433,100	-	2,021,114	1,200,642	75,266	-	1,275,908	745,206	387,372	480,789
11	Furniture & Fixtures	12,492,361	896,525	-	13,388,886	10,162,484	537,918	-	10,700,402	2,688,484	2,329,877	2,107,519
12	Interior Furnishings & Fittings	110,684,439	-	-	110,684,439	77,402,841	12,471,427	-	89,874,268	20,810,171	33,281,598	42,689,792
13	Vehicle	1,462,224	-	-	1,462,224	1,376,395	12,718	-	1,389,113	73,111	85,829	139,220
14	Office Equipments	8,776,876	161,360	27,720	8,910,516	7,078,439	774,432	19,337	7,833,534	1,076,982	1,698,437	2,169,413
15	Computers	24,858,886	3,020,726	1,533,194	26,346,418	20,623,152	2,672,951	1,266,025	22,030,078	4,316,340	4,235,734	6,196,272
16	Solar Panels	-	3,118,999	-	3,118,999	-	797,931	-	797,931	2,321,068	-	-
	Total - A	570,487,952	8,263,460	1,625,264	577,126,148	252,305,329	29,840,525	1,339,813	280,806,041	296,320,110	318,182,623	342,816,761
	Total Tangible Assets (A+B)	570,487,952	8,263,460	1,625,264	577,126,148	252,305,329	29,840,525	1,339,813	280,806,041	296,320,110	318,182,623	342,816,761

Note: 2B -PROPERTY PLANT AND EQUIPMENT- INTANGIBLE ASSETS

Sl. No.	Particulars	Gross Block			Depreciation/ Amortisation			Net Block				
		As on 01.04.2018	Addition during the period	Deduction during the period	As on 31.03.2019	Upto 01.04.2018	During the period	Adjustment during the period	Upto 31.03.2019	As on 31.03.2019	As on 31.03.2018	As on 31.03.2017
1	Computer Software	-	34,202,210	-	34,202,210	-	3,420,221	-	3,420,221	30,781,989	-	-
	Total Intangible Assets	-	34,202,210	-	34,202,210	-	3,420,221	-	3,420,221	30,781,989	-	-
	Previous Year Figures	568,152,622	2,904,530	569,200	570,487,952	225,335,862	27,493,142	523,675	252,305,329	318,182,623	342,816,760	-
	Capital Work In Progress	-	-	-	-	-	-	-	-	72,000	31,643,213	25,916,874

12C \* Building includes Rs 199,51,364/- (previous year Rs 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.

12D On transition to IND AS, NEDFI has elected to continue with the carrying value of all of its property, plant & equipment recognised at gross block as at 1st April, 2018 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## Note 3 : INVESTMENTS

Note: 3 - INVESTMENTS	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Investments measured at Cost</b>			
<b>i. Investment in Equity Instruments</b>			
<b>Quoted</b>			
Premier Cryogenics Limited <i>Quoted at Cost ((Fair value Rs 1,87,88,000/- - Not traded - 2018-19) (200000 shares of Rs 10/- each)</i>	2,000,000	2,000,000	2,000,000
<b>Total (A)</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<b>Unquoted</b>			
Gauhati Neurological Research Centre Limited <i>(Unquoted at cost 250,000 shares @ 10/- per share, fair value Rs 1,06,55,000/-)</i>	2,500,000	2,500,000	2,500,000
Konoklota Mahila Urban Co-Op Bank Ltd. <i>(Unquoted at cost 5,000 shares @ 100/- per share, fair value Rs 13,80,250/-)</i>	500,000	500,000	500,000
RGVN (North East) Microfinance Ltd. <i>(Unquoted at cost 3,000,000 Equity Shares @ 10/- per share, fair value Rs 13,04,70,000/-)</i>	30,000,000	30,000,000	30,000,000
Nightingale Finvest Pvt. Ltd. <i>(Unquoted 665,000 Equity Shares of 10/- per share, fair value Rs 90,44,000/-)</i>	5,000,000	5,000,000	5,000,000
YVU Financial Services Pvt. Ltd. <i>(Unquoted 50,000 Equity Shares of 100/- per share, fair value Rs 66,34,500/-)</i>	5,000,000	5,000,000	5,000,000
Grameen Development & Finance Pvt. Ltd. <i>(Unquoted 500,000 Equity Shares of 10/- per share, fair value Rs 65,45,000/-)</i>	5,000,000	5,000,000	5,000,000
<b>Total (B)</b>	<b>48,000,000</b>	<b>48,000,000</b>	<b>48,000,000</b>
<b>C. Investment in Preference Shares</b>			
Ajagar Finance Private Limited <i>(500000 optionally convertible preference shares of Rs.10/- each)</i>	5,000,000	-	-
Grameen Development & Finance Pvt. Ltd. <i>(2000000 optionally convertible preference shares of Rs.10/- each)</i>	20,000,000	-	-
Nightingale Finvest Pvt. Ltd. <i>(2000000 optionally convertible preference shares of Rs.10/- each)</i>	20,000,000	-	-
<b>Total (C)</b>	<b>45,000,000</b>	<b>-</b>	<b>-</b>
<b>Total (i) = A + B + C</b>	<b>95,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>ii. Other Non Current Investment</b>			
<b>Investment in North East Venture Fund</b> <i>(1947 units, Value as on 31.03.2019 Rs 16,20,16,504/-)</i>	194,675,000	75,000,000	75,000,000
<b>Total (ii)</b>	<b>194,675,000</b>	<b>75,000,000</b>	<b>75,000,000</b>
	<b>289,675,000</b>	<b>125,000,000</b>	<b>125,000,000</b>

	Amount (₹)	Market Value (₹)	Amount (₹)	Market Value (₹)
Aggregate amount of quoted investments and market value thereof	2,000,000	18,788,000	2,000,000	27,618,000
Aggregate amount of unquoted investments	288,663,000	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.

**Note 4: LOANS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Loans to Staff</b>			
Secured (Considered good)	85,381,718	77,166,034	84,649,984
<b>Trade Loans &amp; Advances</b>			
<b>Term Loans</b>			
Secured (considered good)	5,126,125,573	5,585,110,464	6,277,678,741
Unsecured (Considered good)	1,300,659,137	1,105,585,000	1,164,894,660
Doubtful	1,536,405,417	1,920,476,484	2,534,688,546
<b>Soft Loan under NEEDS</b>			
Secured (considered good)	521,936	2,283,223	1,167,664
Unsecured (Considered good)	-	-	-
Doubtful	1,994,356	2,067,715	2,365,685
	<b>8,051,088,137</b>	<b>8,692,688,920</b>	<b>10,065,445,280</b>

**NOTE 4.1: LOAN PORTFOLIO CLASSIFICATION AND PROVISIONING\***

Category	2018-19		2017-18	
	Loan Outstanding	Provisioning	Loan Outstanding	Provisioning
	₹	₹	₹	₹
Standard	8,689,845,262	47,979,095	9,447,252,560	76,194,111
Sub Standard	481,148,575	72,961,238	382,784,719	58,048,430
Doubtful	1,536,732,039	572,161,792	1,905,841,734	686,526,236
Loss	17,263,674	17,263,674	20,343,008	20,343,008
<b>Total</b>	<b>10,724,989,550</b>	<b>710,365,799</b>	<b>11,756,222,021</b>	<b>841,111,785</b>

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

**Note 5: OTHER FINANCIAL ASSETS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Security deposits</b>			
Unsecured (Considered good)	2,023,149	2,023,149	2,023,149
In Fixed Deposits with maturity more than 12 months (TEDF)	170,000,000	150,000,000	290,000,000
	<b>172,023,149</b>	<b>152,023,149</b>	<b>292,023,149</b>



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## Note 6: CURRENT INVESTMENTS

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Investment in Mutual Funds</b>			
HDFC Mutual Fund - Short Term Opportunities Fund (4,67,187.841 units, Value as on 31.03.2019 Rs 97,31,896/-)	9,000,000	9,000,000	9,000,000
LIC Mutual Fund - Savings Plus Fund (67,38,771.522 units, Value as on 31.03.2019 Rs 20,12,45,999/-)	200,000,000	290,000,000	170,000,000
UTI Mutual Fund - Floating Rate Fund (1,16,911.652 units, Value as on 31.03.2018 Rs 34,03,29,141/-)	-	340,000,000	390,000,000
Principal Mutual Fund - Low Duration Fund (41627.781 units, Value as on 31.03.2017 Rs 11,06,00,081/-)	-	-	110,000,000
SBI Mutual Fund - Premier Liquid Fund (133436.718 units, Value as on 31.03.2017 Rs 34,05,72,870/-)	-	-	340,000,000
HDFC Ultra Short Term Fund (23,972,878.694 units, Value as on 31.03.2019 Rs 25,11,01,521/-)	250,288,840	-	-
Reliance Ultra Short Duration Fund (167,626.157 units, Value as on 31.03.2019 Rs 51,22,97,200/-)	510,000,000	-	-
SBI SDFS C-45 92 Days (8,000,000 units, Value as on 31.03.2019 Rs 8,05,38,400/-)	80,000,000	-	-
SBI SDFS C-15 91 Days (11,945,274.147 units, Value as on 31.03.2019 Rs 12,76,46,005/-)	126,774,000	-	-
UTI Ultra Short Term Fund (204,551.887 units, Value as on 31.03.2019 Rs 64,20,22,467/-)	640,000,000	-	-
UTI Fixed Income Interval Fund (4,793,595.756 units, Value as on 31.03.2019 Rs 12,07,76,563/-)	120,000,000	-	-
UTI Ultra Short Term Fund (TEDF) (9,625.059 units, Value as on 31.03.2019 Rs 3,02,09,959/-)	30,000,000	-	-
SBI Mutual Fund- Overnight Direct Growth Fund ( 48840.601 units, Value as on 31.03.2018 Rs 14,20,82,075/-)	-	141,311,160	-
SBI Mutual Fund- Savings Fund Direct Growth Plan ( 9014693.951 units, Value as on 31.03.2018 Rs 25,05,58,911/-)	-	250,000,000	-
SBI Liquid Fund (160,754.740 units, Value as on 31.03.2019 Rs 47,07,81,509/-)	470,000,000	-	-
Reliance Mutual Fund - Liquid Fund (98588.047 units, Value as on 31.03.2017 Rs 39,11,34,047/-)	-	-	390,000,000



Reliance Mutual Fund- Direct Growth Plan Fund ( 20049717.944 units, Value as on 31.03.2018 Rs 48,12,51,375/-)	-	475,956,244	-
Canara Robeco Mutual Fund - Savings Plus Fund (5858852.91 units, Value as on 31.03.2018 Rs 16,06,49,747/-)	-	160,000,000	100,000,000
UTI Mutual Fund - Fixed Term Income Plan (TEDF) (2,604,454.200 units, Value as on 31.03.2019 Rs 2,72,16,546/-)	26,044,543	20,000,000	20,000,000
HDFC Mutual Fund - Fixed Maturity Plan (43133482.257 units, Value as on 31.03.2018 Rs 43,44,92,199/-)	-	431,334,820	260,142,179
UTI Mutual Fund - Money Market Mutual Fund (TEDF) (4,087.728 units, Value as on 31.03.2019 Rs 86,35,545/-)	6,046,923	6,046,923	6,046,924
Aditya Birls Sun Life Low Duration Fund-Growth Direct Plan ( 425,900.092 units, Value as on 31.03.2019 Rs 20,15,27,406/-)	200,000,000	170,000,000	-
ICICI Prudential Mutual Fund- Corporate Bond Fund (12,706,393.173 units, Value as on 31.03.2019 Rs 25,15,29,406/-)	250,293,074	170,000,000	-
DSP Blackrock Low Duration Fund ( 8,114,599.788 units, Value as on 31.03.2019 Rs 30,20,79,772/-)	300,000,000	200,000,000	-
Kotak Mutual Fund -Savings Fund (6,252,277.123 units, Value as on 31.03.2019 Rs 19,10,23,322/-)	190,161,133	140,000,000	-
	<b>3,408,608,513</b>	<b>2,803,649,147</b>	<b>1,795,189,103</b>

	As at 31 March, 2019		As at 31 March, 2018	
	Amount (₹)	Market Value (₹)	Amount (₹)	Market Value (₹)
Aggregate amount of quoted investments and market value thereof	3,408,608,513	3,428,363,516	2,803,649,147	2,825,264,840
Aggregate amount of unquoted investments	-	NA	-	NA
Aggregate provision for diminution in value of investments	-	-	-	-

**Note 7: CASH AND CASH EQUIVALENTS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Cash in hand	239,119	55,429	180,266
Balance at Banks			
<i>With Scheduled Banks</i>			
- In Current Accounts	2,285,083,088	6,275,632,670	295,154,123
- In Fixed Deposits	50,000,000		1,738,145
	<b>2,335,083,088</b>	<b>6,275,632,670</b>	<b>296,892,268</b>
Balance at Banks (TEDF)			
<i>With Scheduled Banks</i>			
- In Current Accounts	33,506,401	5,846,692	82,079,128
- In Fixed Deposits	50,000,000	50,000,000	35,063,716
	<b>83,506,401</b>	<b>55,846,692</b>	<b>117,142,844</b>
	<b>2,418,828,608</b>	<b>6,331,534,791</b>	<b>414,215,378</b>



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## Note 8: OTHER BANK BALANCES

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
In Fixed Deposits pledged as Bank Guarantee against borrowing from NSTFDC	-	-	23,367,725
In Fixed Deposits pledged as Bank Guarantee against Consultancy assignments	6,144,500	6,050,000	6,050,000
In Fixed Deposits with maturity more than 3 months	380,000,000	-	980,000
In Fixed Deposits with maturity more than 3 months (TEDF)	135,000,000	185,000,000	50,000,000
	<b>521,144,500</b>	<b>191,050,000</b>	<b>80,397,725</b>

Particulars of Balances of Bank			
i. Earmarked Balances	-	-	-
ii. Margin money or security against the borrowings, guarantees, other commitments in the form of Fixed Deposit:			
- FD with Less than 3 month maturity (Included in Note: 8)	380,000,000	50,000,000	36,801,861
- FD with Less than 12 month maturity and more than 12 month (Included in Note: 8)	135,000,000	185,000,000	50,980,000
- FD with More than 12 month maturity (Included in Note: 5 and Note: 8)	176,144,500	156,050,000	319,417,725
	<b>691,144,500</b>	<b>391,050,000</b>	<b>407,199,586</b>

## Note 9: LOANS (unsecured, considered good unless otherwise stated)

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Loan to Staff</b>			
Secured (Considered Good)	18,875,133	15,600,519	13,598,470
<b>Term Loans &amp; Advances</b>			
Secured (Considered Good)	2,260,544,260	2,670,745,699	2,242,478,198
Unsecured (Considered Good)	-	-	-
Doubtful	498,738,871	388,492,977	514,245,759
	<b>2,778,158,264</b>	<b>3,074,839,195</b>	<b>2,770,322,427</b>

## Note 10: OTHER FINANCIAL ASSETS

Note: 10 - OTHER FINANCIAL ASSETS	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Interest Receivable</b>			
Interest Receivable on Loans & Advances	64,756,870	81,476,158	100,532,763
Interest Receivable on Fixed Deposits	21,910,255	1,782,885	1,991,186
Interest Receivable on Fixed Deposits (TEDF)	26,639,228	43,132,603	29,391,916
Interest Receivable on Staff Housing Loan	22,545,529	19,770,377	17,095,624
Advances to Others	761,988	3,774,823	839,843
Advances to Staff	524,567	1,545,698	1,968,172
Consultancy Charges Receivable	29,415,694	33,799,610	32,920,026
Earnest Money Deposit	2,890,902	3,733,902	4,731,902
Security Deposit	20,000	-	-
Rent and Other Maintenance Charges Receivable	9,684,230	4,433,504	2,693,418
	<b>179,149,262</b>	<b>193,449,560</b>	<b>192,164,850</b>



**Note 11: OTHER CURRENT ASSETS**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Balances with Revenue Authorities</b>			
Advance Payment of Income tax & TDS	318,711,517	364,264,462	317,049,150
Less: Provision for Income Tax	202,330,237	270,760,329	287,838,904
	116,381,280	93,504,133	29,210,246
Income Tax Refundable	82,533,997	19,641,675	19,641,675
GST Input Tax Credit	165,617	93,638	-
TDS on GST	94,212	-	-
	<b>199,175,106</b>	<b>113,239,446</b>	<b>48,851,921</b>

**Note 12: SHARE CAPITAL**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>AUTHORISED</b>			
50,00,00,000 Equity Shares of	5,000,000,000	5,000,000,000	5,000,000,000
(Mar 31, 2018: 50,00,00,000 Equity Shares of ₹ 10/- each, Apr 1, 2017: 50,00,00,000 Equity Shares of ₹ 10/- each)			
	<b>5,000,000,000</b>	<b>5,000,000,000</b>	<b>5,000,000,000</b>
<b>ISSUED &amp; SUBSCRIBED</b>			
10,00,00,007 Equity Shares of	1,000,000,070	1,000,000,070	1,000,000,070
(Mar 31, 2018: 10,00,00,007 Equity Shares of ₹ 10/- each, Apr 1, 2017: 10,00,00,007 Equity Shares of ₹ 10/- each)			
	<b>1,000,000,070</b>	<b>1,000,000,070</b>	<b>1,000,000,070</b>
<b>PAID UP</b>			
10,00,00,007 Equity Shares of	1,000,000,070	1,000,000,070	1,000,000,070
(Mar 31, 2018: 10,00,00,007 Equity Shares of ₹10/- each, Apr 1, 2017: 10,00,00,007 Equity Shares of ₹ 10/- each)			
	<b>1,000,000,070</b>	<b>1,000,000,070</b>	<b>1,000,000,070</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.**

Equity Shares	No. of Shares	No. of Shares	No. of Shares
At the beginning of the year (No. of Shares)	100,000,007	100,000,007	100,000,007
Issued during the year	-	-	-
<b>Outstanding at the end of the year</b>	<b>100,000,007</b>	<b>100,000,007</b>	<b>100,000,007</b>

**b) Terms/Rights attached to Equity Shares**

i) The company has only one class of Equity Shares having par value of ₹ 10 per share. Each holder of Equity Shares is entitled to vote one per share.

ii) In the event of liquidation of the company, the holders of the Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

iii) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.





# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## c) The detail of shareholder's holding more than 5% of Shares

Name of the shareholders	No. of Shares % of holding	No. of Shares % of holding	No. of Shares % of holding
i. IDBI Bank Limited	25,000,002 25%	25,000,002 25%	25,000,002 25%
ii. Life Insurance Corporation of India	15,000,001 15%	15,000,001 15%	15,000,001 15%
iii. State Bank of India	15,000,001 15%	15,000,001 15%	15,000,001 15%
iv. Industrial Finance Corporation of India	10,000,001 10%	10,000,001 10%	10,000,001 10%
v. ICICI Ltd.	10,000,001 10%	10,000,001 10%	10,000,001 10%
vi. Small Industries Development Bank of India	10,000,000 10%	10,000,001 10%	10,000,001 10%
vii. Administrator of Specified Undertaking of Unit Trust of India	10,000,001 10%	10,000,001 10%	10,000,001 10%

**Notes 12.1:** As per records of the company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial owner.

## Note 13: OTHER EQUITY

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>I. Other Reserves</b>			
<b>(a) North East Equity Fund</b>			
Fund Balance	79,870,500	79,870,500	60,797,457
Less: Bad Loans written off	(16,766,565)	(16,766,565)	-
Less: Provision against Soft Loans under NEEDS	(1,994,353)	(2,070,049)	-
	<b>61,109,582</b>	<b>61,033,886</b>	<b>60,797,457</b>
<b>(b) Statutory Reserve under RBI Act, 1934</b>			
Opening Balance	1,193,099,204	1,078,672,857	1,078,672,857
Add: Transferred from P/L Account	123,691,914	114,426,347	-
	<b>1,316,791,118</b>	<b>1,193,099,204</b>	<b>1,078,672,857</b>
<b>(c) Special Reserve created and maintained u/s 36(1)(viii) of the Income Tax Act, 1961</b>			
Opening Balance	991,828,318	886,417,715	886,417,715
Add: Transferred from P/L Account	68,278,724	105,410,603	-
	<b>1,060,107,042</b>	<b>991,828,318</b>	<b>886,417,715</b>
<b>(d) Venture Capital Fund:</b>			
Fund Balance	120,962,524	118,445,009	118,445,009
Add: Transferred from General Reserve	2,728,880	2,517,515	-
	<b>123,691,404</b>	<b>120,962,524</b>	<b>118,445,009</b>



<b>(e) General Reserve</b>			
Opening balance	4,016,225,851	3,758,743,366	3,758,743,366
Add: Transferred from surplus in Statement of Profit and Loss	260,000,000	260,000,000	-
Less: Utilised / transferred during the year for:			
Others : Transferred to Venture Capital Fund	(2,728,880)	(2,517,515)	-
	<b>4,273,496,971</b>	<b>4,016,225,851</b>	<b>3,758,743,366</b>
<b>(f) India Exposition Mart Stalls</b>			
Opening balance	16,764,896	17,445,125	17,445,125
Add: Additions / transfers during the year			-
Less: Utilisations / transfers during the year	(647,170)	(680,229)	
	<b>16,117,726</b>	<b>16,764,896</b>	<b>17,445,125</b>
<b>(g) Techno Economic Development Fund</b>			
Opening balance	407,517,890	421,028,333	421,028,333
Add: Additions / transfers during the year	38,160,217	32,536,625	-
Less: Utilisations / transfers during the year	(53,659,475)	(46,047,068)	
	<b>392,018,632</b>	<b>407,517,890</b>	<b>421,028,333</b>
<b>(h) CSR Reserve **</b>			
Opening balance	2,609,629	2,609,629	2,609,629
Add: Additions / transfers during the year			-
Less: Utilisations / transfers during the year			
	<b>2,609,629</b>	<b>2,609,629</b>	<b>2,609,629</b>
<b>Retained Earnings</b>			
Balance as per last Balance Sheet	51,328,033	32,762,134	32,762,134
Profit for the Period	617,165,653	594,689,250	-
<i>Other comprehensive income</i>			
Remeasurements of post-employment benefit obligations (net of tax)	-	-	-
<b>Less: Appropriations</b>			
Transferred to General Reserve	(260,000,000)	(260,000,000)	-
Dividend Paid	(80,000,000)	(80,000,000)	-
Tax on Dividend	(16,286,400)	(16,286,400)	-
Transferred to Statutory Reserve under RBI Act, 1934	(123,691,914)	(114,426,347)	-
Transferred to Special Reserve	(68,278,724)	(105,410,603)	-
	<b>120,236,648</b>	<b>51,328,033</b>	<b>32,762,134</b>
<b>TOTAL OTHER EQUITY</b>	<b>7,366,178,752</b>	<b>6,861,370,231</b>	<b>6,376,921,625</b>

### Note 13.1: Nature and purpose of reserves

\* 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.

Retained Earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## Note 14: BORROWINGS

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Term Loan (Unsecured) from Others</b>			
Interest free loan from Government of India *	3,945,767,513	3,930,687,763	3,722,160,461
Interest free loan from Government for Venture	204,614,455	192,578,310	181,250,174
Loan from National Scheduled Castes Finance & Development Corporation (NSCFDC)*** (3rd Loan)	-	2,000,000	8,560,000
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (3rd Loan)	-	-	2,571,214
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (4th Loan)	-	1,428,553	37,857,396
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (5th Loan)	-	23,571,451	52,142,871
Loan from National Backward Classes Finance & Development Corporation (NBCFDC)** (6th Loan)	17,857,137	40,714,297	63,571,433
Loan From Small Industries Development Bank of India (SIDBI)	-	-	36,760,698
	<b>4,168,239,104</b>	<b>4,190,980,374</b>	<b>4,104,874,247</b>

### Notes

\* The Corporation has been availing Interest Free Unsecured Loans from Govt of India and the same has to be repaid after 15 years from the date of receipt of instalment

\*\* Loan from NBCFDC was Rs 63 Crore taken on various occasions, out of which Rs 56.43 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 Rs 4.98 Crore taken on various occasions, out of which Rs 4.78 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. (ii) All the above Term Loans and Corporate loan for working capital are Secured by way of first pari passu charge by equitable mortgage of land and building and hypothecation of Plant & Machinery and other movable assets both present & future of the company and second charge on the current assets of the company.

\*\*\*\* There is no default in repayment of any of the aforesaid loan and interest thereof.

\*\*\*\*\* The interest rate considered for discounting of Interest free Government loan repayable at maturity is that of 6.25% Government Bonds.

## Note 15: OTHER FINANCIAL LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Upfront Fees Received in Advance	68,046,388	68,991,439	73,476,814
Notional Interest	2,537,718,033	2,809,833,927	2,883,689,365
	<b>2,605,764,420</b>	<b>2,878,825,366</b>	<b>2,957,166,179</b>



**Note 16: EMPLOYEE BENEFIT OBLIGATION**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Provisions for employee benefits</b>			
- Gratuity	19,552,330	5,093,741	9,120,446
- Leave Encashment	77,408,813	62,437,192	76,747,244
	<b>96,961,143</b>	<b>67,530,933</b>	<b>85,867,690</b>

**Note 17: OTHER NON CURRENT LIABILITIES**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Provision for Standard Assets	47,974,096	76,194,111	82,279,521
Floating Provision against Advances	20,000,000	20,000,000	20,000,000
Provision Against Sub Standard Assets	72,960,350	58,048,430	181,651,477
Provision Against Doubtful Assets	572,127,792	686,526,236	652,227,106
Provision Against Loss Assets	17,227,865	20,343,008	6,998,770
Provision for Diminution in Fair Value of Restructured Advance	3,129,000	3,129,000	3,129,000
	<b>733,419,103</b>	<b>864,240,785</b>	<b>946,285,874</b>

**Note 18: DEFERRED TAX LIABILITIES**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Deferred Tax Asset</b>			
Relating to Provisions	277,812,529	321,207,220	281,191,293
	277,812,529	321,207,220	281,191,293
<b>Deferred Tax Liability</b>			
Relating to Fixed Assets	1,672,418	6,871,420	(1,839,772)
Relating to Special Reserve	308,703,171	343,251,944	306,771,442
	310,375,589	350,123,364	304,931,670
	<b>32,563,060</b>	<b>28,916,144</b>	<b>23,740,377</b>

**Note 19: OTHER FINANCIAL LIABILITIES**

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
Current Maturities of Long Term Debts	280,445,399	279,130,487	376,977,611
Sundry Creditors for Expenses	38,909,172	84,498,794	67,830,311
Sundry Creditors for Capital Expenditures	1,057,360	969,200	1,288,676
Interest Accrued but not due on loans	-	324,300	1,266,541
Notional Interest	14,411,765	9,058,824	9,058,824
Undisbursed Central Subsidies	1,349,184,750	5,295,059,081	51,459,725
Security Deposit	9,379,920	8,714,329	8,874,320



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Other Liabilities	599,519,176	413,336,697	82,022,467
Upfront Fees Received in Advance	27,441,938	23,176,885	21,360,672
Sundry Expenses Payable	-	-	17,630,464
	<b>2,320,349,480</b>	<b>6,114,268,597</b>	<b>637,791,612</b>

## Note 20: EMPLOYEE BENEFIT OBLIGATION

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
<b>Provisions for employee benefits</b>			
-Leave Encashment	7,695,147	11,551,706	10,524,873
-Gratuity	2,598,637	4,806,545	4,486,850
-Leave Travel Concession / Allowance	9,330,434	3,000,000	3,000,000
	<b>19,624,218</b>	<b>19,358,251</b>	<b>18,011,723</b>

## Note 21: OTHER CURRENT LIABILITIES

	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
NE Trade Expo	43,768	43,768	43,768
MEFC R&D Training Fund	1,628,187	1,628,187	1,628,187
	<b>1,671,955</b>	<b>1,671,955</b>	<b>1,671,955</b>

## Note 22: REVENUE FROM OPERATIONS

	As at the end of 31st March, 2019	As at the end of 31st March, 2018
<b>Interest</b>		
Interest on loans	923,441,042	1,133,470,004
Interest on Fixed Deposits and Bonds	27,930,439	6,087,041
	<b>951,371,481</b>	<b>1,139,557,045</b>
<b>Other Financial Charges</b>		
Consultancy Fees	22,720,064	25,736,384
Upfront Fees	23,977,163	21,787,377
Prepayment Charges	4,384,592	3,322,728
	<b>1,002,453,300</b>	<b>1,190,403,534</b>

Upfront fees is accounted for and amortised over the period of loan given. Due to conversion of accounts into Ind AS, upfront fees earlier credited to income on cash basis is recalculated on the basis of loans sanctioned and disbursed during the year.



**Note 23: OTHER INCOME**

	As at the end of 31st March, 2019	As at the end of 31st March, 2018
Net gain from sale of Investments (other than trade investments)	301,903,404	178,093,461
Dividend	365,000	-
<u>Other Non Operating Income</u>		
Management Fees	15,000,000	15,000,000
Trusteeship Fees	300,000	423,729
Miscellaneous Receipts	11,447,199	6,994,291
Profit on sale / disposal of assets (net)	(232,157)	(24,524)
Rental Income	28,784,116	27,087,734
Maintenance Charges	12,000,248	11,245,244
Hall Charges	3,793,710	3,986,490
Bad Loans & Advances Recovered	226,262,611	54,557,988
Deferred Interest	266,762,953	253,021,988
Excess Provision written off	-	-
	<b>866,387,084</b>	<b>550,386,401</b>

**Note 24: EMPLOYEE BENEFIT EXPENSES**

<b>Note: 24 - EMPLOYEE BENEFIT EXPENSES</b>	As at the end of 31st March, 2019	As at the end of 31st March, 2018
Salaries (Director)	5,041,618	3,464,800
Salaries (Others)	212,801,235	181,345,210
Employer's Provident Fund	22,753,036	11,696,538
Medical Reimbursement	6,269,920	4,879,439
Recruitment / Relocation Expenses	2,428,843	1,208,091
Leave Travel Concession / Allowance	19,590,654	8,942,694
House Rent	(921,034)	2,430,704
Leave Encashment	21,298,577	(8,311,688)
Gratuity	19,614,284	(2,208,955)
Staff Welfare	10,913,682	9,033,117
	<b>319,790,815</b>	<b>212,479,950</b>

**Note 24.1:** The following table sets out the status of the defined benefit Gratuity and Leave Encashment Plan as per AS - 19:

Particulars	Gratuity		Leave Encashment	
	Current Year (₹)	Previous Year (₹)	Current Year (₹)	Previous Year (₹)
<b>i. Change in the present value of the defined benefit obligation</b>				
Opening benefit obligation	36,020,868.00	37,218,485.00	73,988,898.00	87,272,117.00
Current Interest Cost	2,773,607.00	2,754,168.00	5,697,145.00	6,458,137.00
Past Service Cost	17,347,113.00	-	-	-
Current Service Cost	2,703,435.00	3,528,175.00	5,666,841.00	5,070,833.00
Benefit Paid	-	(1,000,000.00)	(8,311,688.00)	(1,155,637.00)
Actuarial (Gain) / Loss	(4,208,900.00)	(6,479,960.00)	8,062,764.00	(23,656,552.00)
Closing benefit obligation	54,636,123.00	36,020,868.00	85,103,960.00	73,988,898.00



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

<b>ii. Change in Plan Assets</b>				
Opening Fair Value of Plan Assets	26,120,583	23,611,190	-	-
Expected Return on Plan Assets	2,089,647	1,938,479	-	-
Contribution	4,405,146	575,788	8,311,688	-
Benefit paid	-	-	(8,311,688)	-
Actuarial Gain / (Loss)	(130,220)	(4,874)	-	-
Closing Fair Value of Plan Assets	32,485,156	26,120,583	-	-

<b>iii. Reconciliation of present value of obligation and fair value of plan assets</b>				
Closing present value of obligation	54,636,123	36,020,868	85,103,960	73,988,898
Closing fair value of plan assets	32,485,156	26,120,583		
Deficit / (surplus)	(22,150,967)	(9,900,285)	(85,103,960)	(73,988,898)
Net Liability / (Asset)	22,150,967	9,900,285	85,103,960	73,988,898
Net Liability recognised in Balance Sheet	22,150,967	9,900,285	85,103,960	73,988,898

<b>iv. Net Cost recognized in Profit &amp; Loss Account</b>				
Current Service cost	2,703,435	3,528,175	5,666,841	5,070,833
Past Service cost	17,347,113	-	-	-
Interest Cost	2,773,607	2,754,168	5,697,145	6,458,137
Expected return on plan assets	(2,089,647)	(1,938,479)	-	-
Net Actuarial (Gain) / Loss recognized	(4,078,680)	(6,475,086)	8,062,764	(23,656,552)
Expenses recognized in Profit & Loss Account	16,655,828	(2,131,222)	19,426,750	(12,127,582)

<b>v. Reconciliation of opening and closing net liability recognized in Balance Sheet</b>				
Opening Net Liability	9,900,285	13,607,295	73,988,898	87,272,117
Expenses recognized in Profit & Loss Account	16,655,828	(2,131,222)	19,426,750	(12,127,582)
Benefit paid by Corporation	-	(1,000,000)	(8,311,688)	(1,155,637)
Contribution paid	(4,405,146)	(575,788)	-	-
Closing Net Liability	22,150,967	9,900,285	85,103,960	73,988,898

<b>vi. Investments under Plan Assets of Gratuity and Leave Encashment as on 31st March, 2018 are as under:</b>		
Category of Plan Assets	Gratuity	Leave Encashment
	% of Plan Assets	% of Plan Assets
Funds managed by LIC	100%	-



<b>vii. Principal Actuarial Assumptions</b>				
<b>Particulars</b>	<b>Gratuity</b>		<b>Leave Encashment</b>	
	<b>Current Year (₹)</b>	<b>Previous Year (₹)</b>	<b>Current Year (₹)</b>	<b>Previous Year (₹)</b>
Discount Rate	7.77%	7.70%	7.77%	7.70%
Rate of increase in compensation levels	5.00%	10.00%	5.00%	10.00%
Rate of return on Plan Assets	8.00%	7.50%	-	-

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 @ 10% p.a. However, on review the actuary observed that the average increase comes out @ 5% approx. Hence, the calculation for actuarial valuation has been done considering increase in compensation levels @ 5% 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 Rs 227.53 Lac (Previous Year Rs 116.96 Lac) has been charged to Profit & Loss Account including arrears.

#### **Note 25: FINANCIAL COSTS**

	<b>As at the end of 31st March, 2019</b>	<b>As at the end of 31st March, 2018</b>
Interest on Loan		
- NBCFDC	1,194,924	2,302,426
- NSCFDC	60,082	140,082
- NSTFDC	-	37,534
- SIDBI	2,092,085	9,844,447
Notional Interest on Government Loan	266,762,953	253,021,988
	<b>270,110,044</b>	<b>265,346,477</b>

#### **Note 26: OTHER EXPENSES**

<b>Note: 26 - OTHER EXPENSES</b>	<b>As at the end of 31st March, 2019</b>	<b>As at the end of 31st March, 2018</b>
<b>A. Administrative &amp; Other Expenses</b>		
Advertisement Expenses	279,912	350,701
Audit Expenses	829,008	1,227,387
Advisory Expenses	1,000,000	4,000,000
Bank charges	55,887	151,366
BOD Meeting Expenses	4,582,404	2,969,292
Books & Periodicals	305,060	310,913





# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Business Facilitation Centre Expenses	1,764,060	1,663,156
Business Promotion	1,799,680	2,358,926
Car hire Expenses	6,227,006	2,946,795
Consultancy Expenses	14,444,507	9,102,126
Conveyance	378,579	352,093
Demat Charges	53,334	-
Electricity Charges & Electrical Expenses	5,062,642	6,511,322
Filing Fees	8,800	9,600
Honararium	34,000	163,240
India Exposition Mart Expenses	627,895	518,585
Insurance charges	925,873	978,794
Interest of TDS / GST	-	13,887
Krishi Kalyan Cess	-	31,186
Legal & Professional Fees and Expenses	11,657,687	8,309,788
Licence & Registration Fees	1,346,132	1,281,337
Logo Design Charges	-	14,700
Misc Expenses	145,648	88,063
Mission Organic	258,863	-
Printing & Stationery	2,372,675	2,574,222
Rates & Taxes	-	375
Rent	4,415,382	3,901,376
Reimbursement of Expenses	41,292	75,072
Repairs & Maintenance (Machine)	4,930,252	4,341,621
Repairs & Maintenance (Security Service Charges & Others)	25,268,716	21,518,296
Research & Developmental Expenses (net)	10,887,686	9,862,117
Seminar & Conference Expenses	894,962	1,301,003
Software Maintenance Expenses	2,690,549	457,212
Service Tax/GST Expenses	5,432,110	4,937,004
Swachh Bharat Cess	-	31,186
Telephone Charges & Postage	2,738,862	3,132,732
Training Expenses	1,275,079	1,452,307
Technical Fees	-	27,656
Travelling Expenses (Director)	192,335	536,136
Travelling Expenses (Others)	5,623,033	4,623,288
Internal Audit Fees	292,953	237,500
<u>Auditors' Remuneration:</u>		
Tax Audit Fees	48,000	36,000
Statutory Audit Fees	220,000	180,000
<b>(A)</b>	<b>119,110,864</b>	<b>102,578,359</b>
<b>B. Provisions and Write Off</b>	<b>285,953,842</b>	<b>253,597,254</b>
<b>(B)</b>	<b>285,953,842</b>	<b>253,597,254</b>
<b>(A+B)</b>	<b>405,064,706</b>	<b>356,175,613</b>

## NOTE 26.1: Provisions and Write Offs

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹	₹
<b>Provisions</b>		
Provision on Standard / Non Performing Assets	(130,745,986)	(81,808,659)
Provision on Diminution in Fair Value of Restructured Advance	-	-
<b>Write Offs</b>		
Bad Loans & Advances	416,699,828	335,405,913
<b>Total</b>	<b>285,953,842</b>	<b>253,597,254</b>



**Note 27: CSR EXPENSES**

	As at the end of 31st March, 2019	As at the end of 31st March, 2018
Skill & Market Development Expenses	18,038,941	9,252,415
	<b>18,038,941</b>	<b>9,252,415</b>

**Note: 27.1**

a. Gross amount required to be spent: Rs 18,000,000/- . 2% of the average profit of last three financial years i.e. 2% of Rs 83,38,54,205/- = Rs 1,66,77,084/-. The Corporation has spent Rs 1,80,38,941/- on CSR.

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	18,038,941	-	18,038,941

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 28: EARNINGS PER SHARE**

	As at the end of 31st March, 2019	As at the end of 31st March, 2018
The following table reconciles the numerators and denominators used to calculate Basic and Diluted Earning per Share for the year ended 31st March 2018.		
<b>Particulars</b>		
(a) Profit/(Loss) Attributable to Equity Shareholders (₹ in Lacs)	617,165,653	594,689,250
(b) The weighted average number of Equity Share of Basic EPS	10,00,00,007	10,00,00,007
(c) The weighted average number of Equity Share of Diluted EPS	10,00,00,007	10,00,00,007
(d) Nominal value per Ordinary Share (₹)	10.00	10.00
(e) Earnings Per Share - Basic (₹)	6.17	5.95
(f) Earnings Per Share - Diluted (₹)	6.17	5.95

**Note 29: RELATED PARTY DISCLOSURES**

As per IND AS – 24, the disclosures of transactions with the related parties are given below:

A. List of Related Parties are as under:

Key Management Personnel	Mr. B.P. Muktieh – Chairman & Managing Director
	Mr. S.K. Baruah – Executive Director & CFO
	Mr. V.K. Agarwal – DGM & Company Secretary



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

B Transaction with Related Parties during the year:

Particulars	31st March, 2019	31st March, 2018
Remuneration		
Mr. B.P. Muktieh	92,22,259/-	40,90,176/-
Mr. S.K. Baruah	81,67,830/-	39,83,795/-
Mr. V.K. Agarwal	49,07,707/-	37,08,504/-

## Note 30: 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 had raised a demand of Rs.1.97 Crore towards short payment of service tax (Rs. 1.10 Crore), non-payment of service tax on pre-payment charges (Rs. 0.12 Crore) and interest amount of Rs.0.75 Crore. The Corporation had already deposited Rs.1.75 Crore under protest. The Addl. Commissioner, CGST & CX, Guwahati passed an Order upholding the payment of service tax and interest thereon. However, he refrained from imposing the penalty proposed by the Audit Commissionerate. The Corporation then filed an appeal with the Commissioner (Appeals) against the Order of the Addl. Commissioner, CGST & CX, Guwahati. However, there was a delay in filing the appeal due to unavoidable reasons and condonation was sought from the Commissioner (Appeals). The Commissioner (Appeals), however did not condone the delay and rejected the appeal as time barred. Being aggrieved, the Corporation has filed an appeal with the Hon'ble CESTAT. Based on the submissions, the Corporation is confident that the Hon'ble CESTAT 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 31:** 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 32:** Special Reserve has been created and maintained in terms of section 36 (1) (viii) of the Income Tax Act, 1961.

**Note 33:** The Provisioning Coverage Ratio of the Corporation is 34%.

**Note 34:** 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 NEER, 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 Rs. 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.

### Note 35: SEGMENT REPORTING

As required under Ind AS 108, the segment reporting is as under:

		(₹ in Crore)	
1.	<b>Segment Revenue</b>	<b>2018 – 19</b>	<b>2017 – 18</b>
	Lending and Financing Activities	144.48	146.62
	Management of Surplus Funds	32.94	18.39
	Others	2.27	2.57
	<b>Total</b>	<b>179.69</b>	<b>167.58</b>
2.	<b>Segments Results</b>		
	Lending and Financing Activities	42.40	60.96
	Management of Surplus Funds	32.94	18.39
	Others	0.47	1.66
	<b>Total</b>	<b>75.81</b>	<b>81.01</b>
	Unallocated Income	5.62	4.93
	Unallocated Expenses	0.00	0.00
3.	<b>Operating Profit</b>	<b>81.43</b>	<b>85.94</b>
	Income Tax	20.37	27.27
4.	<b>Net Profit</b>	<b>61.06</b>	<b>58.67</b>
5.	<b>Other Information</b>		
	<b>Segment Assets</b>		
	Lending and Financing Activities	1072.50	1167.47
	Management of Surplus Funds	636.04	919.74
	Others	3.45	3.46
	<b>Total</b>	<b>1711.99</b>	<b>2090.67</b>
	Unallocated Assets	121.03	111.24
	<b>Total</b>	<b>1833.02</b>	<b>2201.91</b>
	<b>Segment Liabilities</b>		
	Lending and Financing Activities	870.08	899.23
	Management of Surplus Funds	0.00	0.00
	Others	0.00	0.00
	Unallocated Liabilities	187.33	578.24
	<b>Total</b>	<b>1057.41</b>	<b>1477.47</b>
	<b>Net Capital Employed</b>	<b>775.61</b>	<b>724.44</b>



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 36: Additional information is disclosed in terms of RBI guidelines vide DBS. FID No.c-18/01.02.2000-01 issued on 23.03.2001.

(₹ in Crore)

<b>A</b>	<b>Capital</b>	
a)	CRAR CORE CRAR & Supplementary CRAR	52.42 %
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: ₹ 1488.68 Off the Balance Sheet: Nil
d)	The Shareholding pattern as on 31.03.2019	Equity shares: No of Shares % FI's 55,000,004 55 Bank 15,000,001 15 Insurance Co. 20,000,001 20 Mutual Fund 10,000,001 10 <b>Total 10,000,007 100</b>
<b>B</b>	<b>Asset quality and credit concentration</b>	
e)	Percentage of net NPA's to net loans & advances, (floating provisions of Rs.2 Crore has not been netted from Gross NPA to arrive at net NPA)	13.64%
f)	Amount and percentage of net NPA's to net advances under the prescribed asset classification categories	<b>Category</b> % Sub Standard Assets: ₹ 40.82 4.70 Doubtful debts : ₹ 96.46 11.10 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.	Standard Assets ₹ (-)2.88 NPA Loans ₹ (-)10.25 Soft loan Assistance ₹ (-)0.01 Investments ₹ Nil Income Tax ₹ 20.00
h)	i) Movement in NPAs (Gross) of loans including soft loans.	Opening Balance ₹ 230.90 Deletions incl. upgradation ₹ 75.52 Additions during the year ₹ 48.13 Closing Balance ₹ 203.51
	ii) Movement of Provisions for NPAs against loans including soft loan assistance.	Opening Balance ₹ 76.49 Less: write off / waiver/Write back ₹ 17.56 Additions during the year ₹ 7.31 Closing Balance ₹ 66.24
	ii) Movement of Provisions for Investments	Opening Balance ₹ 0.00 Additions during the year ₹ 0.00 Write Back ₹ 0.00 Closing Balance ₹ 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 <b>Total</b>	Rs. 9.96 Crore  Rs. 0.77 Crore  -  Rs. 10.73 Crore



j)	Credit exposure as percentage to capital funds and as percentage to total assets, in respect of:			
			% to Capital Funds	% to Total Assets
	The largest single borrower		3.84	1.63
	The largest borrower group		5.08	2.15
	The 10 largest single borrowers			
	No.1		3.84	1.63
	No.2		3.72	1.58
	No.3		3.13	1.32
	No.4		2.73	1.16
	No.5		2.70	1.14
	No.6		2.58	1.09
	No.7		2.52	1.06
	No.8		2.35	1.00
	No.9		2.33	0.98
	No.10		2.26	0.96
	The 10 largest borrower groups			
	No.1		5.08	2.15
	No.2		3.99	1.69
	No.3		3.84	1.63
	No.4		3.55	1.50
	No.5		3.13	1.32
	No.6		3.05	1.29
	No.7		2.76	1.17
	No.8		2.70	1.14
	No.9		2.52	1.06
	No.10		2.35	1.00
k)	Credit exposure to the five largest industrial sectors (if applicable) as percentage to total loan assets			
			1. Hotels	: 15.30
			2. Micro Finance	: 15.22
			3. Hospital	: 9.50
			4. Iron & steel	: 6.82
			5. Construction	: 6.81
<b>C</b>	<b>Liquidity</b>			
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	378.27	0.00
		Total Assets	378.27	0.00
		Total Liabilities	24.50	53.81
			120	120.00
m)	Maturity pattern of foreign currency assets & liabilities			Nil
<b>D</b>	<b>Operating results</b>			
n)	Interest income as percentage to average working funds			6.41
o)	Non-interest income as a percentage to average working funds			2.78
p)	Operating profit as a percentage to average working funds			5.51
q)	Return on average assets (%)			3.71
r)	Net profit per employee (₹ in Crore)			0.53



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Note 37: 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			
<b>Liabilities side:</b>			
(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	677	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper		
	(f) Other Loans (specify nature) – GOI Loan	69331	NIL
* Please see Note 1 below			
<b>Assets side:</b>		Amount outstanding	
(2)	Break-up to Loans and Advances including bills receivable other than those included in (4) below] :		
	(a) Secured		94243
	(b) Unsecured		13007
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		NIL
	(i) Lease assets incl. lease rentals under sundry debtors:		
	a) Financial lease		
	b) Operating lease		
	(ii) Stock on hire including hire charges under sundry debtors		
	a) Assets on hire		NIL
	b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities		
	a) Loans where assets have been repossessed		
	b) Loans other than (a) above		
(4)	Break-up of Investments:		
	1. Quoted:		
	(i) Shares : (a) Equity		20
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		35026
	(iv) Government Securities		
	(v) Others (please specify)		
	2. Unquoted:		
	(i) Shares : (a) Equity		490
	(b) Preference		450
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (please specify) – North East Venture Trust		1947
			<u>37443</u>
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above: Please see Note 2 below		
	Category	Amount net of provisions	
		Secured	Unsecured
			Total
	1. Related Parties **		
	(a) Subsidiaries		
	(b) Companies in the same group		



	(c) Other related parties			
	2. Other than related parties	94243	13007	107250
	Total	94243	13007	107250
(6)	Investor group-wise classification of all investments in shares and securities (both quoted and unquoted): Please see note 3 below			
	Category	Market Value/ Break up or fair value or NAV		Book Value (Net of Provisions)
	1. Related Parties**	NIL		NIL
	(a) Subsidiaries	155		10
	(b) Companies in the same group	NIL		NIL
	(c) Other related parties (NEVF)	1620		750
	2. Other than related parties	1835		500
	Total	3610		1260

\*\*As per Indian Accounting Standard issued by MCA

(7) Other information

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	20351
(ii)	Net Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	13728
(iii)	Assets acquired in satisfaction of debt	

(8) Exposure to Real Estate Sector

		(₹ in Crore)	
	Items	31/03/2019	31/03/2018
a)	Direct Exposure		
	(i) Residential Mortgages [all individual housing loans]	6.78	5.48
	(ii) Commercial Real Estate	73.04	75.82
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:		
	a) Residential	Nil	Nil
	b) Commercial	Nil	Nil
	c) Indirect Exposure		
b)	Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil
	Total Real Estate Exposure	79.82	81.30

(9) Exposure to Capital Market

		(Amount in Rs. crore)	
	Particulars	Current Year	Previous Year
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	5.10	5.10





# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances';	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	19.47	7.50
	<b>Total Exposure to Capital Market</b>	<b>24.47</b>	<b>12.50</b>

## Note 38: 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	52.42%	48.30%
ii. CRAR – Tier I Capital	52.10%	47.79%
iii. CRAR – Tier II Capital	0.32%	0.51%
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)
<b>1. Value of Investments</b>		
i. Gross value of Investments		
a. In India	340.86	280.36
b. Outside India	-	-
ii. Provisions for Depreciation		
a. In India	-	-
b. Outside India	-	-
iii. Net value of Investments		
a. In India	340.86	187.02
b. Outside India	-	-
<b>2. Movement of provisions held towards depreciation on investments</b>		
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	54.72	23.98	25.24	50.99	122.63	391.15	237.02	166.77	1072.50
Investments	334.66	-	5.00	38.00	0.61	-	-	-	378.27
Borrowings	-	-	1.29	1.29	26.89	55.59	120.00	495.00	700.06
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	(13.13)	(8.18)
Provision made towards Income Tax	19.91	26.50
Other Provision and Contingencies		
Leave Encashment	2.13	(0.83)
Gratuity	1.96	(0.22)
LTC	-	-
Diminution in Fair Value of Restructured Advance	-	-
Provision for Standard Assets	(2.88)	(0.61)

e. Concentration of Advances

	Amount in ₹ Crore
Total Advances to twenty largest borrowers	364.98
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	34.03%

f. Concentration of NPAs

	Amount in ₹ Crore
Total Exposure to top four NPA accounts	73.55

g. Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
1	Agriculture & allied activities	20.80%
2	Commercial Real Estate	27.56%
3	Construction	0.00%



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## g. Sector wise NPAs

Sl. No.	Sector	Percentage of NPAs to Total Advances in that Sector
4	Infrastructure	0.00%
5	Micro finance	11.62%
6	Medium & Large	26.31%
7	Micro, Small & Others	14.98%

## h. Movement of NPAs

Particulars	(Amount in ₹ Crore)	
	Current Year	Previous Year
i. Net NPAs to Net Advances (%)	13.64%	14.05%
ii. Movement of NPAs (gross)		
a. Opening balance	230.90	305.13
b. Additions during the year	53.15	38.28
c. Reductions during the year	80.54	112.51
d. Closing balance	203.51	230.90
iii. Movement of net NPAs		
a. Opening balance	154.41	221.04
b. Additions during the year	40.82	32.47
c. Reductions during the year	57.95	99.10
d. Closing balance	137.28	154.41
iv. Movement of provisions for NPAs		
a. Opening balance	76.49	84.09
b. Provisions made during the year	31.42	27.66
c. Write off / Write backs	41.67	35.26
d. Closing balance	66.24	76.49

## j. Customer Complaints

a.	No. of complaints pending at the beginning of the year	0
b.	No. of complaints received during the year	4
c.	No. of complaints redressed during the year	4
d.	No. of complaints pending at the end of the year	0

## Note 39: FIRST-TIME ADOPTION OF IND AS

### I - Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1, have been applied in preparing the financial statements from the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.



#### A. Exemptions and exceptions availed

Set below are the applicable Ind AS optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

##### A.1 Ind AS optional exemptions

###### A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value of Gross block for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value at Gross Block

###### A.1.2 Investments in subsidiaries

In financial statements, a first-time adopter that subsequently measures an investment in a subsidiary at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its opening Ind AS balance sheet. Selection of fair value or previous GAAP carrying amount for determining deemed cost can be done for each subsidiary

Accordingly, the Company has elected to measure all of its investment in subsidiary at their previous GAAP carrying value.

##### A.2 Ind AS mandatory exceptions

###### A.2.1 Estimates

The Company estimates in accordance with Ind AS at the date of transition shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP.

###### A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS.

###### A.2.3 De-recognition of financial assets and liabilities

Ind AS 109 requires entity to derecognize a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset as and the transfer qualifies for derecognition. Para B2 of Ind AS 101 states that except as permitted, a first time adopter shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

###### A.2.4 Cash flow Statements

The transition from Indian GAAP to Ind AS has no material impact on the Cash flow Statement.



# NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Amount
Total equity (shareholder's fund) as per previous GAAP	7,820,836,587
Adjustments:	(19,118,216)
Upfront Fees to be amortised over loan period	21,787,377
Upfront Fees for the current year	(923,743)
Tax Adjustment on Upfront Fees	(3,142,967)
Prior period tax adjustment	(6,101,551)
Tax Adjustment on Prior Period Expenses	17,630,464
Prior Period Expenses / (income) restated in respective year	25,884,325
Opening adjustment 01.04.2017	(1,171)
Change in Minority Interest	4,519,147
Change in Provision of Income Tax	40,533,665
<b>Total Equity (Shareholder's Fund) as per previous GAAP</b>	<b>7,861,370,252</b>

## Reconciliation of equity as at 1 April 2017

Particulars	Amount
Total equity (shareholder's fund) as per previous GAAP	7,350,943,863
Adjustments:	(94,837,486)
Upfront Fees paid in Advance	32,821,357
Tax Adjustment on Upfront Fees	3,142,967
Prior Period Tax Adjustment	(17,630,464)
Prior Period Expenses / (income) restated in respective year	6,101,551
Tax Adjustment on prior period Expenses	80,000,000
Proposed Dividend added back	16,286,400
Tax on dividend	25,884,325
<b>Total Equity (Shareholder's Fund) as per previous GAAP</b>	<b>7,376,828,188</b>

## Reconciliation of total comprehensive income as at 31 March 2018

Particulars	Amount
Profit as per previous GAAP	580,135,960
Adjustments:	
Upfront Fees paid in advance	(19,118,216)
Upfront Fees for current year	21,787,377
Tax Adjustment of Upfront Fees	(923,743)
Prior Period Tax Adjustment	(3,142,967)
Prior Period Expenses / (income) restated in respective year	17,630,464
Tax effect on Adjustment	(6,101,551)
Adjustment in Provision of Tax	4,519,147
Profit after tax as per Ind AS	14,650,511
Other comprehensive (net of tax)	
<b>Total comprehensive income as per Ind AS</b>	<b>594,786,471</b>

### C. Notes to first-time adoption:

#### (a) Government grant

As per Ind AS 20, government grants related to assets, shall be presented in the Balance Sheet by setting up the grant as deferred income. Hence the Company has accounted the government grant received towards assets as per the requirement of Ind AS 20 by creating a deferred government grant. In subsequent year this deferred government grant has been amortised over the useful life of the assets.



**(b) Employee benefit obligation**

In accordance with Ind AS 19, "Employee Benefits" re-measurement gains and losses on post employment defined benefit plans are recognised in other comprehensive income as compared to the profit or loss under the previous GAAP.

**(c) Deferred tax**

The various transitional adjustments lead to different temporary differences. According to the accounting policies in Note 1, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

**(d) Retained earnings**

Retained earnings as at 1 April 2017 has been adjusted consequent to the above Ind AS transition adjustments.

**(e) Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

**Note : 40** Previous year's figures have been regrouped and/or rearranged wherever necessary, to confirm to current year Classification.

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 : 29th July, 2019

For and on behalf of the Board of Directors

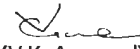


(B.P. Muktieh)  
Chairman and Managing Director  
DIN: 00123561



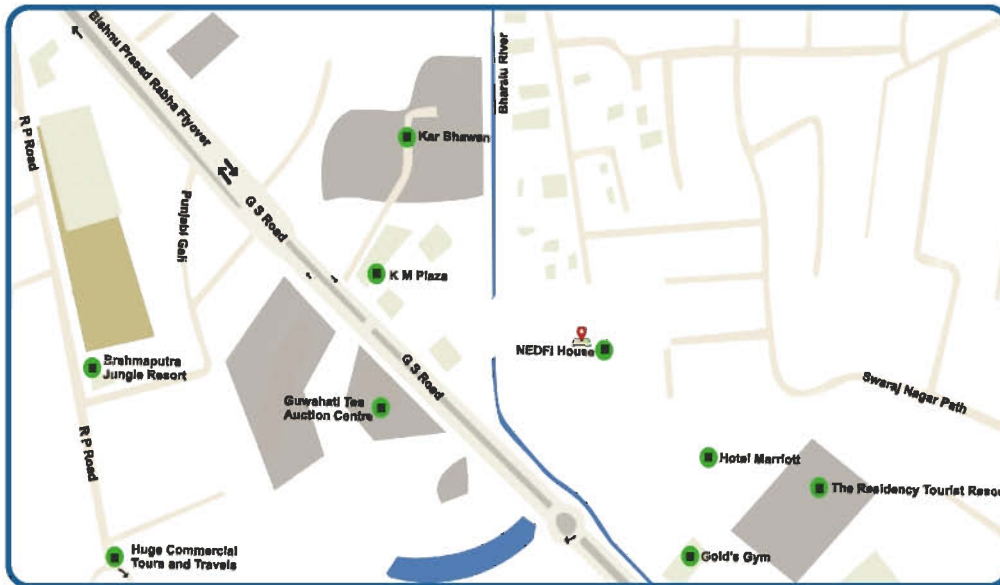
(S.K. Baruah)  
Chief Financial Officer

Place: Guwahati  
Date: 26th July, 2019



(V.K. Agarwal)  
Company Secretary  
M. No. A39584





## Branch Offices

### Agartala

4th floor, Aitoma Sentrum  
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Tripura (West)  
Phone: +91 3812380848

### Dharmanagar

C/o- Sibendu Chakraborty, V.K Road  
Nayapara, Dharmanagar,  
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### Udaipur

C/O Shanti Mohan Rakshit  
Ramesh Chowmuhani  
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### Namchi

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Mob: +91 9678778412/ 9678540590/ 9085747011

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### Ukhrul

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Khaivaren Tang, Hungpung, Dist: Ukhrul,  
Manipur, 795142, Mob: +91 87298 19645

### Senapati

VVD-MF Senapati Branch, 3rd floor  
Above black Rich Germents, Opposite  
Senapati District H. Q. Ground, Manipur  
Mob: +91 8119877487

### Tarnangiong

VVD-MF Tamenglong Branch, Pansy Vale,  
Tamenglong, W/No-1, Manipur- 795141  
Mob: +91 7641031927

### Tura

Achik Evangelical Association, Ringrey Tura  
West Garo Hills District, Meghalaya-794001  
Ph: +91 3651-224031 (0), Mob: +91 94363 06138

### Bomdila

Green Saviour, Upper Sera Village Road  
Opposite SIB Colony, Bomdila- 790 001  
Arunachal Pradesh  
Mob: +91 9436837827/ 7085318742

### Ziro

Tani Sankar Society, near Central Bank of India  
Hapoli, Ziro- 791120, Arunachal Pradesh  
Mob: +91 8794174202



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